

State Regulators Approve TEP's New Bright Tucson Community Solar Program

TUCSON, Ariz., Jul 29, 2010 (BUSINESS WIRE) -- The Arizona Corporation Commission (ACC) has approved Tucson Electric Power's (TEP's) plan to provide customers with an affordable way to meet their electric needs with locally generated solar power.

By the end of this year, participants in TEP's Bright Tucson Community Solar Program will be able to purchase shares of solar energy for as little as \$3 per month. The power will be produced by local photovoltaic (PV) systems, including an array that will be built at the University of Arizona's Science and Technology Park later this year.

"The Bright Tucson Community Solar Program will make it easy for customers to shrink their carbon footprint while helping us reduce our community's reliance on fossil-fueled power," said Paul Bonavia, Chairman, President and CEO of TEP and its parent company, UniSource Energy Corporation (NYSE: UNS).

Program participants will be able to purchase 150 kilowatt-hour (kWh) "blocks" of solar energy at a rate that adds \$3 per month to their bills. Six blocks would cover the annual electric use of a typical household at a premium of just \$18 per month. Customers can buy as many blocks as they like until the available solar energy is fully subscribed, and they can cancel at any time.

"It's a great way to enjoy the benefits of solar power without the up-front cost," said David Hutchens, Vice President of Energy Efficiency and Resource Planning for TEP and UniSource Energy. "The program will make solar power available to renters and others who would have difficulty installing a PV array at their home or business."

The Bright Tucson Community Solar Program also offers protection against future energy cost increases. The rate paid for each block of solar power will remain fixed for 20 years. Since each block offsets the cost of an equivalent amount of traditional generation, the price premium paid by program participants would effectively be reduced if those traditional charges increase.

"Customers would have a chance to insulate themselves from the impact of new carbon taxes or other factors that could drive up the cost of power from traditional generating resources," Hutchens said. "By locking in a slightly higher rate now for solar power, customers could end up realizing significant savings over the long term."

The program was designed to parallel the benefits of installing solar arrays subsidized by TEP's popular SunShare program. Each 150-kWh energy block is comparable to the typical monthly output of a 1-kilowatt (kW) SunShare solar array. And just as solar array owners earn credit for any excess energy their systems provide to TEP's local distribution grid, Bright Tucson Community Solar Program participants would receive credits on future bills if the energy blocks they've purchased exceed their electric use during a billing period.

TEP plans to continue offering its SunShare program, which provides subsidies that, when combined with state and federal tax benefits, can significantly reduce the cost of installing PV systems at homes and businesses.

Power for the Bright Tucson Community Solar Program's first subscribers would be provided by a 1.6-megawatt (MW) single-axis tracking PV array that will be built this year at the UA Science and Technology Park by Solon, a Tucson-based solar manufacturer and system developer. Future demands would be met through new solar power systems located in the Tucson metropolitan area.

"Our customers will be able to drive past these arrays and know that they own a share of the energy they produce," Hutchens said. "It's a way to take ownership of solar energy in way that truly benefits our local electric system and the community as a whole."

The Bright Tucson Community Solar Program will be funded in part by an ACC-approved surcharge intended to support the state's Renewable Energy Standard (RES). The RES calls on utilities to increase their use of renewable energy each year until such resources represent 15 percent of their power by 2025.

TEP is pursuing those goals through a combination of utility-owned installations, purchased power contracts and "distributed" resources like PV systems and solar water heaters installed at local homes and businesses. Through the first quarter of 2010, TEP had developed nearly 10 MW of company-owned renewable energy generating capacity in addition to nearly 6 MW of customer-owned PV systems.

In addition to the new 1.6 MW array, TEP will add 1.8 MW of capacity this year to its 4.6-MW Springerville Generating Station Solar System, which already is one of the largest grid-tied PV arrays in the United States. TEP also has agreed to purchase the output of a dozen new solar power systems, a landfill gas generation project and a new wind farm that together would generate nearly 190 MW, enough renewable energy to power nearly 40,000 Tucson homes. Those systems, which are being built by private developers, are scheduled to come online in 2011 and 2012, pending ACC approval, site selection and other contingencies.

Tucson Electric Power provides safe, reliable power to more than 400,000 customers in southern Arizona. To learn more, visit tep.com. For more information about UniSource Energy, TEP's parent company, visit uns.com.

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