PUERTO RICO INDUSTRIAL DEVELOPMENT COMPANY
San Juan, Puerto Rico

DEPARTAMENTO DE ESTADO

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Secretario de Estado

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SOLAR INCENTIVES PROGRAM REGULATION

MO-DNE-007

PUERTO RICO INDUSTRIAL DEVELOPMENT COMPANY
San Juan, Puerto Rico

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COMMONWEALTH OF PUERTO RICO
PUERTO RICO INDUSTRIAL DEVELOPMENT COMPANY
San Juan, Puerto Rico

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I. INTRODUCTION AND PURPOSE

Since its creation under Act No. 188 of May 11, 1942, the Puerto Rico Industrial Development Company ("PRIDCO") has been mandated to promote the establishment and permanence of manufacturing industries through the development of activities and programs that attract and incentivize investment to Puerto Rico. Growth of these industries is subject to many factors, including the operational expenses of their facilities.

The cost of electrical energy is widely considered as an industrial company's main operational expense. PRIDCO's Solar Incentives Program (the "Program") promotes growth of these industries by facilitating development of Solar Photovoltaic ("solar PV") Projects that will provide renewable energy to manufacturing facilities occupied by PRIDCO's Tenants. Through this Program, industries will be able to benefit directly from the associated energy cost savings of solar PV energy and hedge against any future electricity rate increases.

The purpose of this Regulation is to create rules, parameters, mechanisms and criteria for the Program. Incentives under this Program will be awarded by PRIDCO through a competitive tendering process, as established in this Regulation.

II. LEGAL BASIS

The legal basis for the creation and implementation of this Program consists of:

A. Act No. 188 of May 11, 1942, as amended, by which the Puerto Rico Industrial Development Company was created.

B. Act No. 73 of May 28, 2008, known as the Economic Incentives for the Development of Puerto Rico Act.

C. Act No. 170 of August 12, 1988, as amended, known as the Uniform Administrative Procedure Act.

D. PRIDCO's Regulation No. 7736 (MO-DNE-002) of September 10, 2009, as amended, known as the Regulation for the Administration of the Special Fund for Economic Development.

III. APPLICABILITY

This Regulation shall be applicable to PRIDCO and all persons requesting benefits under this Regulation, including all persons involved in the process of submitting, evaluating and selecting applications to receive funding from PRIDCO's Solar Incentives Program.

IV. DEFINITIONS

The following terms used in this Regulation shall have the meaning ascribed to them below. Terms not defined in this Regulation shall have the meaning ascribed to them in Act 188 of May 11, 1942, as amended.

A. Act – PRIDCO's enabling act, Act No. 188 of May 11, 1942, as amended.

B. Applicant – person or entity that submits an Incentive application and serves as the main contact to PRIDCO throughout the application process. The Applicant may be the Tenant or its Authorized Representative, as defined in this Regulation.

C. Application – Application Form and all other required documents, certifications, authorizations including, but not limited to, those listed in Section VII.C of this Regulation. Submittal of an Application for an Incentive will require payment of the Application Fee.

D. Application Fee – A non-refundable standardized amount, based on the Project's System Capacity, to be charged to Applicants to process an Application under this Program, as specified in the Program Handbook.

E. Authorized Representative – Third party that a Tenant may, at its option, designate in writing to apply on his or her behalf for incentives under the Program. If a Tenant designates an Authorized Representative, Tenant shall complete the Authorization Letter included in the Program Handbook.

F. Board – Board of Directors of the Puerto Rico Industrial Development Company.

G. Business Day – Day other than a Saturday, Sunday and such other days recognized as holidays by the Government of Puerto Rico.

H. **Completed or Project Completion** – An eligible Project for which an incentive was reserved that is installed, permitted and fully capable of being placed into operation.

I. **Controlled Group** – The Controlled Group of Corporations or Partnerships as such term is defined in Section 1010.04 of the Puerto Rico Internal Revenue Code of 2011, as amended, or any successor law.

J. **Evaluating Committee** – Committee created by Section VIII.B of this Regulation that will certify the recommendations of the Technical Committee and approve the Incentives from PRIDCO's Solar Incentives Program.

K. **Facility** – Building owned by PRIDCO or its subsidiaries or the public or privately owned site that is contiguous to such building owned by PRIDCO or its subsidiaries where the Solar Installation will be developed, installed, commissioned and operated.

L. **Force Majeure** – Cause beyond the control of the party claiming it to be excused from performing its obligations under this Regulation and/or under the Reservation Agreement, including, acts of God (such as earthquakes, hurricanes and tsunami) more severe than typically experienced in Puerto Rico; war, rebellion, revolution, riot, or insurrection (including terrorism) which causes physical damage and long term disruption, in each case within and involving Puerto Rico; or any other sudden accident or natural disaster that is not the result of an act, omission or default of the party claiming Force Majeure or any person for whom it is responsible.

M. **Government** – Government of Puerto Rico and its agencies, public corporations, offices, subdivisions and instrumentalities, including municipalities.

N. **OGPe** – Permits Management Office, for its Spanish acronym (*Oficina de Gerencia de Permisos).*

O. **Point of Interconnection with the Electric Utility** – Point of connection with the electric power utility where the Solar Installation is operating in parallel with the primary source of electricity (local electric utility). The point of interconnection can be in the supply side or load side as allowed by the current National Electrical Code Article 705 or its successor article or Code or such code at the time applicable as determined by PREAA and published in the Program Handbook.

P. **PREAA** – Puerto Rico Energy Affairs Administration.

Q. **PREPA** – Puerto Rico Electric Power Authority.

R. **PRIDCO** – Puerto Rico Industrial Development Company.

S. **Program Handbook** – Document published by PRIDCO from time to time specifying, among others, further details in connection with the incentives hereunder. The Program Handbook may be amended between funding periods to achieve the goals of the Program.

T. **Project** – Any eligible Solar Photovoltaic project under this Program that has a System Capacity greater than or equal to one hundred (100) kilowatts (kW) and up to and including five (5) megawatts (MW), although incentives will only be granted up to the first MW of System Capacity. Eligibility is further defined in this Regulation.

U. **Reservation Agreement** – Agreement to be signed by the Tenant, its Authorized Representative, if applicable, and PRIDCO. This agreement will include the terms, conditions, obligations and required documentation necessary to receive an Incentive under PRIDCO's Solar Incentives Program. A System Owner or a third party financing the Project may also acknowledge and join the Reservation Agreement in order to receive payment of the incentive thereunder.

V. **Reservation Guarantee** – Guarantee to be provided by an Applicant prior to or simultaneous with the execution of a Reservation Agreement, as further provided herein and in the Program Handbook.

W. **Solar Installation** – Solar photovoltaic system to be developed, installed, commissioned and operated in a Facility.

X. **System Capacity** – Defined as the AC nameplate capacity (kW) of the inverters installed; provided, however, that in all cases such capacity shall not exceed the sum of the individual DC nameplate capacity ratings of the PV modules.

Y. **System Owner** – Owner of the Solar Installation at the time the Incentive is paid. In the case of third-party owned systems, the third-party is the System Owner. Tenants may designate the System Owner as its Authorized Representative.

Z. **Technical Committee** – Technical team to be appointed by the Executive Director to perform the functions assigned to it under this Regulation and any other tasks delegated by the Evaluating Committee.

AA. **Technical Evaluation Process** – Process that the Technical Committee will undertake to evaluate Applications submitted under this Program and recommends to the Evaluating Committee the incentives to be awarded during a given funding period.

BB. Tenant – Personal (natural or legal entity) that uses or occupies, and pays rent for use or occupancy of a building owned by PRIDCO or its subsidiaries who is the end-user/receiver of the electricity produced by the Project, including individuals, legal entities, and Controlled Groups, in connection with which an Incentive application is submitted under this Program. The Tenant will be the incentive reservation holder. The Tenant does not need to be the System Owner. Also, Tenants may designate an Authorized Representative to act on their behalf during the application process.

CC. Total Incentive Amount – Total amount of incentive determined by PRIDCO to be initially reserved and subsequently awarded, including any adjustments deemed necessary, to a Completed Project.

DD. Validation Process – Process by which the Technical Committee reviews and approves Applications to confirm their compliance with this Regulation and recommends the incentives to be granted, if any.

V. NATURE OF THE INCENTIVE

A. Total Incentive Amount

The Total Incentive Amount shall comprise an amount expressed in cents per kWh projected to be generated from the Solar Installation over its initial five (5) year operational lifetime. Total Incentive Amount payments for Projects with a System Capacity that exceeds one (1) MW will be prorated based on the ratio of 1 MW to the actual System Capacity of the Project. Maximum Total Incentive Amount per kWh limits shall be applied. Calculation of the Total Incentive Amount and the projection of the system's output shall be made under the assumptions and pursuant to the guidelines set out in the Program Handbook.

B. Incentive Rounds

PRIDCO will make available such funds allocated to this Program via one or more separate funding rounds of applications/awards, as detailed in the Program Handbook.

C. Disbursement

The Total Incentive Amount shall be disbursed within 45 days following Project Completion and submittal of the required documentation listed in Sections IX and X.N of this Regulation.

VI. ELIGIBILITY

In order to qualify for an Incentive under this Program, both Tenants and Projects must satisfy the following provisions:

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 other such strategic activities as approved by the Executive Director by Administrative Order from time to time, are eligible to apply for this Program.

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. Projects may be installed on rooftops of buildings owned by PRIDCO or its subsidiaries, or on public or privately owned land contiguous to such buildings, either as ground mounted or as canopy systems, as long as the Tenant meets the eligibility criteria in Section VI.A.

2. The System Capacity of any Project is set at a minimum of one hundred (100) kilowatts (kW) and a 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.

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.

VII. APPLYING FOR AN INCENTIVE

A. Timeline

1. The timeline to submit an Application under this Program and the corresponding available incentives for each funding period will be listed in the Program Handbook. Funds not allocated during a given period shall be made available for distribution in the following period(s), as may be determined by PRIDCO in the best interest to the Program and its goals.

2. Proposals shall be submitted not later than the fifth day of the beginning of each funding period.

3. Incentive notifications shall be issued by electronic mail, followed by certified mail, within 45 calendar days from the application deadline.

B. Application Procedure

1. Applicants shall complete their Applications for incentives under PRIDCO's Solar Incentives Program through the web address indicated in the Program Handbook. Information regarding the Program, including the Program Handbook, also shall be available at the Program's web portal.

2. Applicants must successfully register for an account through the on-line portal at the web address indicated in the Program Handbook in order to submit an Application.

3. After an Applicant has duly submitted an Application, the system will issue a notification e-mail with an Application number and a Project summary.

4. Applicants may verify the status of their Application by logging into their account at the Program's web portal.

C. Application Contents

Applicants shall submit the following:

1. The completed Application Form;

2. Site drawing and layout – A single page document in PDF format and prepared in a computer aided design (CAD) software, indicating at a minimum the locations of major components, layout, positioning, true north orientation symbol, and property lines;

3. Supporting documentation and/or drawings signed by a professional licensed to practice in Puerto Rico or a PREAA Certified solar PV Systems

Installer, as applicable, demonstrating technical and engineering feasibility of the proposed installation.

4. If applicable, an executed Authorization Letter enabling the Authorized Representative to act on the Tenant's behalf;

5. If applicable, a corporate resolution indicating the names of individuals authorized to act and sign documents on behalf of the relevant corporations (Tenant/Authorized Representative);

6. Payment of Application Fee in the amount and form indicated in the Program Handbook;

7. Any other document required by PRIDCO as part of the Application process;

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 addresses 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 posted in the webpage indicated in the Program Handbook); and

9. All Applications shall be complete and in compliance with the requirements included in this Regulation. Incomplete or non-compliant Applications may be disqualified. Notwithstanding, PRIDCO may in its discretion and without granting a competitive advantage to one Applicant over another, require further clarifications from any 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 requests 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 cancellation of the application.

D. Application Fee

Applicants will be required to pay a non-refundable Application Fee in order to successfully complete an Application. The fee structure shall be detailed in the Program Handbook and may be modified from time to time by PRIDCO.

VIII. SELECTION CRITERIA AND PROCESS

A. Evaluation Criteria

The following criteria, not necessarily listed in order of significance, will be used to evaluate Applications. These criteria will be used to develop an Application scoring system. The Program Handbook and additional details published in the web portal from time to time will elaborate on the scoring system, as PRIDCO may deem necessary. The criteria used in this scoring system shall include but not be limited to:

1. Total Incentive Amount requested per kWh;

2. Project development experience of entity installing the Project;

3. System Owner's Financial Capacity to undertake Project, including ability to provide financing through self- funding or through third parties; and

4. Other criteria determined by PRIDCO from time to time, in the best interests of the Program, PRIDCO and Puerto Rico.

B. Evaluating Committee

1. The Evaluating Committee shall be composed of three (3) persons:

   a. PRIDCO's Real Estate Strategic Office Director; and

   b. Two (2) more persons designated by PRIDCO's Executive Director from any of the entities under the Puerto Rico Department of Economic Development and Commerce.

2. The Evaluating Committee shall have the following duties:

   a. Evaluate recommendations from the Technical Committee and determine awardees and the corresponding Total Incentive Amounts, based on such recommendations;

   b. Supervise the operation of PRIDCO's Solar Incentives Program; and

   c. Determine the allocation of the incentives available for each funding period.

C. Technical Committee

The Executive Director shall create a Technical Committee to review proposals and provide recommendations on granting incentives and/or

rejecting submitted proposals. The Evaluating Committee shall approve the Technical Evaluation criteria and scoring system for Application review.

The Technical Evaluation Team may include external independent consultants and/or subject matter experts.

D. Selection Process

Taking into account the recommendations of the Technical Committee, the Evaluation Committee will rank all eligible and complete Applications for incentives, from highest to lowest in points obtained based on the scoring system. A lower incentive amount is preferred and will be heavily favored in the review process. However, because PRIDCO's evaluation procedure incorporates multiple elements, the Application with the lowest incentive requested may not rank highest.

E. Notification and Acceptance of Results

Following its determination of which Projects shall receive incentives in each funding period, PRIDCO shall promptly notify all Applicants whether they have successfully qualified to receive an incentive for their respective Projects within the timeline and in accordance with the provisions established in Section VII.A.

For those Projects that have been selected to receive an incentive, and with the notification contemplated in this Section, PRIDCO also shall provide a copy of the Reservation Agreement for execution by the Tenant and its Authorized Representative and/or System Owner, as applicable.

The Tenant shall return to PRIDCO a fully executed copy of the Reservation Agreement within fifteen (15) Business Days of receipt. In the event that the Tenant or its Authorized Representative fails to comply with the requirements of this Section within such time limits, the Total Incentive Amount otherwise allocated to such Project may be reallocated to the next ranked Project or, to the next Application Round, at the Evaluating Committee's sole discretion.

A Reservation Guarantee in an amount set forth in the Program Handbook shall be provided at the time the Reservation Agreement is executed between the Tenant, the Authorized Representative, System Owner, and PRIDCO.

After the Evaluating Committee's issuance of a final determination indicating successful Project Completion, which includes submittal of all documentation required in Sections IX.A and X.N, the Reservation Guarantee will be refunded together with the Total Incentive Amount payment. The Reservation Guarantee may be forfeited and the incentive denied if the approved Project is not completed satisfactorily within eighteen (18) months of execution of the

Reservation Agreement for projects up to 1 MW and thirty (30) months for projects larger than 1 MW, or if Applicant does not comply with any other terms and conditions of the Reservation Agreement.

All applicable Reservation Guarantee structure and conditions shall be detailed in the Program Handbook.

IX. CLAIMING THE INCENTIVE

A. Reservation Claims

Once the Solar Installation is Completed, the Applicant shall submit a reservation claim, using the form available at the Program website specified in the Program Handbook, including all documents required by the Reservation Agreement. Required documents to be submitted with the reservation claim include, without limitation, the following:

1. Signed Interconnection Agreement with, and interconnection permit from, PREPA (or evidence of filing of application to interconnect with PREPA, as stated in Section X.H below). Such evidence shall not be required if the Applicant affirms that the Project will not interconnect with the PREPA grid;

2. Renewable Energy System Installation Certificate in accordance with OGPe Joint Regulation, Title XII, Chapter 55, Rule 55.6;

3. All Government documentation included in Section X.N below; and

4. Any other documentation specified in the Reservation Agreement or Program Handbook.

B. Inspection

Once the Applicant notifies PRIDCO of Project Completion, and submits all required documentation, PRIDCO will send an inspector to verify the Project's compliance with the terms and conditions stated in the Reservation Agreement. The inspection will be completed within thirty (30) Business Days from the date of receipt of the Applicant's reservation claim with all required documentation. An inspection showing full compliance with all terms and conditions of the Reservation Agreement will become a final inspection determination.

If the inspection shows that the Completed Project's System Capacity is smaller than specified in the Reservation Agreement, the inspection determination will become final but shall reflect an adjustment in the Total Incentive Amount proportional to such reduction in the Project's output.

An inspection showing that the Tenant or the location or site of the Solar Installation is different from those specified in the Reservation Agreement, shall constitute a failed inspection and will result in the cancelation of the reservation.

C. Inspection Results

1. Completed Solar Installations with greater System Capacity than described in the Reservation Agreement will receive the Total Incentive Amount as stated in the Reservation Agreement, unadjusted.

2. Completed Solar Installations with significant variations other than as described above will have the option to, within thirty (30) Business Days either:
   a. Modify the Project in accordance with the Reservation Agreement and reapply for a final inspection determination; or

   b. Withdraw the application and notify PRIDCO as instructed in the Reservation Agreement or in the inspection determination.

3. Reservations for Solar Installations that reflect significant variations will be cancelled if Applicant does not act within thirty (30) Business Days from receipt of the inspection determination.

4. Within thirty (30) calendar days from issuance of a final inspection determination showing full compliance with all terms and conditions of the Reservation Agreement or from the date of issuance of final inspection determination after modification of the Solar Installation, PRIDCO will disburse the Total Incentive Amount payment to Tenant or its assignee. Incentive payments may be disbursed to third parties (including System Owners and Authorized Representatives) when such third party has partially or completely paid for the cost of the Project, provided evidence of such payment by Authorized Representatives and/or System Owner and a payment release or assignment notice are submitted by Tenant (incentive reservation holder) to PRIDCO.

5. The Project's energy output will be subject to verification up to five (5) years after Project Completion. In case that the verification reveals a smaller energy output than the projected kWh output included in the Reservation Agreement, the Tenant shall repay to PRIDCO the incentive amount proportionally to such deficiency in energy output. Additional penalties may be imposed, as specified in the Program Handbook.

X. PROJECT REQUIREMENTS

All Solar Installations shall meet the requirements included herein.

A. Installers

1. Installations must be performed by a PREAA Certified solar PV Systems Installer according to PREAA Regulation No. 7796 of January 19, 2010, as amended from time to time, or such other regulation at the time applicable.

2. If an installer will be performing engineering or architectural work, the certified solar PV Installer also shall be a licensed or authorized professional under Act No. 173 of August 12, 1988.

3. For a list of certified installers see: http://www.aae.gobierno.pr

B. Insurance

All PREAA Certified solar PV System Installers and/or Tenant or System Owner shall present to PRIDCO proof of insurance in order to participate in this program. Insurance shall be adequate to cover the risks of the project until Completed. PRIDCO will publish in the Program Handbook specific terms and conditions of insurance, as deemed necessary.

C. Solar Installation Equipment

1. All solar PV panels and inverters must be certified according to the Joint Regulation of Permits for Construction Works and Land Uses (Joint Regulation), as amended from time to time, or such other regulation at the time applicable. However, certifications of Solar Installation equipment issued before the approval of the Joint Regulation and certified by PREAA according to PREAA Regulation No. 7796 of January 19, 2010, Regulation for the Certification of Renewable Energy Systems, will maintain its validity.

2. All equipment installed under this Program shall be new. Rebuilt, refurbished or relocated equipment do not qualify for incentives.

D. Installations

1. All installations shall be connected at the Point of Interconnection with PREPA, and comply with the National Electrical Code, PREPA standards, local net metering laws and regulations, as applicable.

2. All installations must have monitoring capability that is readily accessible to the Tenant and/or System Owner and PRIDCO. This metering device must be in compliance with minimum requirements established in Section X.F.

3. All rooftop installations must be installed in accordance with the terms, conditions and specifications of the roofing system's warranty, unless otherwise approved by PRIDCO. The Tenant will be responsible for any costs related to roof improvements and fixes to the roofing system during and after the construction of the Solar Installation.

E. Minimum Performance Requirements

PRIDCO will provide minimum performance requirements for solar PV equipment in the Program Handbook.

F. Metering Requirements

1. All awarded Projects under the Program must include Revenue Grade Meters with an accuracy of ±2% or better that allow the Tenant, System Owner and PRIDCO to determine the amount of energy produced by the Project.

2. Solar Installation equipment and Revenue Grade Meters must comply with the requirements and accuracy ratings established in the Program Handbook.

3. Accuracy ratings must be certified by a Nationally Recognized Technological Laboratory (NTRL) such as UL or TUV.

4. All Program incentive recipients must provide PRIDCO staff with access to their facilities in order to re-inspect and/or verify reported energy production. Tenant, and System Owner if applicable, shall have the right to accompany PRIDCO staff during such visits.

G. Performance Monitoring and Reporting Services

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 Solar Installation. The requirements and conditions for the Project's PMRS are included in the Program Handbook.

H. Interconnection to the Electric Utility for Grid-Connected Projects

1. All Applicants for grid-connected systems must submit an interconnection application to PREPA.

2. System interconnection and operation requirements shall be in accordance with PREPA regulations.

3. To ensure that a proposed Project is eligible for interconnection and metering (when applicable), all Applicants are encouraged to contact PREPA prior to submitting an incentive application under this Regulation.

4. Proof of interconnection permit is required prior to receiving an incentive payment under this Regulation. Under exceptional circumstances and in PRIDCO's absolute discretion, which may be consulted with the electric power utility, PRIDCO may disburse an incentive without proof of duly executed interconnection agreement and permit if Applicant presents evidence of filing an application to interconnect with the electric power utility and the delay in its approval can be shown not to be Applicant's fault.

I. Renewable Energy Certificate (REC) Ownership

All environmental and social attributes, in the form of Renewable Energy Certificates (RECs), that are generated directly by the Project or otherwise will be owned by the Tenant or such other person as is determined by the Tenant.

J. Reserved Prerogatives

1. By submitting an application under this Regulation, an Applicant is expressly authorizing PRIDCO to receive, gather, store, share and exchange with other local and federal governmental authorities, information regarding the Project, Applicant, Tenant and/or System Owner, as may be necessary to validate the information provided by Applicant and/or to evaluate and validate the application. Disclosure of the information provided to PRIDCO may also be made available to Federal and Puerto Rico agencies for prosecution or further investigation if a violation or possible violation of a civil or criminal law has been committed, or as may be required by law.

2. By submitting an application, Applicant certifies to PRIDCO that it has title, license, copyright and/or any other valid authorization to present the documentation included as part of the application, including design works and any other intellectual property. If a dispute arises, formal or otherwise, at any time during the process of applying for or receiving an incentive under the Program, and, upon notice to PRIDCO of such dispute, PRIDCO shall cancel the application or reservation and return the documentation to Applicant, unless a judicial or administrative body with jurisdiction may otherwise order PRIDCO. PRIDCO also shall be released and held harmless from any liability in connection with any copyright or intellectual property infringement or alleged infringement.

3. In addition to the prerogatives of PRIDCO stated in Section X.F, PRIDCO reserves the right to visit or inspect a Project site at any time during the Validation Process, Technical Evaluation Process, construction or operation of the Solar Installation.

K. Safety

The proposed Solar Installation may not degrade in any way the PRIDCO facility's safety and/or affect the security of its occupants.

L. Proper Disposal

When applicable, all equipment removed from a Facility shall be properly recycled or disposed by Applicant in accordance with applicable law.

M. Permanence

Only permanent systems are eligible for incentives hereunder. Physical permanence is shown by equipment secured to a permanent surface in a manner that meets the solar PV industry's best practices. Any installation that shows signs of portability (unsecured equipment, quick disconnects, others) will not qualify for incentives hereunder. PRIDCO reserves the right to verify system permanence with a site inspection.

The Total Incentive Amount shall be subject to recapture if the Solar Installation is removed from the Facility. The applicable recapture schedule will be included in the Program Handbook. PRIDCO may, at its sole discretion, waive the recapture of the incentive in cases where the Solar Installation will be relocated to another Facility where the Project's energy output will be provided to an eligible Tenant per Section VI.A of this Regulation.

Funds that must be repaid to PRIDCO under these rules 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, including legal enforcement.

N. Government Certifications

For PRIDCO to disburse a reserved amount, Applicants with a Reservation Agreement in an amount greater than $16,000 shall present the following certifications no later than upon project completion:

1. Certificate issued by the Puerto Rico Treasury Department evidencing that Applicant does not have any income tax debts outstanding, or if a debt is outstanding, he/she has a validly agreed upon and current payment plan;

2. Certificate of filing income tax returns with Puerto Rico Treasury Department for the prior five (5) years. Applicants that have been organized or doing business in Puerto Rico for less than 5 years, will submit a sworn statement, in form and substance acceptable to PREAA, detailing such circumstances;

3. Certificate of no debt for real property taxes or for any other tax under Puerto Rico law;

4. Certificate of no debt with the Puerto Rico Department of Labor;

5. Certificate of no debt for Worker's Compensation Insurance;

6. Certificate of no debt for child support under Puerto Rico law issued by ASUME or under the law of any other state of the United States; and

7. Sworn Statement in compliance with Act No. 428 of September 22, 2004. Applicants with a Reservation Agreement in an amount less than $16,000 shall present the following certifications no later than upon project completion:

    a. Certificate of no debt for Worker's Compensation Insurance

    b. Certificate of Good Standing expedited by the Department of State of Puerto Rico.

O. Other Grants or Assistance

Except for the incentives provided under Article 2.8(a) of Act 83 of July 19, 2010 and except as may be prohibited by other laws or regulations, other incentives may be combined with the incentives hereunder to complete the construction or installation of a Project. However, in no case may such project receive total incentives, including rebates and tax credits, among others, exceeding the overall project cost. Applicants may be asked to provide information about other incentives programs in which the submitted Project will participate or has participated.

P. Fraud and Non Compliance

If the Applicant cannot comply with requirements of Law No. 458 of December 29, 2000, as amended (Law 458), or if there is evidence of fraud in the application process, PRIDCO reserves the right to reject the application or proposal. If the fraud or breach of Law 458 by Applicant is discovered after the incentive has been disbursed, Applicant shall return the incentive to PRIDCO. Applicant also may be subject to criminal charges.

Q. Unforeseeable Circumstances

If before a Reservation Agreement is signed, circumstances arise that require changes to the systems, equipment or Facility described in the application, Applicant must notify PRIDCO promptly. The Evaluating Committee will evaluate if the changes require a new application. Such changes requiring notification to PRIDCO include, but are not limited to, a change in system size of more than 20%, change in equipment or a change of the proposed location. Under no circumstances will a change in Tenant be accepted without canceling the application and requiring a new application under a new Tenant name to be submitted.

R. Code of Ethics for Contractors, Service Providers and Applicants for Economic Incentives

Applicants shall abide by Act No. 84 of June 20, 2003 (Code of Ethics for Contractors, Service Providers and Applicants for Economic Incentives), and may not have been convicted of any crime against public funds or public functions or being under investigation for any such violations.

S. Notices

PRIDCO's main communication medium with Applicants shall be electronic mail, unless otherwise stated in this Regulation. Interested parties will be responsible for checking their electronic mail at least daily to ensure prompt attention to time-sensitive communications from PRIDCO. Applicants also will be responsible for ensuring that the correct electronic addresses are provided to PRIDCO and that electronic mail systems used by Applicants are functional at all times. If an Applicant or interested party (Tenant or System Owner) experiences any difficulty or has doubts as to the working conditions of its electronic mail system or provider, he or she has the responsibility of communicating with PRIDCO and provide PRIDCO an alternative physical or electronic address, particularly during periods with set deadlines that may result in cancellation of an application or incentive if Applicant is not responsive. All electronic mail sent by PRIDCO without receipt of a non-delivery notification generated by the carriers will be assumed successfully delivered and read by Applicant. Relevant deadlines and periods will begin counting from the following day. For example, a notice sent by PRIDCO via electronic mail on the 3rd of August with a response deadline of fifteen (15) days therefrom, will have to be responded by Applicant on or before August 18.

XI. INTERPRETATION

A. This Regulation shall be interpreted as a whole and in the most flexible way to permit granting incentives to the extent that funds are available.

B. If one or more of the provisions of this Regulation for any reason shall be held by a court of competent jurisdiction to be invalid or contrary to any superseding law or regulation, such invalid provision shall be deemed not included and the Regulation as a whole shall be construed and enforced as if such invalid provision had not been contained herein.

C. This Regulation shall not be deemed to waive or modify any applicable provisions of laws or regulations regulating renewable energy systems, equipment, designers, and installers in Puerto Rico. Any applicable certifications and permits also shall be obtained or requested for the application to be submitted.

XII. ETHICAL CONSIDERATIONS

PRIDCO employees and external independent technical consultants and/or subject matter experts that are members of the Technical Evaluation Team and the Evaluation Committee reviewing, verifying or Applications and the immediate families of those individuals listed above may not participate in any of the programs under this Regulation nor may they have any direct or indirect financial interest over Applicants submitting applications for their programs. Any other Government employees or person may participate provided the conditions set forth in Law 1-2012, "Ethics in Government Act" are complied with.

XIII. COLLABORATION

Applicants will collaborate with PRIDCO in including, whenever possible, Puerto Rico's brand, as determined by PRIDCO and participate with PRIDCO in all programs and efforts to communicate this initiative.

XIV. DISCLAIMER CLAUSE

Any matter not covered by this Regulation shall be decided by the Director in accordance with the laws, regulations, executive orders and resolutions mentioned above in all matters not provided therein, shall be governed by the rules of sound public administration.

XV. SEVERABILITY CLAUSE

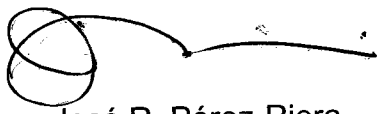
In the event any article, section, paragraph, clause, word, sentence, part or provision of these Rules is declared unconstitutional or invalid by a court of competent jurisdiction, such declaration shall not affect, impair or invalidate the

remaining provisions and parts of this regulation, but its effect is limited to the word, clause , sentence, section or part specifically affected.

XVI. EFFECTIVE

The provisions of this Regulation shall enter into force immediately after its filing with Department of State, pursuant to Act No. 170 of August 12, 1988, as amended, known as Uniform Administrative Procedure Act the Commonwealth of Puerto Rico.

RECOMMENDED FOR APPROVAL OF THE BOARD OF DIRECTORS



José R. Pérez-Riera
Executive Director

Approved by the Board of Directors at meeting on May 22, 2012.