

**PALO ALTO CLEAN LOCAL ENERGY ACCESSIBLE NOW PROGRAM**  
**PROGRAM ELIGIBILITY RULES AND REQUIREMENTS**  
**PROGRAM YEAR 2012**

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**A. PARTICIPATION ELIGIBILITY REQUIREMENT:**

The Palo Alto Clean Local Energy Accessible Now Program (the “CLEAN Program”), Program Year 2012, is open to participation by any Eligible Renewable Energy Resource, as defined in Section D.5, with a total generation capacity of at least 100 kilowatts (kW).

**B. TERRITORIALITY REQUIREMENT:**

In order to be eligible to participate in the CLEAN Program during Program Year 2012, an Eligible Renewable Energy Resource must be located in and generating electricity from within the utility service area of the City of Palo Alto.

**C. PRICES FOR CERTIFIED RENEWABLE POWER:**

The following purchase prices (“Program Prices”) shall apply to the electricity produced by an Eligible Renewable Energy Resource participating in the Program starting in Program Year 2012, except as provided in Sections D.3 and D.6.

Solar generation facilities:

<u>Contract Term</u>	<u>Price</u>
10 years	12.360 ¢ / kWh
15 years	13.216 ¢ / kWh
20 years	14.003 ¢ / kWh

**D. ADDITIONAL RULES AND REQUIREMENTS:**

1. The owner of the Eligible Renewable Energy Resource shall enter into a Power Purchase Agreement, Eligible Renewable Energy Resource (“PPA”) with the City of Palo Alto.
2. The last Eligible Renewable Energy Resource that is eligible for participation in the CLEAN Program during Program Year 2012 will be the Eligible Renewable Energy Resource that first causes the total capacity of Eligible Renewable Energy Resources receiving payments under the Program to exceed four (4) MW (the “Program Capacity”).
3. An application for participation in the CLEAN Program to sell output to the City (the “Application”) may be submitted at any time during the month. Any number of PPAs may be awarded at the end of each month. If the City can accept all Applications submitted without exceeding the Program Capacity, then all Applications will be accepted at the applicable Program Price(s). If, in any month, the City cannot accept all Applications submitted during that month without exceeding the Program Capacity, then the PPAs will be awarded in the following order of precedence:
  - a. The City will provide notification to all applicants that apply in the current month that there is insufficient capacity to accept all Applications. All applicants that apply for

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participation in the current month will be afforded two (2) weeks from the notification date to submit bid prices at which electricity from its proposed resource will be sold to the City.

The bid price must be less than the price for the applicable term described in Section C, or the City will reject or will be deemed to have rejected the bid price.

- b. The City will award one or more PPAs based upon the proposed bid prices. The first award will be made to the applicant offering the lowest bid price and any subsequent award(s) will be made to the next higher prices, until the Program Capacity has been attained.
  - c. Nothing in this 'bid price' process will affect the status of applications accepted in previous months.
4. In order for an Eligible Renewable Energy Resource to be eligible for participation in the CLEAN Program during Program Year 2012, the City must receive an Application on or before December 31, 2012 or, if that day does not fall on a regular business day of the City, on the business day immediately preceding December 31, 2012.
  5. For the purposes of Program Year 2012, an Eligible Renewable Energy Resource means an electric generating facility that: (a) is defined and qualifies as an "eligible renewable energy resource" under California Public Utilities Code Section 399.12(e) and California Public Resources Code Section 25471, respectively, as amended; (b) uses a solar fuel source; and (c) meets the territoriality requirement set forth in Section B.
  6. The California Energy Commission's ("CEC") certification of the Eligible Renewable Energy Resource shall be required within six (6) months of the commercial operation date of the electric generating facility; the facility's owner shall provide written notice of the CEC's certification to the City. If the City takes delivery of the facility's electricity prior to the CEC's certification, then, as the facility's electricity cannot be considered in fulfillment of the City's RPS requirements, the price that the City will pay for the facility's electricity (the "Pre-Certification Price") will be set at 65% of the applicable Contract Price. Upon the CEC's certification of the facility, the City will pay the applicable Contract Price for the facility's electricity delivered on and after the date of the CEC's certification. The City will "true-up", as appropriate, the difference between the Contract Price and the Pre-Certification Price for any electricity received and paid for by the City, effective as of the date of certification of the Resource.
  7. If an Eligible Renewable Energy Resource is authorized to participate in the CLEAN Program, then that Resource shall not be entitled to receive any rebate or other incentive from the City's Photovoltaic (PV) Partners Program, Power from Local Ultra-Clean Generation Incentive (PLUG-In) Program, or other similar programs funded by the City's ratepayers. To the extent any rebate or incentive is paid to the owner of the Resource, that rebate or incentive shall be disgorged and refunded to the City if the Eligible Renewable Energy Resource continues to participate in the CLEAN Program. If a rebate or an incentive has been paid to the Eligible Renewable Energy Resource, then that Resource shall be ineligible to participate in the CLEAN Program.
  8. All electricity generated by the Eligible Renewable Energy Resource shall be delivered only to the City. No portion of the electricity may be used to offset any load of the generating facility (other

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than incidental loads associated with operating the generating facility).

9. A metering and administration fee of \$34.73/month will be charged to each Eligible Renewable Energy Resource that participates in the CLEAN Program during Program Year 2012.