

SEPTEMBER 6, 2011

Changes to Generation Partners Pilot

TVA announced in July that it would be developing new strategies for its successful Generation Partners pilot program in order to ensure the long-term sustainability of this renewable initiative. The focus for the future will be on promoting regional small-scale generation projects and maintaining a balance between the costs of Generation Partners and the voluntary consumer contributions to the Green Power Switch program.

BACKGROUND

Generation Partners has spurred economic growth and activity throughout the Valley region and has been a key catalyst in further developing the infrastructure for the solar industry. Further, the pilot has encouraged existing and evolving solar component manufacturing in the Valley.

KEY POINTS

Generation Partners started as a pilot program to test the interest and feasibility of consumer-owned generation. As a pilot, Generation Partners is paid for by the consumers who voluntarily support Green Power Switch through their purchases of green power.

Generation Partners has outgrown the contributions of Green Power Switch participants. Additional revenue is needed to support Generation Partners and TVA does not want the pilot to be subsidized by consumers who don't voluntarily participate in Green Power Switch.

TVA is working with local distributors and other stakeholders on changes to both Generation Partners



and Green Power Switch to maintain balance between the initiatives and to provide continuing support to renewable energy in the region.

After September 16, TVA and local power distributors will limit new Generation Partners applications to projects of 50 kilowatts or less in size. Any Generation Partners application for a project greater than 50 kilowatts in size must be reviewed and approved by the local distributor by September 16.

This decrease, from the 200-kilowatt maximum size today, will help achieve balance between the two programs, while continuing to support the local renewable industry.

Current Generation Partners incentive levels will continue through 2012. Stakeholders have expressed interest in new Generation Partners' features, including continued upfront incentives, more price certainty and longer contract lengths.

Generation Partners was originally designed for smaller scale projects. As of July 31, renewable systems of less than 50 kilowatts make up more than 80 percent of all approved and executed projects but account for only 11 percent of the program's total capacity. Reducing the size of the projects will help keep incentives available to these smaller projects.

OTHER INFORMATION

As of July 31, TVA had 619 Generation Partners executed projects representing more than 23 megawatts of renewable power and 213 more projects representing 45 megawatts approved and in various stages of construction.

TVA also accepts renewable generation proposals under its Renewable Standard Offer, which pays set prices based on the season and time of day. This initiative will begin accepting proposals for projects of more than 50 kilowatts to 20 megawatts in size after September 16. The previous minimum size was 201 kilowatts, and the total initiative is currently limited to 100 megawatts.



Since launched in October 2010, the Renewable Standard Offer has attracted five projects with nine megawatts of renewable generation. More information on the Renewable Standard Offer can be found at tva.com/renewablestandardoffer.