

COMMONWEALTH OF PUERTO RICO
PUERTO RICO INDUSTRIAL DEVELOPMENT COMPANY



SOLAR INCENTIVES PROGRAM
HANDBOOK

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SOLAR INCENTIVES PROGRAM HANDBOOK

I. Introduction

This Handbook shall be known as the “**Solar Incentives Program Handbook**” or the “**Handbook.**”

As per the Puerto Rico Industrial Development Company (PRIDCO) Regulation MO-DNE-007, known as the “SIP Regulation”, this handbook establishes and defines the requirements and eligibility criteria for the Solar Incentives Program (“SIP”). PRIDCO reserves the right to issue an updated or revised Handbook at any time prior to a funding period or round. Once a funding period commences, the Handbook in place at the commencement thereof shall govern that period or round.

II. Definitions

Capitalized terms not otherwise defined in this Handbook have the meaning ascribed to those terms in the SIP Regulation.

III. Granting of Awards

Incentives under the SIP will be awarded by PRIDCO through a competitive tendering process.

Incentives will be disbursed to Completed Projects in accordance with the SIP Regulation, the Reservation Agreement and this Handbook.

IV. Program Requirements

Tenant and Project Eligibility requirements shall be as indicated below.

A. Tenant Eligibility

1. Any Tenant that is engaged in the manufacturing of a product, according to the definition of a Manufactured Product under Act 73 of May 28, 2008, or in the such strategic activities as approved by the Executive Director by Administrative Order from

time to time are eligible to apply for his Program. The Tenant must be the offtaker of the solar power generated by the Project.

2. Tenants that may have unsuccessfully applied in any previous funding period may re-apply. However, a new application fee shall be payable. Tenants and/or Authorized Representatives that sign a Reservation Agreement and default thereunder, causing PRIDCO to cancel a reservation or request any other remedy, may not apply for an Incentive in the future.

B. Project Eligibility

1. Project may be installed on rooftops of building(s) owned by PRIDCO or its subsidiaries, or on public or privately owned land contiguous to such building(s), either as ground mounted or as canopy systems, as long as the Tenant meets the eligibility criteria in Section IV.A.
2. The System Capacity of any Project is set at a minimum of one hundred (100) kilowatts (kW) and maximum of five (5) megawatts (MW), although incentives will only be granted up to the first MW, as stated in Section V.A.
3. Applications for a given funding period will be limited to one (1) Project per Tenant or Controlled Group. A Project may consist of one or more Solar Installations installed in one or more Facilities under the control of the same Tenant or Controlled Group; provided, however, that the aggregate System Capacity of the Solar Installations under a Project may not exceed 5 MW.
4. Teaming arrangements, joint ventures and other forms of partnerships are eligible and encouraged when necessary to meet project goals. Teams may consist of commercial firms, government organizations, universities, and/or other entities.
5. Only Projects that have not begun construction or installation before submittal of the Application may receive incentives hereunder. Only design and permitting-related activities may have begun before an Incentive Reservation Notice is

issued. Incentives will not be granted retroactively to constructed Projects.

C. Issues Relating to the Roof

1. If the Solar Installation will be mounted on a Facility roof, the installation shall be completed in such a manner as to not void or otherwise adversely affect any warranty then in effect for said roof. Any work performed shall be coordinated with the warranty provider and any perforations shall be fixed or repaired as part of the project. Tenant shall be responsible for any roof repairs required to the extent that they are the result of the installation, operation and maintenance of the Project, from the time the Project begins construction until the end of the lease agreement with PRIDCO, regardless of what is indicated on the Tenant's lease agreement or other contract previously executed.
2. For awarded Projects where the System Owner is not the Tenant, such System Owner shall enter into a Roof Lease Agreement(s) with PRIDCO. A template of the Roof Lease Agreement will be made available on the Program's web site at <http://sip.pridco.com> . The Roof Lease Agreement(s) for a Project must be executed and submitted to PRIDCO, along with the corresponding power purchase agreement(s) or solar services agreement(s), no later than 120 days after execution of the Reservation Agreement.
3. For awarded Projects where the Tenant is the System Owner, such Tenant must have at least five years remaining on its lease(s) with PRIDCO; provided, however, that if it has fewer than five years remaining on the lease term, such Tenant shall, together with its application, request PRIDCO to amend the lease(s) to increase the term(s) so that at least five years remain on the lease term after execution of the amendment(s). If any Incentive is awarded, PRIDCO shall also agree to extend the term of the lease(s) such that at least five years remain on the lease term. The Tenant shall execute such lease extension(s) no later than 120 days after execution of the Reservation Agreement.

V. Application and Award Timeline

A. Funding Periods

There shall be two funding periods in 2012. For each period, PRIDCO shall open a new tendering process. The rounds shall be as follows:

Period	Funding Period	Available funding
P1	October 15 through October 19	\$3,000,000
P2	December 1 through December 7	\$3,500,000

Funds not allocated during a given period will be made available for distribution in the following round. Applications shall be submitted not later than the fifth business day of each period, namely:

Period	Deadline
P1	October 19, 2012
P2	December 7, 2012

Any application that has not received funding in a given Round shall be considered as rejected. Applications that have been rejected may be resubmitted by the applicant for consideration during future Rounds.

B. Final Determination

Final determination notifications shall be issued by electronic mail, followed by certified mail, within 45 calendar days from the beginning of the funding period, namely:

Period	Deadline
P1	November 29, 2012
P2	January 15, 2013

If the deadline falls on a non-business day, notification will be issued on the following business day.

VI. Application Fees

Applicants will be required to pay a non-refundable Application Fee in order to submit an Application. The Fee structure is described below.

Proposed Project System Capacity	Application Fee
Greater than 100 kW, up to 300kW	\$ 2,000
Greater than 300 kW, up to 1MW	\$ 4,000
Greater than 1MW, up to 5MW	\$ 6,000

VII. Total Incentive Amount

The SIP offers financial incentives based on the expected performance of the Solar Installation(s) that deliver solar power to eligible Tenants. Incentives are awarded on a competitive basis through a tendering process whereby Applicants request an incentive amount for their Projects; provided, however, that such incentive amount to be provided by PRIDCO will not exceed \$0.20 per kWh expected to be generated over the first five (5) years after the Project is placed in service. Therefore, the Total Incentive Amount for any Project shall be calculated as the amount of incentive funding requested per kWh generated over the first five (5) years after the Solar Installation is placed in service, taking into account the corresponding annual de-rating of the Solar Installation caused by degradation. The Total Incentive Amount for projects with a system capacity that exceeds one (1) megawatt (MW) will be prorated based on the ratio of 1 MW to the actual System Capacity for the Project. Examples of the calculation of the Total Incentive Amount are provided below.

For purposes of evaluating the Applications received, the energy production of the Solar Installation(s) shall be estimated using PVSYST, PVWatts or other commercially available software that follows industry standards and best practices. Design parameters and solar energy output reports shall be delivered with the Application and will be subject to verification by PRIDCO. Meteorological data used to determine solar irradiation and energy production for a Project should correspond to typical meteorological year (TMY) data for Puerto Rico provided by the National Renewable Energy Laboratory (NREL). Site-specific data may be used if such data was acquired through methods consistent with industry standards and are certified by a qualified independent third party (which third-party certification report and supporting data shall be

submitted with the Application). A minimum annual degradation factor on system output of 0.5% shall be assumed when estimating energy production; provided, however, that PRIDCO, at its sole discretion, may allow a lower degradation factor if it can be justified through validation by a qualified third party and backed by a manufacturer’s warranty. Supporting documentation to this effect should be provided with the Application.

Example:

For a 125 kW fixed tilt system requesting a total incentive amount of \$0.15/kWh, the Total Incentive Amount shall be calculated as follows:

System Capacity (kWdc)	125
Expected Energy Production First Year (kWh)	250,938
Expected Energy Production Second Year (kWh)	249,683
Expected Energy Production Third Year (kWh)	248,428
Expected Energy Production Fourth Year (kWh)	247,174
Expected Energy Production Fifth Year (kWh)	245,919
Total Expected Energy Production in the first five (5) years (kWh)	1,242,143
Incentive per kWh requested	\$0.15
Incentive Amount	\$186,321

Note that the maximum incentive that would be provided in this example is \$248,429 at the maximum amount of \$0.20 per kWh generated over the first 5 years.

Proposals will be awarded incentives until available funds for the funding period are exhausted based on the size of incentive per kWh, with the lowest Total Incentive Amount (on a per kWh basis) awarded higher scoring, as well as energy production per area occupied (calculated as kWh per square feet), with greater energy production per area awarded higher scoring. Applicants are encouraged to review their incentive needs carefully, in light of the competitive nature of these awards. Evaluation criteria for Applications are included in Section XII.

VIII. Application Procedure

In order to participate in the SIP all applicants must successfully register prior to submitting an application. Program registration can be found at: <http://sip.pridco.com>. Once registered the application procedure will be as follows:

1. Application shall be completed online at <http://sip.pridco.com> during the funding periods indicated above.
2. After an Applicant has duly submitted the documents in accordance with Section VII.C of the SIP Regulation, the system will issue a notification via email with an application number and proposed project summary.
3. Applications will only be accepted if submitted within the first five (5) business days of each round as described above.
4. A submitted application will then be subject to a site visit and a Technical Evaluation Process to be completed by the Technical Committee within forty-five (45) calendar days from the beginning of the corresponding funding period.
5. PRIDCO will notify the Applicants of the evaluation results upon final recommendation of the Technical Committee, and approval of the Evaluating Committee, within the timeframe indicated in Section V.B of this Handbook.
6. For awarded projects, Tenant and Authorized Representative, if applicable, will be required to present evidence of payment of a Reservation Guarantee, insurance policies, government certifications and sign a Reservation Agreement with PRIDCO no later than fifteen (15) Business Days from the date on which the award notification was issued.
7. Reservation Agreements shall be executed in accordance with terms and conditions defined by PRIDCO and in accordance with the SIP Regulation and this Handbook. If no agreement is executed by the Applicant or evidence of payment of the Reservation

Guarantee, insurance policies and government certifications is not presented within fifteen (15) days following notification of the award, the application will be cancelled, unless (other than with respect to the Reservation Guarantee) PRIDCO, in its discretion and based on supported justification for delay, grants an extension to the period for completion of these requirements.

8. Applicant shall provide the executed lease agreement(s), in accordance with Section IV of this Handbook, no later than 120 days after execution of the Reservation Agreement. For third party-owned systems, Applicant shall also provide executed copies of the power purchase or solar power service agreement(s) by the same date.
9. Funds will be reserved for an eighteen (18) month period for projects up to 1 MW and thirty (30) months for projects larger than 1 MW, but may be extended at PRIDCO's discretion and on a project-by-project basis to take into account particular circumstances and Project contingencies anticipated in the Application. Other unanticipated delays caused by Force Majeure events may also be considered to extend the reservation period, during which time the Project must be completed. If the Project is not completed within this period, the reservation will be cancelled. Applicants are encouraged to begin permitting activities prior to applying or signing the Reservation Agreement to advance processes and ensure that the project is completed within the reservation period.
10. Once the Solar Installation is completed, the Applicant shall submit an Incentive Claim. See Section XIV of this Handbook for more information.

Failure to provide the required information or to abide by the terms and conditions of the SIP Regulation and this Handbook will disqualify Applicant's Application, in which case no incentives would be granted.

PRIDCO will provide at least one orientation session before each funding period. The orientation session will cover topics including, but not limited to, Tenant/Project eligibility, Total Incentive Amount calculation and Application contents and requirements.

IX. Application Requirements

The following documentation shall be required to apply for an incentive under the SIP:

1. Application template or form including supporting documents specified in Section XIII, Evaluation Criteria or in other Sections of this Handbook or in the SIP Regulation.
2. Site drawing and layout – A single page document in PDF format and prepared using computer aided design (CAD) software, specifying, at a minimum, the locations of mayor components, layout, positioning, true north orientation symbol, and property lines.
3. Supporting documentation and/or drawings signed by a professional engineer licensed to practice engineer in Puerto Rico or a PREAA Certified Solar PV system installer, as applicable, demonstrating technical and engineering feasibility of the proposed installation.
4. A description of the proposed financing plan for the Project, including the amount proposed to be funded by the System Owner and the Tenant (if applicable), as well as any additional federal or state incentives contemplated to be obtained, and a description of any potential third-party providers of construction financing, equity, tax-equity and/or debt, which may include a third-party System Owner (“Financing Parties”). If the Solar Installation(s) will be financed through a solar services provider and/or one or more Financing Parties, Applicant shall provide a description of the experience of the Financing Parties in financing Solar Installations similar to the Project.
5. If applicable, an executed Authorization Letter enabling the Authorized Representative to act on the Tenant’s behalf.
6. If applicable, a corporate resolution indicating the names of individuals authorized to act and sign documents on behalf of the relevant person or entity (Tenant/Authorized Representative).
7. Payment of Application Fee in the amount and form indicated in this Handbook.

8. The Application must include the full business address of the Tenant (or all members of a Controlled Group, as the case may be), Authorized Representative, System Owner and other lead team members, including the e-mail address and phone numbers of authoritative and technical contact persons. A principal of the lead firm must sign a statement of verification of the Application information (to be uploaded to the webpage indicated in the Program Handbook).
9. Single project quote in PDF format including a breakdown of the items included in the proposal including quantity and model number of photovoltaic panels, inverters and other equipment. Quotation should match with total project costs indicated in the Application Form.
10. Copy of the PVSYST, PV Watts or other program or software certified Final Report in .pdf format. All design and modeling assumptions shall be clearly indicated and explained in the report and/or Application. The report shall be certified by a licensed professional and shall include a sworn statement indicating that calculations are true and accurate based on industry standards and best practices. A digital file of the solar energy output in the format corresponding to the software utilized shall also be provided with the Application.
11. Sworn Statement indicating whether the Tenant belongs to a Controlled Group of Corporations, as defined by the Section II.I of the SIP Regulation. If the Tenant does belong to a Controlled Group, a list of the EINs of all corporations must be listed in the Sworn Statement. Additionally the Sworn Statement shall indicate if the project has received or expects to receive funding from other sources of incentives.
12. Any other document required by PRIDCO as part of the Application process.

All Applications shall be complete and in compliance with the requirements included in the SIP Regulation and this Handbook. Incomplete or non-compliant Applications may be disqualified. PRIDCO may, at its discretion and without granting a competitive advantage to one Applicant over another, require further clarification from an Applicant to be able to complete the Technical Evaluation Process. In such cases, an information request notice shall be issued to Applicant stating the deadline and instructions for submittal.

Information request may include shading analysis, resource studies, among others, as identified during the review of the application. Failure to submit the information by the deadline stated in the information request notice shall result in the cancelation of the Application.

If the equipment installed is different from the equipment specified in the approved Application, it shall meet the requirements indicated in the SIP Regulation. If the equipment and/or location, within the same site, changes from the information indicated in the approved Application a new energy production report shall be submitted prior to the final inspection of the Project. If the expected energy production is less than the one submitted with the approved application, the reserved Total Incentive Amount will be revised. No adjustment will be made for Projects with increased energy production from that specified in the Application.

X. Reservation Guarantee

Applicants will be required to submit a Reservation Guarantee in the amount specified below and present evidence thereof for execution of the Reservation Agreement. This Guarantee will assure completion of the Project on schedule and in accordance with the terms and conditions of the SIP Regulation, this Handbook and the Reservation Agreement executed thereunder.

The Reservation Guarantee may be satisfied by Applicant through (i) the deposit with PRIDCO of the amount provided below, payable as shall be instructed by PRIDCO, or (ii) presenting PRIDCO a Performance Bond in form and substance acceptable to PRIDCO to secure an amount equal to the Reservation Guarantee.

PRIDCO may make draws under the Reservation Guarantee to the extent that, as determined by PRIDCO, Applicant fails to develop, construct and initiate operation of the Solar Installation on schedule or in accordance with the terms and conditions of the Regulation, this Handbook and the Reservation Agreement. Forfeiture of the Reservation Guarantee shall be in addition to not receiving the incentive. The Reservation Guarantee shall be retained by PRIDCO and its validity maintained until the later of six (6) months after the date of scheduled completion of the Solar Installation or the date when claims under the Reservation Guarantee in accordance with the Reservation Agreement shall have been paid to PRIDCO.

Upon successful Project Completion and PRIDCO’s final determination, the Reservation Guarantee will be refunded to the Applicant. The Reservation Guarantee shall be forfeited and the Incentive denied if the approved Project is not Completed satisfactorily or if the Applicant does not comply with any other terms and conditions established in the SIP Regulation, this Handbook or the Reservation Agreement. The applicable Reservation Guarantee structure is detailed below:

Reservation Guarantee Amount

Proposed GEP System Capacity	Reservation Guarantee
Greater than 100 kW, up to and including 300 kW	\$ 10,000
Greater than 300 kW, up to and including 1 MW	\$ 20,000
Greater than 1 MW, up to and including 5 MW	\$ 50,000

XI. Evaluation Criteria

Incentives under the SIP will be awarded on a competitive tendering basis. Projects will be evaluated by PRIDCO and assigned points based on an Application Scoring System developed by PRIDCO in its sole discretion. Applications received each round will be given a score and ranked against other applications from the same round. The criteria used in this scoring system shall include but not be limited to:

1. Total Incentive Amount requested, defined as the incentive dollars requested per the estimated energy production (kWh) of the Solar Installation for the first five (5) years of operation;
2. Estimated first-year energy production (kWh) of the Solar Installation per area occupied (square feet) by the Solar Installation;
3. Project development experience of entity developing the Project;
 - a) Documented experience of successful project completions of similar capacity. Applicant must provide documented experience of successful projects the team members have

completed, including the kilowatts installed in Puerto Rico and abroad;

- b) Applicant must provide information about all team members participating in the Solar Installation and their qualifications and relevant experience regarding development and construction of Solar Installations;

4. A demonstration of System Owner's (whether Tenant or a third party or a combination) financial capability to undertake the Project including ability to provide financing through self-funding or through via Financing Parties. In conducting its evaluation of financial capability, with the Technical Committee will consider (by way of example, not limitation) information such as the following:

- a) For amounts proposed to be funded directly by the Tenant and/or System Owner, verifiable evidence that such person has such funds available and unencumbered by other obligations (e.g. bank statements, letters of credit, audited financial statements, etc.).

b) For amounts proposed to be funded by Financing Parties:

- i. Signed commitment letters from the Financing Parties as well as evidence that such Financing Party has the financial capability to provide the contemplated financing (which may include, without limitation) evidence of its assets or credit lines or ability to post credit support such as letters of credit or performance bonds). The commitment(s) may be conditional on issuance of the notice to proceed and/or the award of the incentives hereunder, as well as execution of a power purchase agreement ("PPA") or solar services agreement ("SSA"), provided however, that Projects with executed PPAs or SSAs will be scored more favorably.
- ii. To the extent that tax equity is proposed to be used, experience of the System Owner and/or Tenant with raising tax equity for projects such as the Project;

5. Other criteria determined by PRIDCO from time to time.

XII. Incentive Claim Process

Once the Project is completed and is operational, the Applicant shall coordinate an appointment with PRIDCO to submit an Incentive Claim, including all documents indicated in Section IX.A of the SIP Regulation. Required documents to be submitted with the Incentive Claim include, but shall not be limited to the following:

1. Evidence of payment of total Project costs (compatible with the project quote submitted with the Application).
2. Documents required under Section IX.A of the SIP Regulation.
3. Approval by PRIDCO Property Management Office.

Once the Applicant notifies PRIDCO of project completion and submits all required documentation, PRIDCO will send an inspector to verify project compliance with terms and conditions stated in the Reservation Agreement. See Section IX.B of the SIP Regulation for more information about the inspection process and timeline.

XIII. Additional Penalties For Lower Energy Output

Energy output for all projects will be subject to verification at the end of the five (5) year period after Project Completion.

If the energy output of a Project is below the generation indicated in the Application, the Tenant shall repay to PRIDCO an amount equal to such shortfall multiplied by the per kWh incentive amount granted by PRIDCO for such Project.

Example:

Total Incentive Amount Awarded	\$186,321
System Energy Production (KW) (From the Reservation Agreement)	125
Time of system verification after Project Completion (years)	5
Expected System Energy Production after year five (5) (KWh)	1,242,143
Actual System Energy Production (KWh)	1,100,000
Actual System Energy Production Derate Percentage (1,100,000/1,242,143) x 100	88.55%
System underperformance	11.45%
Repayment Amount to PRIDCO (\$186,321 x 11.45%)	\$21,333.75

Funds that must be repaid to the SIP are considered debts owed to the Government of Puerto Rico and if not paid when due, will be collected by all available means against any assets of the Tenant or System Owners, including legal enforcement.

XIV. Insurance Requirements

Tenants, directly or through Installers or System Owners, must meet and maintain the same policies of insurance required in OGPe Joint Regulation of Permits for Construction Works and Land Use (Joint Regulation), Title XII, Chapter 55, Rule 55.6(d), as such requirements may be amended from time to time. Policies shall be issued by insurance companies authorized to do business in Puerto Rico, and to that effect they shall provide in original certificates of insurance and endorsements, as follows:

1. Include as Additional Insured, using ISO Additional Insured Endorsement CG 20 26 11 85 or a substitute providing equivalent coverage:

PRIDCO Insurance Office
#355 FD Roosevelt Avenue

Hato Rey, Puerto Rico 00918
Tel.787-758-4747
Fax: 787-764-1415

2. A thirty (30) Days' cancellation or non-renewal notice to be sent by certified mail with return receipt to the above address.
3. Waiver of Subrogation in favor of PRIDCO.
4. The breach of any of the Warranties or Conditions in these policies by the Applicant, Installer or System Owner, as applicable, shall not prejudice PRIDCO's rights under the policies.

XV. Minimum Performance Requirements

The annual energy output of the Solar Installation shall not exceed the Tenant's annual energy consumption. Any system sized above this amount will not be eligible to receive an incentive. In addition, the Solar Installation(s) shall comply with the applicable Interconnection, Net Metering and minimum technical requirements of the Puerto Rico Electric Power Authority.

The last twelve (12) electric utility bills may be requested in order to verify this requirement.

XVI. Revenue Grade Meter Requirements

All systems must be installed with a revenue grade meter to account for and to determine the amount of green energy production and to allow the Tenant or System Owner to support proper system operation and maintenance.

Meters must have a minimum accuracy of $\pm 2\%$ or better. Accuracy ratings must be certified by a Nationally Recognized Technological Laboratory (NRTL) (e.g. UL or TUV). Meters must be qualified by PREAA/OGPe and should have remote communicating capability to allow PRIDCO to collect and download data remotely.

All System Owners are responsible for the choice and installation of the metering hardware as well as the selection of the Performance Monitoring and Reporting Services (PMRS) provider. All metering systems are paid for at the

System Owner's expense including the chosen form of communications, performance monitoring and reporting capability.

Program participants must provide PRIDCO or their authorized representatives with physical access to the meter for testing, inspection or data gathering at all times. System Owners are required to report annual energy production to PRIDCO via electronic data exchange.

A Tenant or System Owner, as applicable, may be invoiced an amount not to exceed \$500.00, if more than two (2) inspections are required due to any non-performance of the metering system.

XVII. Performance Monitoring Systems

All awarded Projects will be required to have a Performance Monitoring and Reporting Service (PMRS) that will allow PRIDCO to remotely monitor and evaluate the performance of the system. Should PREAA have access to the energy production information for the issuance of renewable energy certificates, Applicant/System Owner shall authorize PRIDCO to obtain from PREAA the information on the green energy production of the Solar Installation.

Tenants must contract with a PMRS provider in order to monitor and report on the minimum data points and all monitoring, data collection, data retention, and reporting must be performed as specified below:

1. +/- 2% meter
2. Data as collected and summarized by hour, day, month and year.
3. Notification service alerts to the Tenant and PRIDCO indicating a non-functioning or poorly functioning system.
4. Provide quarterly 15 minutes interval kWh energy production data submitted to PRIDCO for 5 years.

XVIII. Permanency Requirements

Equipment installed under the SIP is intended to be in place for the duration of its useful life. Only permanent systems are eligible for incentives under this Program. PRIDCO reserves the right to verify system permanence with a site inspection at any time for the first five (5) years.

The Total Incentive Amount shall be subject to recapture if the Solar Installation is removed from the Facility. SIP incentive holders will be required to comply with a recapture period of at least five (5) years. If the Tenant removes the Solar Installation from the Facility (other than for reasons of force majeure) during this five (5) year period (hereinafter “disqualifying event”), the applicable recapture schedule will be as follows:

1. 100% of the Total Incentive Amount must be repaid if the disqualifying event takes place within one (1) year from the date placed in service;
2. 80% of the Total Incentive Amount must be repaid if the disqualifying event takes place after one (1) year but before two (2) years from the date placed in service;
3. 60% of the Total Incentive Amount must be repaid if the disqualifying event takes place after two (2) years but before three (3) years from the date placed in service;
4. 40% of the Total Incentive Amount must be repaid if the disqualifying event takes place after three (3) year but before four (4) years from the date placed in service;
5. 20% of the Total Incentive Amount must be repaid if the disqualifying event takes place after four (4) years but before five (5) years from the date placed in service.

Funds that must be repaid to the SIP under this schedule are considered debts owed to the Government of Puerto Rico and if not paid when due, will be collected by all available means against any assets of the Tenant or System Owners, including legal enforcement.

PRIDCO may, at its sole discretion, waive the recapture of the incentive as established in Section X.M of the SIP Regulation.