

TEP Seeks to Let Customers Invest in New Community Solar Power Systems

TUCSON, Ariz., Sep 24, 2009 (BUSINESS WIRE) -- Tucson Electric Power (TEP) is planning to give customers an opportunity to invest in new community solar arrays that would offer an affordable way to meet the electric needs of their homes or businesses with clean, green renewable energy.

By participating in TEP's proposed Bright Tucson Community Solar Program, customers could claim their own stake in one of several new solar arrays that would be built in the Tucson area beginning next year. By adding as little as \$3 per month to their monthly electric bills, customers could secure a share of solar energy to offset their carbon footprint and reduce our community's use of fossil-fueled power.

"The Bright Tucson Community Solar Program offers a great way to enjoy the benefits of solar power without the up-front cost, particularly for renters or others who would have difficulty installing a photovoltaic system at their home or office," said Paul Bonavia, Chairman, President and CEO of TEP and its parent company, UniSource Energy Corporation (NYSE: UNS).

"TEP is working to overcome obstacles to the widespread adoption of solar power, and this new program would represent a significant step toward that goal," Bonavia said.

If TEP receives Arizona Corporation Commission (ACC) approval for the program, customers could purchase 150 kWh "blocks" of solar energy generated by a local photovoltaic (PV) array beginning in mid-2010. No long-term commitment would be needed; customers would be able to add or subtract blocks at will and leave the program at any time.

Each block would add about \$3 to monthly bills, and customers could purchase enough blocks to cover all of their electric use. Six blocks would provide enough solar energy to cover the annual electric use of a typical residential household at an additional cost of just \$18 per month.

"Just as participants in our SunShare program own the energy produced by their own solar arrays, anyone who signs up for the Bright Tucson Community Solar Program will own the energy they purchase through the program," Bonavia said. "It's like having your own virtual solar power system."

The program also would provide a significant financial benefit through an opportunity to lock in a fixed energy rate for up to 10 years. For those blocks of energy purchased through the program, participants would not pay charges linked to fossil-fueled energy sources, including TEP's base energy charge and the Purchased Power and Fuel Adjustment Charge (PPFAC). The cost of those blocks also would be unaffected by any increases to those energy charges over the coming decade.

"The program offers protection against future energy price increases, including any that could be linked to new carbon taxes or other costs that could be associated with greenhouse gas emissions from fossil-fueled power plants," said David Hutchens, Vice President of Energy Efficiency and Resource Planning for TEP and UniSource Energy.

The Bright Tucson Community Solar 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.

The new program further establishes TEP's position as a leader in solar energy, said Kim Kiener, Western Regional Director of the Solar Electric Power Association (SEPA), a non-profit group that supports the use and integration of solar electric power by utilities and their customers.

"SEPA commends TEP for its continued efforts to find creative ways to allow its customers to participate in the ownership of solar energy in an easy and affordable manner," Kiener said. "In SEPA's 2008 Top Ten Utility Solar Integration Rankings, released in May 2009, TEP placed in the top ten in three categories for its historical activities to integrate solar electricity into its grid. The Bright Tucson Community Solar Program is yet another example of TEP's continued leadership as it develops innovative methods of diversifying its portfolio with both distributed and centralized solar options."

TEP will continue offering its SunShare program, which provides subsidies of up to \$3,000 per kW of DC-rated system capacity that, when combined with state and federal tax benefits, can significantly reduce the cost of installing PV systems. TEP also will maintain its GreenWatts program, which offers customers an opportunity to support local community solar projects by paying to

"adopt" units of green power.

TEP's first Bright Tucson Community Solar Array would be the 1.6-megawatt (MW) system that would be built next year as part of the Bright Tucson project, a demonstration project intended to make solar energy more effective through the use of energy storage systems and a demand response program. TEP has requested \$25 million in funding from the U.S. Department of Energy for the project, but the solar array could be built even if that application is not successful.

TEP is soliciting bids for the construction of other local solar arrays that could become part of the Bright Tucson Community Solar Program. The arrays would range from 1-5 MW in size and be located on closed landfills and other degraded land in the Tucson metropolitan area. For more information about the bidding process, visit www.uesaz.com/wholesale/.

"We're looking to locate these systems in areas of our local distribution grid where we'll realize the most benefit from additional generating resources," Hutchens said. "Participants in the Bright Tucson Community Solar Program will be able to drive past these arrays and know that they own a share of the energy they produce. It's a way to take ownership of solar energy in a way that truly benefits our local electric system and the community as a whole."

The Bright Tucson Community Solar Program would 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. With funding provided by customers, TEP has developed nearly 10 MW of company-owned renewable energy generating capacity and is on track to add another 3.4 MW in company-owned capacity and 31.5 MW through purchased power contracts in coming years.

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

SOURCE: Tucson Electric Power

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