

# Guidelines for Distributed Solar Solutions

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## **SECTION 1: INTRODUCTION**

### **1.1 Background**

The Distributed Solar Solutions (“DSS”) offering is designed to provide renewable energy capacity to Local Power Companies (“LPCs”) that want to direct solar energy projects with system sizes of greater than 50 kW and less than or equal to 2 MW. LPCs or other developers with projects less than or equal to 50 kW should investigate TVA’s Green Power Providers program; LPCs or developers of projects larger than 2 MW should investigate the Unsolicited Proposal Process or the Dispersed Power Production (DPP) Program.

DSS will accept up to 10 MW of LPC-directed projects in 2017. Review of terms and pricing will occur as TVA deems appropriate. Participants under DSS must meet a number of requirements that are detailed in this document and the DSS Contract. DSS is available only for LPC-directed Projects located within the TVA Power Service Area, thereby supporting renewable resources, as well as the use of supplies and services, within the Tennessee Valley.

This document, referred to as the DSS Guidelines, presents the procedures under which the DSS offering operates. The DSS Guidelines will be reviewed periodically and may be amended as described in Section 9. The DSS Guidelines are part of the DSS offering, which also includes an application form, and the DSS Contract. Any conflict or inconsistency between the DSS Contract and the DSS Guidelines shall be resolved in favor of the DSS Contract. Definitions for all capitalized terms in this document can be found in Appendix A (Standard Definitions).

### **1.2 Participation in the Distributed Solar Solutions Offering**

Participation in the DSS offering involves a number of Seller obligations. Some of those obligations include:

- Undertaking the necessary investment in a Renewable Generating Facility (Project) including interconnection and metering costs,
- Arranging and applying for interconnection,
- Responsibility for any necessary local, state, or federal permits,
- Complying with all other Laws and Regulations,
- Responsibility for the ongoing costs of operation and maintenance,
- Complying with Laws and Regulations governing distribution and transmission systems and environmental regulations, and
- Observing of the provisions of the DSS Contract.

Once TVA accepts the Project into the DSS offering and the requirements set forth in these DSS Guidelines and the DSS Contract are met, TVA will pay the participant for renewable energy

delivered to the TVA system, whether the energy is delivered directly to TVA or via a LPC, under a long-term contract at a stated price.

## **SECTION 2: PROJECT ELIGIBILITY REQUIREMENTS**

### **2.1 Basic Eligibility Requirements**

(a) To be eligible to participate in the DSS offering, a proposed generating facility must:

- (i) constitute a Renewable Generating Facility that did not contract to sell renewable energy to TVA prior to January 1, 2017.
- (ii) be Solar Photovoltaic: monocrystalline panels, polycrystalline panels, or thin film cells using fixed or single/dual axis tracking systems, which can be ground or structure mounted, or other TVA-approved technology;
- (iii) be located in the TVA Power Service Area;
- (iv) not have a Gross Nameplate Capacity of 50 kW Direct Current (DC) or less, or more than 2 MW DC;
- (v) interconnect to TVA's or a LPC's System; and
- (vi) projects must use local North American Board of Certified Energy Practitioners ("NABCEP") Certified Installers in the Valley region.

(b) Renewable energy credits (RECs) and other Environmental Attributes cannot be owned by or credited to more than one entity. Seller must convey to TVA all rights, title, and interest in the RECs and other Environmental Attributes. As such, Seller may not make claims with respect to the renewable energy sold to TVA except to note its sale to TVA. If a Seller's project is a qualifying community solar project, Seller may request to retain any RECs generated by the community solar portion of its project, and TVA will return the associated RECs to the Seller or Seller's customer, as applicable. Only those RECs associated with the community solar portion of the project are able to be retained by Seller.

(c) Projects must meet one or more of the following criteria:

- (i) LPC Business Models
  - Financing Model – Innovative LPC financial structures (beyond leveraging the investment tax credit, depreciation benefits, or grants) that minimize total system costs and explore unique financing structures (e.g., creative LLC financing vehicles)
  - Customer Engagement – Business models that encourage greater end-use customer focus and engagement and provide opportunities for a

wide range of customers to participate in the project (e.g., community solar, aggregated rooftop solar)

(ii) LPC Technical Innovations

- Targeted Deployment - Solar projects intentionally located for several specified, measurable, feeder benefits that significantly expand the technical knowledge base of the LPC community (e.g., volt/var support, loss reduction)
- Grid Management - Solar projects intentionally aggregated with other advanced DER technologies for several specified, measurable, distribution network benefits that significantly expand the technical knowledge base of the LPC community (e.g., integration of solar in an advanced distribution automation scheme or advanced grid system that optimizes system characteristics)

(d) Projects should consider incorporating one or more of the following:

(i) Outreach/Education

- Options for low-income participation
- Future knowledge sharing with LPC community
- Educational opportunities in local community

(ii) Leveraging Opportunities

- Leveraging of strategic partnership with experienced third parties
- Leveraging financial opportunities such as grants, incentives, or awards
- Secondary long-term impacts to local communities

(iii) Sustainability/Environment

- Minimization of green field land use via brownfield or rooftop utilization

## **SECTION 3: APPLICATION REQUIREMENTS**

### **3.1 Application Materials**

(a) An Applicant must provide, with its Application, a certified check, bank draft, or money order, payable to the Tennessee Valley Authority, in an amount that includes an application fee of \$1,000 plus \$1.00 per kW DC of the proposed Gross Nameplate Capacity (the “Application Fee”). Subject to Section 4.2(e), the application fee shall be non-refundable.

(b) An Application must include evidence that the Applicant has either title or rights of access to the proposed Project Site, sufficient to build, operate, and maintain the Project, enforceable by contract for the Term of the DSS Contract (“Access Rights”). Such Access Rights may include ownership of, a leasehold interest in, or a right to develop a

site for the purpose of constructing a small generating facility; an option to purchase or acquire a leasehold site for such purpose; or exclusivity or other business relationship allowing the Applicant the right to possess or occupy a site for such purpose.

Where an Application is for a Project on TVA Property or water-ways, evidence must be included in the Application that the appropriate Access Rights have been obtained, and that TVA has granted the appropriate Permits for the Term of the DSS Contract.

(c) Applicants must provide TVA with a valid e-mail address for purposes of correspondence related to the DSS offering. The Applicant may amend this address from time to time by providing written notice to TVA.

### **3.2 Responsibility for Project Viability**

Notwithstanding anything contained in these DSS Guidelines or in the DSS Contract, Applicants are solely responsible for ensuring the technical, regulatory, and financial viability of their Projects, and TVA shall have no responsibility whatsoever to independently assess the viability of any Application or Project nor any liability whatsoever in the event that a Project is not or becomes no longer viable in any respect. This includes ensuring compliance with any Federal Energy Regulatory Commission regulations or orders regarding the generation of electricity.

### **3.3 Transfer or Assignment of DSS Contract**

Parties wishing to transfer or assign the DSS Contract to another entity, at any time, including at the Application phase, must submit the appropriate Consent to Assignment documentation to TVA, including the following:

- (a) Copy of the Proposed Assignment Agreement between Assignee and Assignor
- (b) Creditworthiness Documentation of Proposed Assignee
- (c) Evidence of Assignee's Land Access Rights
- (d) Authorization Letter from TVA
- (e) Revised Interconnection Application and/or Agreement between Assignee and TVA

Each transfer or assignment requires payment of a \$1,000 fee to TVA to cover internal administrative costs of transfers.

An LPC may transfer allotted capacity to a developer within two weeks of receiving DSS capacity without incurring the above transfer fee. All other transfer of DSS capacity or the DSS Contract will be subject to the above transfer fee.

## **SECTION 4: APPLICATION REVIEW AND ACCEPTANCE**

## **4.1 Application**

Applicants (i.e. the Local Power Companies) who wish to participate in the DSS offering shall submit an Application to TVA together with all documents required to establish that the Applicant has satisfied all of the Project and Application eligibility criteria set out in Section 2 and Section 3 of the Guidelines, respectively. After the LPC submits the Application and accompanying information to TVA, TVA will review Application and accompanying information to ensure the Application is complete. The application form, the Application Fee, schedules, attachments, and other documents, along with requests on how to submit electronic payments, should be submitted to TVA via email at [dss@tva.gov](mailto:dss@tva.gov). Applicants may submit Applications and corresponding documents and payments to TVA via mail, Attn.: Distributed Solar Solutions, 26 Century Boulevard OCP 7B, Nashville, TN 37214. Upon receipt, the application will be provided a reference number. The reference number will be sent to the Applicant via e-mail.

## **4.2 Review of Mandatory Requirements**

- (a) Each Application will be reviewed in detail by TVA to confirm that the overall Application is complete and that all constituent elements of such Application confirm that the Project satisfies all of the eligibility requirements set out in Section 2 and Section 3 of the Guidelines.
- (b) TVA reserves the right, but is not obligated, to request clarification, additional information, documentation, and statements in relation to any Application at any time. Any such requested clarification, additional information, documentation, or statements must be submitted to TVA by e-mail within ten (10) Business Days of the date of such request by TVA, failing which the Application may be rejected as being incomplete.
- (c) TVA reserves the right to reject any incomplete Application, any Application that does not satisfy all of the eligibility requirements defined in Section 2 and Section 3 of the Guidelines, or any Application for which the included information is not satisfactory to TVA. The information provided in the Application provides a basis for information to be included in the Contract. The Application Fee will not be refunded in such circumstances.
- (d) If DSS offering capacity limits are met, the Application may be placed on a waiting list for the remainder of the 2017 DSS offering. The Applicant may request withdrawal from the list at any time, in which case the Application Fee will be returned to the Applicant.
- (e) Where an Application is not accepted, TVA may provide explanation for the non-acceptance, at the Applicant's request.

## **SECTION 5: INTERCONNECTION AVAILABILITY AND ENVIRONMENTAL REVIEW**

### **5.1 Interconnection Availability Management**

A copy of the completed Interconnection Application (where applicable) must accompany the DSS application. Applicants are responsible for all Interconnection Costs, whether through an LPC or TVA, including system impact studies, metering, system upgrades and expansions, and the operations and maintenance fees for facilities used in interconnection. All metering must be coordinated with TVA. Furthermore, due to the interdependencies present in transmission and distribution systems, interconnections through an LPC may also require the involvement of TVA or other surrounding systems. As a result, Applicants are encouraged to become familiar with the TVA procedures for interconnecting small generators.

Neither the Application nor the DSS Contract implies any obligation or commitment to interconnect. Interconnection agreements must be arranged independently of the DSS Contract.

### **5.2 Environmental Review and Acceptability**

(a) All interested parties are urged to consult TVA's National Environmental Policy Act (NEPA) Compliance procedures prior to submitting an Application to determine the likelihood that, and the timeline in which, their project can be reviewed for environmental acceptability. This process typically involves preliminary determinations by TVA of:

- (i) whether or not provisions of the NEPA and related laws apply to the decision; and,
- (ii) if so, which of three levels of review would be initiated. TVA's implementing procedures for NEPA are available at [www.tva.com/environment/reports/pdf/tvanepa\\_procedures.pdf](http://www.tva.com/environment/reports/pdf/tvanepa_procedures.pdf). A short description of TVA's NEPA process is also included in Appendix B of these DSS Guidelines.

(b) Applicants are responsible for all costs associated with the conduct of, and preparation of documentation for, the appropriate level of environmental review. If the provisions of NEPA apply, applicants may:

- (i) use TVA as the preparer;
- (ii) use a TVA pre-qualified contractor; or,
- (iii) propose a contractor for the project by submitting the contractor's qualifications for evaluation and determination of acceptability by TVA.

Neither the Application nor DSS Contract covers any aspect of the NEPA review. These reviews must be arranged separately.

## **SECTION 6: DISTRIBUTED SOLAR SOLUTIONS CONTRACT FORM AND EXECUTION**

### **6.1 Contract Issuance**

(a) Following the acceptance of an Application as having met the eligibility requirements set out in Section 2 and Section 3 of the Guidelines, TVA will provide notice to the Applicant that a DSS Contract will be issued (“Contract Issue Notice”). The DSS Contract will be in its most recent standardized form on the basis of the information provided in the Application for the Project. The Contract Price shall be established in accordance with Section 7 below.

(b) Applicants will have ten (10) Business Days from the issuance of the Contract Issue Notice to accept the offered DSS Contract. An Applicant may accept and enter into the DSS Contract by printing and executing the DSS Contract documents and delivering the executed documents to TVA in accordance with the instructions in the Contract Issue Notice.

(c) Prior to the execution of the DSS Contract, Applicants will be required to provide TVA with Performance Assurance, subject to credit review, in the amount of \$15/kW of Gross DC Nameplate Capacity. The security may be provided in the form of cash (cashier’s check, bank wire, or ACH debit), or a Letter of Credit issued by a Qualified Bank, or a Guaranty from a Qualified Guarantor.

(d) If TVA does not receive the executed DSS Contract and Performance Assurance from the Applicant within ten (10) Business Days of the Contract Issue Notice, the Application shall be deemed to have been withdrawn, and the offer of a DSS Contract shall be revoked.

(e) Any DSS projects that are awarded capacity and conditionally accepted into the 2017 Program after January 1, 2017 must accept and enter into a DSS Contract within 180 days following TVA’s acceptance of Applicant’s Application. Projects that do not have executed Contracts in place within 180 days of Application acceptance will forfeit the capacity awarded to them.

### **6.2 Form of Distributed Solar Solutions Contract**

The form of the DSS Contract consists of a DSS Contract Cover Sheet, definitions, standard terms and conditions, and exhibits including pricing, a Supply Guarantee dependent upon a predefined Minimum Energy Quantity, liquidated damages, credit annex, and legally required clauses to comply with all applicable Laws and Regulations.

### **6.3 Notice to Proceed**

(a) Applicants have twelve (12) months after the contract Effective Date to request a Notice to Proceed (NTP); otherwise, TVA may terminate the DSS Contract. In order to

receive a NTP, a Seller must submit a NTP Request to TVA. Appendix C of the DSS Guidelines provides a copy of the Prescribed Form for a NTP Request.

(b) The NTP Request to TVA must include all of the following materials in a single package demonstrating Project development. Those materials will include:

- (i) demonstration that financing has been arranged for the Facility;
- (ii) receipt of, or application for, any applicable permits for the Project's construction and operation;
- (iii) execution of any necessary interconnection agreements with either TVA or LPC, as applicable;
- (iv) execution of any necessary metering agreements with TVA and/or the LPC for the installation, operation, maintenance, and reading of the metering equipment;
- (v) receipt from TVA of any necessary executed transmission service agreements including Network Integrated Transmission Service Agreements and Network Operating Agreements with TVA and/or the LPC for transmitting the Energy Output to TVA loads;
- (vi) demonstration of completion of the appropriate review under the National Environmental Policy Act (NEPA);
- (vii) revised Performance Assurance of \$25/kW;
- (viii) a single-line drawing, list of equipment (solar panels, inverters, etc.) and associated nameplate information; and
- (ix) information regarding the installer of the Project and the installer's NABCEP certification.

TVA will issue a NTP if all of these components are present and satisfactory. If any of these components is missing, TVA may terminate the DSS Contract, or defer its decision in accordance with the terms of the DSS Contract.

(c) The period between the NTP and the Initial Delivery Date ("IDD") must be at least sixty (60) days and no longer than one year unless otherwise agreed to in writing by all parties.

#### **6.4 Initial Delivery Date**

(a) The IDD is defined as at least twenty-four (24) hours following TVA's receipt of the Seller's written notice and TVA's subsequent written approval that:

- (i) the required metering facilities were installed at the Project Site at least 45 days before the IDD;
- (ii) all actions by Seller necessary to construct and generate electricity from the Project have been taken;
- (iii) the Project is capable of generating and delivering Energy Output to the Delivery Point in a consistent and reliable manner; and,

(iv) all TVA internal conditions have been met and there are no outstanding issues related to the system’s impact when interconnected.

(b) If the Project is unable to generate and deliver Energy Output to the Delivery Point in a consistent and reliable manner at the end of twelve (12) Months after the NTP, the TVA DSS Contract will be terminated and liquidated damages will be assessed against the Performance Assurance per the DSS Contract.

(c) If the Project begins generating Energy Output before receiving the written approval from TVA described in subsection 6.4(a) above, TVA may terminate the DSS Contract.

(d) Prior to the IDD, the Seller shall provide TVA with Performance Assurance as described in the table below. The Performance Assurance shall remain in effect through the Term of the DSS Contract.

**Performance Assurance Amounts**

The values detail below represent the maximum total value the applicant is responsible for at various stages of the project approval process. The individual values are not incremental, but represent a combined cumulative value for total Performance Assurance. The example below helps explain this more clearly.

| Milestone                          | Total \$/kW | <b>Performance Assurance Example for 1 MW project:</b><br><br><u>Contract Issued:</u> \$15,000 due from applicant<br><br><u>Notice to Proceed:</u> \$25,000 total due from applicant (\$10,000 additional due on top of existing \$15,000)<br><br><u>Year 1-2:</u> \$125,000 total due from applicant (\$100,000 additional due on top of existing \$25,000)<br><br><u>Year 3-4:</u> \$100,000 total due from applicant (\$25,000 returned to applicant)<br><br><u>Year 5-20:</u> \$75,000 (\$25,000 additional returned to applicant) |
|------------------------------------|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Contract Execution                 | \$15        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Completion of Conditions Precedent | \$25        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Initial Delivery Date:             |             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Years 1-2                          | \$125       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Years 3-4                          | \$100       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Years 5-20                         | \$75        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

**SECTION 7: CONTRACT PRICING**

**7.1 Base Price Schedule**

(a) The DSS offering establishes long-term pricing for Hourly Delivered Energy Output from Projects. The Base Price Schedule will be updated in accordance with Section 9.

(b) The Base Prices incorporated into any individual DSS Contract will be the applicable prices as set out in the Base Price Schedule on the date of the Contract Issue Notice.

(c) The Base Prices will be specified according to seasonal time-of-day in the currently effective version of the Base Price Schedule that is attached to each individual DSS Contract as Exhibit A.

(d) Upon ninety (90) days' notice, TVA may unilaterally change one or more of the Base Prices. TVA may change each Base Price in each seasonal time-of-day category by no more than one percent (1%) per calendar year, and any such change to these prices shall thereafter be applied to all Sellers. However, TVA shall make such changes to the Base Prices so that the Base Price Average remains fixed as described in Section 5.5 of the DSS Contract.

## **7.2 Contract Price Escalation and Premium**

(a) To derive the Contract Prices at which the Applicant will be paid, the Base Prices under the DSS Contract will be escalated annually by a constant percentage throughout the Term of the Contract in accordance with Section 5.5 of the DSS Contract.

(b) In addition to the Base Price, DSS projects will receive an unescalated premium of 2.73¢ per kWh through the 20-year term of the Contract.

## **7.3 Other Factors**

(a) The DSS Contract provides that all Environmental Attributes otherwise applicable to the Project or available to a Seller in respect thereof are absolutely and unconditionally assigned to TVA.

(b) Except in the case of qualifying community solar projects, the DSS Contract provides that all Renewable Energy Credits ("RECs") otherwise applicable to the Project or available to a Seller in respect thereof are absolutely and unconditionally assigned to TVA.

(c) The DSS Contract provides that all Capacity Attributes and Ancillary Services otherwise applicable to the Project or available to a Seller in respect thereof are absolutely and unconditionally assigned to TVA.

## **SECTION 8: OVERVIEW OF SETTLEMENT**

The DSS Contract provides a complete discussion of billing and settlement.

## **SECTION 9: REVIEW AND AMENDMENTS**

(a) TVA intends to review and Amend as necessary the DSS offering, the DSS Guidelines, the form of the DSS Contract (which will not affect any executed DSS Contracts) and the Base Price Schedule at least annually (“Scheduled Review”).

(b) In addition to any changes or amendments that occur as part of a Scheduled Review, TVA may at any time make changes to these DSS Guidelines, the form of the DSS Contract, the Base Price Schedule, or the DSS offering (including making substantial changes or suspending or terminating the DSS offering). Amendments or changes to the DSS offering may be in response to changes in Laws and Regulations, changes in market conditions, or other circumstances as required.

## **SECTION 10: CONFIDENTIALITY**

(a) Information provided by an Applicant or a Seller may be subject to the provisions of the Freedom of Information Act (FOIA). Notwithstanding any confidentiality statement provided by the Applicant or Seller, TVA may be required to disclose information that is provided to TVA by an Applicant or Seller and is otherwise not protected from disclosure through an exemption in FOIA or any other applicable Laws and Regulations. Applicants should not assume that such an exemption is available.

(b) Information provided by an Applicant in relation to a Project, including capacity, general location (county), interconnection point (LPC name or TVA facility name), and environmental characteristics may be disclosed by TVA on the TVA Website or otherwise. Such disclosures may be made on an individual basis, or aggregated with information provided by other Applicants.

## **SECTION 11: ADDITIONAL GUIDELINES**

### **11.1 General**

(a) Each Applicant shall be solely responsible for its own costs and expenses relating to the preparation and submission of its Application and the development of the Project, whether or not an Application is rejected or the DSS offering is suspended, revoked, or revised. Under no circumstances whatsoever shall TVA be liable for any indirect, punitive, or consequential damages associated with the Applicant’s participation in the DSS offering.

(b) By submitting an Application, the Applicant irrevocably and unconditionally waives any Claims against TVA relating to the Applicant’s costs and expenses including costs in relation to satisfying the Project eligibility requirements and the Application Fee.

(c) Notwithstanding anything contained in these DSS Guidelines, TVA reserves the right, in its sole discretion, to reject any Application, in whole or part, whether or not completed properly, and whether or not it contains all necessary information, and reserves the right to discuss different or additional proposals to those included in any Application.

(d) TVA reserves the right to cancel all or any part of the DSS offering at any time and for any reason or to suspend the DSS offering, in whole or part, for any reason, for such period of time as TVA shall determine in its sole discretion, in each case without any obligation or any reimbursement to the Applicants.

(e) TVA may verify with any Applicant or with any third party any information set forth in an Application.

(f) TVA reserves the right to waive any informality or irregularity at its discretion with respect to an Application or an Applicant's compliance with these DSS Guidelines.

## **11.2 Reserved Rights**

(a) The rights reserved to TVA in these DSS Guidelines are in addition to any other express rights or any other rights that may be implied in the circumstances, and TVA shall not be liable for any expenses, costs, losses, or any direct or indirect damages incurred or suffered by any Applicant or any third party resulting from TVA exercising any of its express or implied rights under the DSS offering.

(b) By submitting an Application, the Applicant authorizes the collection by TVA of the information set out in the Application and otherwise collected in accordance with the terms hereof, and the use of such information for the purposes set out in or incidental to these DSS Guidelines and the DSS Contract, and for the purpose of offering, managing, and directing the DSS offering generally.

## **11.3 Interpretation**

(a) Consent. Whenever a provision requires an approval or consent and the approval or consent is not delivered within the applicable time limit, then, unless otherwise specified, the Party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.

(b) Currency. Unless otherwise specified, all references to money amounts are to the lawful currency of the United States of America.

(c) Discretion. Where TVA may take an action or make a determination under these DSS Guidelines, the decision to take such an action or make such determination shall be at TVA's sole and absolute discretion.

(d) Governing Law. These DSS Guidelines are made under and shall be governed by and construed in accordance with Federal laws of the United States of America.

(e) Headings. Headings of Sections are inserted for convenience of reference only and do not affect the construction or interpretation of these DSS Guidelines. References to Sections mean Sections of these DSS Guidelines, unless otherwise specified.

(f) No Strict Construction. Applicants submitting Applications acknowledge and agree that any doubt or ambiguity in the meaning or application of any term or provision in these DSS Guidelines shall be construed in accordance with standard principles of legal interpretation except that in the event of an ambiguity, such ambiguity shall not be construed against TVA in favor of the Applicant.

(g) Number and Gender. Unless the context otherwise requires, words importing the singular include the plural and *vice versa*, and words importing gender include all genders.

**APPENDIX A**  
**STANDARD DEFINITIONS IN DISTRIBUTED SOLAR SOLUTIONS GUIDELINES**

1. **Access Rights** has the meaning given to it in Section 3.1 of the DSS Guidelines.
2. **Affiliate** means, with respect to any Person, any other Person (other than an individual) that, directly or indirectly, through one or more intermediaries, Controls, or is Controlled by, or is under common Control with, such Person.
3. **Amendment** means a change, revision, or addition to the DSS offering, DSS Guidelines, form of DSS Contract, or Base Price Schedule. “Amend” has a corresponding meaning.
4. **Ancillary Services** means those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of TVA’s Transmission System.
5. **Applicant** means a Person seeking to enter into contract and receive payment for generation from a DSS Project. The Applicant must be an LPC.
6. **Application** means an application submitted in response to the DSS offering in respect of the construction, development and operation of a Project and all clarifications and additional information, documents, and statements in respect thereof provided by an Applicant, or on behalf of an Applicant, and submitted to and accepted by TVA.
7. **Application Fee** has the meaning given to it in Section 3.1 of the DSS Guidelines.
8. **Base Price** is the relevant seasonal time-of-day price stated in Exhibit A to the DSS Contract, as specified in Section 5.5 of that contract.
9. **Base Price Schedule** means the schedule of prices established by TVA from time to time, in its sole discretion, which will be used to determine the Contract Price for a DSS Contract. The Price Schedule applicable on the date of the Contract Issue Notice shall be as set forth in Exhibit A to the DSS Contract, subject to updates pursuant to Sections 7 and 9 of the Guidelines.
10. **Business Day** means any day except a Saturday, Sunday, or a Federal Reserve Bank holiday. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m. CPT
11. **Capacity Attribute** means any current or future defined characteristic, certificate, tag, credit, or accounting construct associated with the amount of power that the Project can generate at a particular moment and that can be purchased and sold under market rules adopted in the region where the Project is located.
12. **Cash** means cash in United States Dollars.

13. **Claim** means a legal or equitable claim or cause of action in contract, in tort, under any Laws and Regulations, or otherwise.
14. **Contract Capacity** means the Gross Nameplate Capacity in Direct Current (DC) of the Project.
15. **Contract Issue Notice** means the notification that an Applicant receives that a DSS Contract will be issued to their Project.
16. **Contract Price** means, with respect to an Application, the Base Price as adjusted in Section 5.5 of the DSS Contract plus an unescalated premium in accordance with Section 7.2 of the DSS Guidelines in effect at the time of Contract execution..
17. **Control** means the direct or indirect ownership of fifty percent (50%) or more of the outstanding capital stock or other equity interests having ordinary voting power. “Controlled by” has a corresponding meaning.
18. **CSPP** means the simple average of Part B rates set forth in the Dispersed Power Price Schedule CSPP of TVA’s “Dispersed Power Production Guidelines for TVA and Distributors of TVA Power.”
19. **Date Stamp** means the official record of the date that an Application is received as established pursuant to Sections 4.1 of the DSS Guidelines.
20. **Delivered** means, in relation to Energy Output and certain Related Products, delivered to the Delivery Point successfully and directly injected into a LPC’s System or the TVA Transmission System. “Deliver” and “Delivering” have corresponding meanings.
21. **Delivery Period** means for a DSS Contract:
  - (a) in the case of the first such period, the period commencing on the IDD and ending on December 31st next following the IDD;
  - (b) in the case of each such period subsequent to the first such period (but not including the last such period), each 12 calendar Months commencing on the January 1st next following the end of the prior period, and;
  - (c) in the case of the last such period during the Term, the period beginning on January 1st next preceding the final anniversary of the IDD and ending on such final anniversary for the IDD.
22. **Delivery Point** means where the electrical connection point between the Project and the LPC’s System or the TVA Transmission System where Energy Output is injected into a LPC’s System or the TVA Transmission System (as applicable).

23. **Distributed Solar Solutions Contract or DSS Contract** means the agreement entered into between a Seller and TVA in accordance with the DSS Guidelines.
24. **Distributed Solar Solutions Contract Cover Sheet or DSS Contract Cover Sheet** means the cover sheet(s) of the DSS Contract that set forth the contract information of the parties, a description of the Project, and terms specific to the Project.
25. **Distributed Solar Solutions Guidelines or DSS Guidelines** means this present document governing the DSS offering. In accordance with the DSS Guidelines, this document may be amended from time to time.
26. **DPP Program** means TVA's Dispersed Power Production Program under the Public Utility Regulatory Policies Act of 1978 (PURPA), as amended.
27. **Effective Date** means the date when the DSS Contract goes into force or begins.
28. **Energy Output** means the amount of energy (in kWh) generated by the Project and delivered to the Delivery Point from and after the IDD, as metered by the metering equipment.
29. **Environmental Attributes** means any and all credits, benefits, emissions reductions, environmental air quality credits, emissions reduction credits, renewable energy credits, offsets, and allowances, attributable to a Qualifying Resource, or otherwise attributable to the generation, purchase, sale or use of Energy Output from a Qualifying Resource during the Term, howsoever entitled or named, resulting from the avoidance, reduction, displacement or offset of the emission of any gas, chemical, or other substance, including any of the same arising out of legislation or regulation concerned with oxides of nitrogen, sulfur, or carbon, with particulate matter, soot, or mercury, or implementing the United Nations Framework Convention on Climate Change (UNFCCC) or the Kyoto Protocol to the UNFCCC, or its successor, or crediting "early action" emissions reduction, or laws or regulations involving or administered by the Clean Air Markets Division of EPA, or any state or federal entity given jurisdiction over a program involving transferability of Environmental Attributes.
30. **Expected Initial Delivery Date** means the date set forth in the Cover Sheet to the DSS Contract, which reflects the date the Seller anticipates will be the IDD.
31. **Facility** means a Renewable Generating Facility constructed, developed, and operated by the Seller or Affiliate of the Seller, which is comprised either partially or completely by the Project.
32. **FOIA** means the Freedom of Information Act, 5 U.S.C. § 552.
33. **Green Power Providers** means TVA's program for generating facilities up to 50 kW each or any successor program.

34. **Gross Nameplate Capacity** means the manufacturer's total installed rated capacity of the Facility to generate Energy Output expressed in Direct Current (DC).
35. **Guaranty** means a guaranty in substantially the form attached to Exhibit D in the DSS Contract.
36. **Guaranteed Party** means the Party in whose favor Performance Assurance is provided.
37. **Guarantor** means, with respect to a Party, the guarantor, if any, that has issued a Guaranty in substantially the same format attached in Exhibit D in the DSS Contract.
38. **Hourly Delivered Energy Output** means the quantity of Energy Output actually Delivered or injected into either a LPC's or TVA's system.
39. **Initial Delivery Date or IDD** means at least twenty-four (24) hours following TVA's receipt of the Seller's written notice and TVA's subsequent approval that:
- (a) the required metering facilities were installed at the Project Site at least 45 days before the IDD;
  - (b) all actions by Seller necessary to construct and generate electricity from the Project have been taken;
  - (c) the Project is capable of generating and delivering Energy Output to the Delivery Point in a consistent and reliable manner; and
  - (d) all TVA internal conditions have been met and there are no outstanding issues related to the system's impact when interconnected.
40. **Interconnection Costs** means those costs that are payable by the Seller related to: where the Facility is interconnected to the TVA or LPC system, those costs required for a reliable interconnection, including but not limited to system impact studies, metering, system upgrades and expansions, and operating and maintenance for facilities used in interconnection.
41. **kW** means kilowatt and **kWh** means kilowatt-hour.
42. **Laws and Regulations** means:
- (a) applicable federal, state, or local laws, orders, codes, legislation, rules, policies, regulations, and statutes;
  - (b) applicable orders, decisions, judgments, injunctions, decrees, awards, and writs of any court, tribunal, arbitrator, governmental authority, or other Person having jurisdiction;

(c) applicable rulings and conditions of any license, Permit, certificate, registration, authorization, consent, and approvals issued by a governmental authority;

(d) any requirements under or prescribed by applicable common law; and

(e) any codes or standards applied to LPC's System or Transmission System in the United States.

43. **Letter of Credit** means an irrevocable standby letter of credit from a Qualified Bank in substantially the form provided in Exhibit D of the DSS Contract, naming TVA ("the Guaranteed Party") as the beneficiary.
44. **Local Power Company's System** means a system interconnected with the TVA Transmission System for distributing Energy Output at voltages typically of 161 kilovolts or less, and includes any structures, equipment, or other items used for that purpose.
45. **Local Power Company or LPC** means a distributor of TVA power.
46. **Minimum Energy Quantity** means the minimum amount of energy that a Seller must deliver during a Delivery Period to avoid incurring responsibility for paying liquidated damages for non-performance.
47. **Moody's** means Moody's Investor Services, Inc. or its successor.
48. **Month** means a calendar month commencing at 00:00 CPT on the first calendar day of such month and ending at 24:00 CPT on the last calendar day of such month.
49. **MW** means megawatt and **MWh** means megawatt-hour.
50. **NABCEP Certified Installer** means an installer who has completed at least one of the following requirements:
- (a) Installers must have completed the North American Board of Certified Energy Practitioners (NABCEP) Entry Level Program and have received an Achievement Award, or
  - (b) Installers must have completed the requirements and standards of the NABCEP to become a Certified Professional PV Installer.
51. **Notice to Proceed or NTP** means the notice issued by TVA to a Seller that has:
- (a) submitted a NTP Request to TVA; and
  - (b) successfully demonstrated compliance with the criteria required under the NTP Request.

52. **NTP Request** means the submission by the Seller of the Prescribed Form together with the NTP pre-requisites, by which the Seller requests that TVA issue Notice to Proceed.
53. **Performance Assurance** means collateral in the form of Cash, Letter(s) of Credit, or a Guaranty from a Qualified Guarantor that shall guarantee a Party's payment obligations under this Agreement, or a combination of any of the above.
54. **Permit** means any right that is required by any applicable local, state, or federal governmental authority to develop, construct, finance, operate, or maintain the Project or interconnection facilities or to generate and sell the Project Energy Output Including any permit, exemption, approval, license, consent, authorization, concession, order, and easement.
55. **Person** means a natural person, firm, trust, partnership, limited partnership, limited liability company, corporation, joint venture, sole proprietorship, governmental authority, or other entity of any kind.
56. **Prescribed Form** means, in relation to a form, the latest version of the corresponding form appearing on the TVA website, as may be amended or replaced by TVA from time to time and without notice to the Seller.
57. **Product** means, on and after the IDD, Energy Output, Ancillary Services, Capacity Attributes (if applicable), and Environmental Attributes.
58. **Project** means a proposed Renewable Generating Facility described in an Application.
59. **Property** means the lands encompassed by the legal description of the Site.
60. **PV** means a solar photovoltaic system.
61. **Qualified Bank** means a U.S. commercial bank or a foreign bank with a U.S. branch, with such bank having a credit rating on its senior unsecured debt, not supported by third party credit enhancements, of:
- (a) "A3" or higher from Moody's, or
  - (b) "A-" or higher from S&P, or
  - (c) if rated by both Moody's and S&P, both (a) and (b).
62. **Qualified Guarantor** means a Person who satisfies the Ratings Limit and who is domiciled in a country with a sovereign rating of "AAA" by S&P and "Aaa" by Moody's.
63. **Qualifying Resource** has the meaning as set forth in Section 2 of the DSS Guidelines, and Section 3.1 of the DSS Contract.

64. **Ratings Limit** means, with respect to any Person, such Person has a long-term credit rating (corporate or long-term senior unsecured debt) of “BBB” or higher with S&P or “Baa2” or higher with Moody’s or both if rated by both S&P and Moody’s.
65. **Related Products** means all Capacity Products, Ancillary Services, transmission rights, and any other products or services that may be provided by the Project from time to time, excluding Environmental Attributes produced by the Project.
66. **Renewable Energy Certificate** or **REC** means a fungible commodity that is created when one megawatt hour (MWh) of energy is generated from a renewable source.
67. **Renewable Energy Standard** means a United States Federal law or a State law that is legally applicable to TVA and requires TVA to achieve a percentage of its annual electric power sales to end-use customers through production or purchase of specified renewable energy sources and/or through the acquisition of RECs or payment of an alternative compliance payment.
68. **Renewable Fuel** means solar (PV).
69. **Renewable Generating Facility** means an electric generating facility located in the TVA Power Service Area that is owned or leased for the Term, as well as operated by the Seller, that generates Energy Output exclusively from a Renewable Fuel and delivers that Energy Output through a meter in accordance with all Laws and Regulations to the TVA Transmission System, or a LPC’s System. **The Renewable Generating Facility cannot have a Gross Nameplate Capacity greater than 2 MW.**
70. **S&P** means the Standard & Poor’s Rating Group (a division of McGraw-Hill, Inc.) or its successor.
71. **Scheduled Review** has the meaning given to it in Section 9(a) of the DSS Guidelines.
72. **Seller** means the Person identified as the seller on the DSS Contract Cover Sheet, and, as applicable, its heirs, estate trustees, personal and legal representatives, successors, and permitted assigns.
73. **Site** means the real property on, over, in or under which the Project is, or is to be, situated, as such property is identified in the Application and in the DSS Contract.
74. **Standard Definitions** means these definitions which are applicable to the TVA Solar Solutions Guidelines.
75. **Supply Guarantee** means for each Delivery Period throughout the Term of the DSS Contract, the agreement of the Seller to guarantee delivery to the Delivery Point of Energy Output in an amount at least equal to the applicable Minimum Energy Quantity

for such Delivery Period.

76. **Term** means the period of time beginning with the Effective Date of the Distributed Solar Solutions Contract for a Project, and terminates at 24:00 Central Prevailing Time (CPT) on the twentieth (20<sup>th</sup>) anniversary of the IDD.
77. **Transmission System** means a system for conveying Energy Output at voltages of more than 100 kilovolts and includes any structures, equipment, or other items used for that purpose.
78. **TVA Power Service Area** means the area served at retail by distributors of TVA power.
79. **Unsolicited Proposal Process** means TVA's process by which Energy Output generators may offer Product at any time.
80. **Upgrade** means the refurbishment or replacement of Generating Equipment at an existing generating facility with equipment that provides better or improved performance, but which does not constitute an Expansion.
81. **Website** means TVA's website at "www.tva.gov" or such other website as TVA shall designate from time to time.

## **APPENDIX B DECLARATION OF NEPA PROCESS**

### **1.1 Authority**

Wholly owned by the U.S. Government, TVA was established by Congress in 1933 primarily to foster the social welfare of residents in the Tennessee Valley region and promote the wise use of the region's natural resources.

This evaluation will be performed within the framework of the National Environmental Policy Act (NEPA) 42 USC §§ 4321 et seq., Council on Environmental Quality (CEQ) regulations for implementing the procedural provisions of NEPA 40 CFR Parts 1500-1508, and TVA's environmental review procedures. TVA's procedures were published for public comment in the Federal Register on July 6, 1979. With CEQ's approval, TVA adopted these procedures on August 15, 1980. TVA amended the procedures after public review and comment and with CEQ approval on April 28, 1983. A true and correct copy of TVA's procedures is available to the public on the internet at:

[https://www.tva.com/file\\_source/TVA/Site%20Content/Energy/Renewables/Renewable%20Standard%20Offer/tvanepa\\_procedures.pdf](https://www.tva.com/file_source/TVA/Site%20Content/Energy/Renewables/Renewable%20Standard%20Offer/tvanepa_procedures.pdf)

### **1.2 National Environmental Policy Act Process**

CEQ's regulations and TVA's NEPA procedures identify three levels of NEPA review. The most detailed and comprehensive level of review is an Environmental Impact Statement (EIS). The intermediate level of review is an Environmental Assessment (EA). The final and lowest level of review is a Categorical Exclusion (CE). The processes governing these levels of review are found in sections 5.1 through 5.4 of TVA procedures.

#### *1.2.1 Categorical Exclusion*

TVA's CEQ approved procedures identify 28 categorical exclusions or CEs (TVA 5.2) A CE is a category of actions that has been predetermined either individually or cumulatively normally not to result in significant environmental impacts. This element of agency NEPA procedures is intended to reduce paperwork and delays for the kinds of actions that may have impacts which normally are not environmentally significant. Among other things, transmission projects requiring the acquisition of minor amounts of transmission line right-of-way easements and the purchase of landrights are categorically excluded under TVA's CEQ-approved procedures (TVA 5.2.17 and 5.2.25).

#### *1.2.2 ENVIRONMENTAL ASSESSMENT*

An EA is a document that is prepared for actions not qualifying as a CE to determine if an EIS should be prepared (TVA 5.3.1). The initial step in the EA process is to determine reasonable alternative, permit requirements, coordination with our agencies, environmental issues and a schedule. Once the scope of work is determined, a preliminary draft EA will be prepared. The Preliminary Draft EA undergoes internal and interagency review and comment and a Draft EA is prepared for approval. TVA often seeks public comment during its EA processes, but that is not required under TVA's procedures (TVA 5.3.2). If TVA provides for public input to an EA process, it is required as appropriate to identify and discuss questions and concerns raised during the public input period (TVA 5.3.3).

In response to some of the comments from internal reviewers or the public's comments, when appropriate, TVA will revise the text of the EA and conduct additional analyses. The Final EA will: 1) describe the proposed project and explain the purpose and need for it and the decisions to be made by TVA; 2) summarize the public input process it used for the EA and the permits and licenses that could apply to the proposed project; 3) summarize and discuss the various alternatives TVA considered; 4) and the description of the existing environmental conditions that potentially could be affected and analyses of potential environmental and other impacts. All environmental mitigation measures and commitments identified by TVA through the preparation of the EA will also be included. Based on the conclusions reached in an EA, TVA will determine whether an EIS should be prepared. If an EIS is not required, a Finding of No Significant Impact (FONSI) is prepared (TVA 5.3.4). The issuance of the FONSI concludes the required process for EAs under TVA's NEPA Procedures.

### *1.2.3 ENVIRONMENTAL IMPACT STATEMENT*

NEPA 42 USC §§ 4321 et seq., requires Federal agencies to consider the impact of their proposed actions on the environment before making any decisions. If an action is expected to have a significant impact on the environment, the agency proposing the action must develop a study for public and agency review. This study is an analysis of the potential impacts to the natural and human environment from the proposed action as well as a range of reasonable alternatives. This study is called an Environmental Impact Statement (EIS). In making a decision on a proposed major action, an agency must consider a full range of alternatives that would typically be addressed in the EIS. The CEQ regulations (40 CFR Part 1505.1) require Federal agencies to make environmental review documents, comments, and responses a part of the administrative record. TVA's procedures identify five different kinds of actions for which an EIS would normally be prepared: 1) large water development and water control projects; 2) major power generating facilities; 3) uranium mining and milling complexes; 4) any major action, the environmental impact of which is expected to be highly controversial; and 5) any major action which will have a significant effect on the quality of the human environment (TVA 5.4.1).

As soon as possible after the decision to prepare an EIS is made, the Federal agency (TVA) will prepare and make available a Notice of Intent (NOI) to prepare an EIS. This notice will briefly describe the proposed action, reasonable alternatives, and probable environmental issues to be addressed in the EIS. The NOI will also describe the scoping process, as it relates to the particular project, and where and when public scoping meetings will be held. Normally there is a public input period of 30 days from the date of publication of the NOI in the *Federal Register*. TVA prepares a Scoping Document that summarizes the public input and interested agencies comments received on the proposed action, alternatives, and probable environmental issues, as well as any other major issues relevant to the project.

Based on the information obtained and decisions made during the project scoping process, a Preliminary Draft EIS is prepared. The Preliminary Draft EIS undergoes internal and interagency review and comment and a Draft EIS is prepared for approval. TVA distributes copies of the Draft EIS and/or Summary of the Draft EIS to the individuals and groups identified on the project master distribution list. The Draft EIS is then transmitted along with appropriate notices to the Environmental Protection Agency (EPA) and other interested Federal, state, and local agencies. The EPA will publish the notice of availability of the Draft EIS in the *Federal Register*.

The Draft EIS public comment period is normally no less than 45 days from the publication of the notice of availability by the EPA in the *Federal Register*. During the Draft EIS public review period, TVA may hold public meetings as a forum to obtain comments on the Draft EIS. The public is informed through appropriate media or direct mailings, where and when public meetings will be held.

At the close of the Draft EIS public review period, TVA will respond to comments received and incorporate any required changes in the Preliminary Final EIS. The Preliminary Final EIS document undergoes internal and interagency review and comment and a Final EIS is prepared for approval. The Final EIS is sent to every person and organization to whom copies of the Draft EIS were sent or from whom comments were received. The Final EIS and appropriate notices are then transmitted to EPA and other Federal, state, and local agencies. The EPA will publish the notice of availability of the Final EIS in the *Federal Register*.

TVA will incorporate anticipated environmental impacts, documented in the EIS, into the decision making process, along with cost, schedule, technological and other considerations. No sooner than 30 days after the notice of availability of the Final EIS has been published in the Federal Register or 90 days after the notice of availability of the Draft EIS, whichever is later, the TVA will issue a Record of Decision (ROD). The ROD will normally include: (1) what the decision was; (2) what alternatives were considered; (3) which alternative was considered environmentally preferable; (4) the alternatives associated environmental considerations; and (5) any monitoring, reporting, and administrative arrangements made.

**APPENDIX C**

**Prescribed Form: Notice To Proceed Request**

TO: Tennessee Valley Authority (“TVA”)

RE: Request for Notice to Proceed

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<Applicants full legal name> (the “Seller”), as the owner, developer or operator of the electricity generation facility located or to be located at <Project Address> requests a Notice to Proceed per Distributed Solar Solutions (“DSS”) Contract No. <Number of Contract>.

Evidence of meeting the conditions precedent specified in Article IV of the DSS Contract are included as follows (each item included with this Request is checked):

\_\_\_\_\_ Financing commitment for the Project from a bank, an investment bank, or other source of investment funds.

\_\_\_\_\_ Copies of required permits for construction and operation of the Project.

\_\_\_\_\_ Copies of executed interconnection and metering agreements, for the installation, operation, maintenance, and reading of the metering equipment, with either TVA or a Local Power Company, as applicable.

\_\_\_\_\_ Copies of executed transmission service agreements, including Network Integration Transmission Service Agreements and Network Operating Agreements with TVA and/or the Local Power Company for transmitting the Energy Output to TVA loads.

\_\_\_\_\_ Letter from NEPA Compliance staff at TVA indicating the level of NEPA review completed and the results

\_\_\_\_\_ Performance Assurance of \$25.00 per kW in the form of cash, certified check, or Letter of Credit from a Qualified Bank.

\_\_\_\_\_ Single-line drawing, list of equipment (solar panels, inverters, etc.) and associated nameplate information.

\_\_\_\_\_ Information regarding the installer of the Project and the installer’s NABCEP certification.

Applicant hereby warrants and certifies that all information submitted in this Request for Notice to Proceed is accurate. In making this Warranty and Certification, Seller acknowledges that Seller is aware that Section 21(b) of the Tennessee Valley Authority Act of 1933 (16 U.S.C. 831t(b)) provides that any person who, with intent to defraud TVA or to deceive any officer or employee of TVA, makes any false report or statement to TVA shall, upon conviction thereof, be fined not more than \$10,000 or imprisoned not more than five years, or both.

DATED as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

**SELLER**

Signature\_\_\_\_\_

Printed Name\_\_\_\_\_

Title\_\_\_\_\_