



Black Hills Energy: Ready to Serve

Colorado Renewable Energy Standard Plan

September 11, 2026



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1.0 Executive Summary

Pursuant to the Colorado Public Utilities Commission’s (“Commission”) Rules Regulating Electric Utilities, 4 CCR 723-3, and Colorado’s Renewable Energy Standard (“RES”), § 40-2-124 *et seq.*, C.R.S., Black Hills Colorado Electric, LLC, d/b/a Black Hills Energy (“Black Hills” or the “Company”) seeks Commission approval of its RES Compliance Plan for compliance years 2027 through 2030 (“2027-2030 RES Plan” or “RES Plan”). Black Hills is filing its 2026 Electric Resource Plan and Clean Energy Plan (“Ready to Serve Plan”, or “2026 ERP and CEP”) concurrently with this RES Plan.

The Ready to Serve Plan and this RES Plan demonstrate Black Hills’ continued commitment to supporting the cost-effective expansion of renewable energy in Colorado, while also remaining focused on providing reliable, cost-effective service that meets the needs of Black Hills’ customers. The Company has consistently been successful in meeting the RES requirements as they have continued to evolve over the years, and under this 2027-2030 RES Plan, Black Hills will continue to do so while building on its past experience administering renewable customer choice programs. Black Hills has also designed this RES Plan to comply with various new requirements promulgated since the Company’s last RES Plan was approved – notably changes to statute enacted by the General Assembly (i.e., Senate Bill 21-272, Senate Bill 24-207, House Bill 26-1225, and House Bill 26-1326).

New Renewable Energy Customer Choice Programs

Through this RES Plan, the Company proposes to offer several innovative programs incentivizing on-site Storage & Solar, in addition to 5.5 MW of Inclusive Community Solar (“ICS”) capacity, of which 3.5 MW is required by statute to be made available in 2027. Customer interest in on-site solar has diminished in recent years but still remains active, though by the end of 2026 the total installed capacity for the CSG program will have doubled since the start of the 2023-2026 RES Plan.

The 2027-2030 RES Plan incorporates a number of changes designed to further support income-qualified (“IQ”)¹ customers and disproportionately impacted (“DI”) communities, in alignment with recent legislative directives. While additional guidance through a Commission rulemaking is needed, the Company is proposing a new ICS tariff for the 2027-2030 ICS program. In parallel, the IQ/DI Storage and Solar program includes enhanced upfront incentives and rebates for IQ and DI customers. The Company’s IQ-focused programming will also enable it to comply with Senate Bill 21-272, which requires that beginning in 2022 and through at least 2028, 40 percent of the Company’s planned RESA spending be directed toward renewable energy “programs, incentives, or other direct investments” that benefit IQ customers and DI communities.²

The table below summarizes the Company’s proposed customer choice programs under the 2027-2030 RES Plan. The proposed programs are described in more detail in Section 3.

¹ Throughout this Plan, Black Hills uses the term “IQ” in lieu of the term “low-income” currently used in statutes and/or rules.

² Excluding RESA funds set aside to recover the cost of clean energy resources and directly related interconnection facilities.

Table 1-01
2027-2030 Distributed Energy Systems Incentive Program Budget

Program	Budget Allocation
IQ/DI Programs (Storage & Solar, and Solar Only*)	\$160,000
Standard Program (Storage & Solar)	\$50,000
Large Standard Program (Storage & Solar)	\$40,000
Total Budget	\$250,000

**The IQ/DI Solar Only program does not have any budget allocated and will only be offered if there are unspent funds reallocated from other programs.*

Transparency and Simplified Cost Recovery

To enhance transparency and customer benefits, the Company is also proposing certain changes to its cost recovery for the 2027-2030 RES Plan. As discussed in greater detail in sections 2 and 5, the Company proposes to align the cost recovery with recent Commission decisions by eliminating the avoided cost / incremental cost distinction and instead the Company proposes to recover all actual costs through the RESA and the ECA, as described in Section 5. In doing so, the Company will need to increase the RESA surcharge back to 2.0 percent from the currently effective 1.5 percent. While the RESA surcharge is increasing, the Company notes that avoided costs associated with certain RES resources will no longer be recovered through the ECA. Shifting existing avoided cost recovery from the ECA to the RESA will not increase overall customer cost, it merely changes the method in which the cost recovery occurs. Black Hills provides a forecast of the resulting bill impacts in Attachment NHL-1 – Residential Bill Impact.

Black Hills' Commitment to Cost-Effective Customer Focused Renewable Energy Programs

Black Hills projects that its existing and proposed eligible energy resources will meet or exceed the RES requirements through the 2027-2030 plan period. Beginning in 2020, the Company was required to generate or cause to be generated 30 percent of its retail sales from eligible energy resources; three percent of its retail sales specifically from Distributed Generation (DG), and at least half of that DG from retail DG (i.e., no more than half of the DG can be from wholesale DG). As discussed in Section 2, recent legislation shifts the focus of the Company's RES Plan towards DG and retail, customer-facing DG and storage programs by letting utilities with approved and verified Clean Energy Plans opt out of certain requirements under the RES.

The Company's proposed Ready to Serve Plan has evaluated the need for generating resources to meet future electricity demand, as well as meeting the CEP emission reduction targets established by Senate Bill 19-236.³ The Company's Phase I preferred portfolio shows additional resource needs of 200 MW of battery storage, 126 MW of natural gas, 98 MW wind by 2032.

The Company respectfully requests approval of its 2027-2030 RES Plan in full.

³ § 40-2-125.5(2)(a) and (3)(a) C.R.S. While Black Hills is not required by statute to file a CEP, it has opted to do so pursuant to § 40-2-125.5(2)(c)(I) and (3)(b) C.R.S.

2.0 RES Regulatory Requirements and Black Hills's Past Compliance

2.1 Regulatory Requirements

During the general election of 2004, a requirement was established for large retail electricity service providers to acquire a portion of their energy from renewable energy resources. These requirements on Qualifying Regulated Utilities (“QRUs”) have evolved through both statute and Commission rulemakings. A brief history and the currently applicable Commission rules, statutes, and newly passed bills are described in the section below, starting with the recently enacted House Bill 26-1326 (the “PUC Sunset Bill”).

The PUC Sunset Bill

The PUC Sunset Bill made several significant changes to the RES statute to align with Colorado statutes governing Clean Energy Plans. Specifically, a utility with a Clean Energy Plan approved by the Commission and verified by the Division of Administration, may notify the Commission that it will opt out of part of the RES Requirements as described in § 40-2-124(1)(c)(I) C.R.S. The utility opting out “shall obtain at least three percent of its retail electricity sales from distributed generation” and is still required to file “applications with the commission to support retail distributed generation and storage programs in accordance with subsections § 40-2-124(1)(e) C.R.S. and § 40-2-124(1)(j) C.R.S. of this section and to submit an annual report to the commission regarding those retail distributed generation and storage programs in accordance with subsection § 40-2-124(1)(h) C.R.S. of this section”.⁴

The Company's current Clean Energy Plan was approved by Commission Decision No. C24-0634 and verified by the Air Pollution Control Division under the Colorado Department of Public Health and Environment as filed with the Commission on February 6, 2025, in Proceeding No. 22A-0230E. The change of the RES statute shifts the focus of the Company's RES Plan toward Distributed Generation (“DG”) including customer-facing DG and storage programs. The Company's accompanying ERP addresses utility scale generation needs and emission reduction compliance. As shown in section 3, the Company expects to continue to comply with the RES requirement (30 percent of sales covered by RECs) despite intending to opt out, as the share of renewable energy in the Company's retail sales continues to grow with the addition of utility scale renewable energy and storage resources.

For RES compliance purposes, based on the PUC Sunset bill, the Company will use energy discharged from Battery Energy Storage System (“BESS”) facilities as an eligible energy resource under § 40-2-124(1) C.R.S. Specifically, the bill further broadened the definition of “energy storage” and “eligible energy resources” in § 40-2-124(1)(a) C.R.S. and § 40-2-124(1)(a)(VII.5) C.R.S. to confirm that energy dispatched from both BHCOE's 50 MW BESS and customer-sited incentivized battery programs can be included towards RES compliance. The bill affirms the value that BESS facilities bring to the energy system, helping to ensure adequate reliability as the share of intermittent renewable energy grows.

⁴ HB 26-1326, P.28-29.

The method of determining the retail rate impact under the RES statute was also changed by the PUC Sunset Bill, by striking the language requiring the retail rate impact to be determined using avoided cost calculations. With this requirement eliminated, BHCOE proposes to flow actual costs directly through the RESA for DG resources (customer programs, CSGs, etc.) and the ECA (utility scale resources such as a solar PPA). This is consistent with the cost recovery method approved for Public Service Company of Colorado in their most recent RES Plan by Commission Decision No. C26-0213. Section 5.3 below elaborates on the Company's proposed cost recovery method.

PUC Rules

The Renewable Energy Standard, as described in PUC Rules 3650-3668, imposes certain requirements on Black Hills and the procurement of renewable energy.

In Section 9, the Company provides a table summarizing how its 2027-2030 RES Plan complies with each applicable RES Plan filing requirement pursuant to Rule 3657. In the subsections below, the Company provides brief description of the Commission rules governing the RES plan.

Minimum Expenditure on Low-Income Customers and Disproportionately Impacted Communities
Senate Bill 21-272 created a new requirement to focus renewable energy investments on low-income customers and DI communities, creating a minimum planned expenditure requirement for calendar years 2022 through 2028. The bill has been put into statute as § 40-2-124(1)(g)(I)(D) C.R.S., requiring that beginning in 2022 and continuing through at least the end of 2028, QRUs must plan their expenditures under the RESA retail rate impact cap such that 40 percent of those expenditures (excluding any funds set aside to recover the cost of clean energy resources and directly related interconnection facilities pursuant to § 40-2-125.5(4)(a)(VIII) C.R.S.) are "directed to programs, incentives, or other direct investments benefitting [IQ] customers and [DI] communities." Black Hills complies with this requirement by having at least 40 percent of the RESA retail rate benefit IQ customers and DI communities, as shown in section 5.

Community Solar Gardens

The Company has awarded 21 Community Solar Garden ("CSG") projects totaling 28.12 MW, and Black Hills plans on using RECs generated by CSGs to comply with Commission Rule 3655(a)(III)(b), as described in section 3.

The recently enacted House Bill 26-1225 requires that, beginning October 1, 2026, QRUs shall adjust the fixed bill credit available to IQ-customers who are subscribed to a Community Solar Garden, should the subscriber organization request it. The initial value and the rate of adjustment are to be determined by the Commission, and the Company will await the Commission's determination.

Inclusive Community Solar

To further promote development of distributed energy generation for income-qualified customers, Senate Bill 24-207, codified at § 40-2-127.2, C.R.S., established ICS facilities. The Commission indicated it intends to launch a rulemaking to implement the ICS statute, and the Company has participated in workshops with Staff to help inform this upcoming rulemaking.

Under § 40-2-127.2, utilities with fewer than 500,000 customers shall make an annual capacity of 3.5 MW of Inclusive Community Solar capacity available in January of 2026, and January of 2027. On or before February 1, 2028, the Commission shall determine the amount of inclusive community solar capacity that the utility shall make available. In this RES Plan, Black Hills submits a proposal to make a total of 2 MW of Inclusive Community Solar capacity available as a Standard Offer in the period 2028 through 2030.⁵ This proposal is elaborated in section 3.

Capacity Limits for Off-site Net Metering

House Bill 26-1225 removed the capacity limits from off-site net metering service and directed the Commission to evaluate the size of off-site facilities and installation limitations as part of a utility's future RES Plan.⁶ Black Hills will propose size limitations to new off-site net metered facilities in section 3.1.4 of this RES Plan.

Waivers and Variance

The Company requests the following waivers or partial waivers:

- Rule 3654(a)(II),
- Rule 3657(b)(II) and (III),
- 3661(g) and 3661(h), and
- 3662(a).

See the Company's Motion for Waivers and Variance for details about the requested waivers.

⁵ SB24-207

⁶ HB 26-1225, P.10

2.2 Black Hills's Prior RES Compliance Plans

Through 2025, Black Hills has been meeting the RES requirements with RECs generated from the following sources:

- Busch Ranch I and Busch Ranch II wind facilities;
- Peak View wind facility;
- On-site solar resources;
- CSGs;
- Wind and solar retail DG contracts (i.e., a 1.8 MW contract with CS Wind and a 1 MW solar contract at Colorado State University Pueblo); and
- REC purchases.

The Commission approved Black Hills prior and currently effective RES Plans by Decision No. R17-0039 in Proceeding No. 16A-0436E, issued January 17, 2017, and Decision No. C23-0193 in Proceeding No. 22A-0230E, issued March 8, 2023.

The Company has successfully implemented its prior RES Plans and has met the statutory requirements of the RES each year, as reflected in the Company's annual RES Compliance Reports, which have been approved by the Commission.⁷

To the extent a Commission decision is not issued by the end of 2026 in this proceeding, the Company requests approval to carry over its 2023-2026 plan into 2027, until a final Commission decision is issued in this proceeding and its proposed RES Plan takes effect.

2.2.1 Positive RESA Deferred Balance

Effective January 1, 2025, the Company reduced the RESA percentage from 2 percent to 1.5 percent and simultaneously implemented an approved Clean Energy Plan Rider ("CEPR") at 1.5 percent to collect funds to pay for projects which would help the Company achieve emissions reductions in accordance with its Clean Energy Plan. The CEPR deferred balance as of December 31, 2025, was \$3.8M. The RESA deferred balance has grown (over-collected) since the 2023-2026 RES Plan was approved. The RESA balance as of December 31, 2025, was \$29.4M and is anticipated to continue to grow through 2026. The primary drivers of the increasing RESA balance are the incremental costs associated with Peak View, the growing incremental costs associated with CSGs, and the accrual of interest on the balance itself. In Proceeding No. 26AL-0232E the Company has proposed refunding \$38 million to customers over a two-year period.

⁷ The most recent Annual Compliance reports have been approved by Commission Decision No. C26-0046 (2024 Compliance Report), C24-0892 (2023 Compliance Report), C23-0588 (2022 Compliance Report), C22-0647 (2021 Compliance Report).

2.2.2 2023-2026 RES Plan Implementation and Stakeholder & Customer Engagement

In accordance with Commission Decision No. C23-0193, approving the 2023–2026 RES Plan Settlement Agreement, Black Hills has implemented targeted outreach and engagement activities to increase awareness of and participation in renewable energy programs among IQ customers and DI communities. Community presentations, and informational sessions were conducted with existing low-income assistance and energy efficiency programs to streamline customer engagement and leverage established communication channels. The Company’s energy efficiency team participated in community events, fairs, and expos to facilitate customer awareness during local events.

Our goal was to ensure consistent messaging and reduce barriers to participation by connection with multiple support programs such as Energy Outreach Colorado (“EOC”), Catholic Charities of Pueblo, Pueblo County, Senior Resource Development Agency (“SRDA”) and Health Solutions.

3.0 2027-2030 RES Plan

3.1 RES Compliance Plan Summary

Black Hills's previous RES Plans have resulted in a generation portfolio with sufficient qualified renewable energy to allow Black Hills to meet the required 30 percent eligible energy resource and 3 percent DG, of which half shall be retail DG, thresholds for the 2027-2030 RES Plan. However, the changes in legislation described above shift the RES Plan's focus from renewable energy generation to customer-facing renewable, distributed energy programs. This RES Plan will focus on the customer program offerings, management of the CSGs, and the offering of the new Inclusive Community Solar program.

Inclusive Community Solar facilities were adopted by SB 24-207, and Black Hills is required to make 3.5 MW of Inclusive Community Solar capacity available annually on or before February 1, 2026, and again on or before February 1, 2027. In addition, Black Hills is proposing to include a total of 2 MW of Inclusive Community Solar capacity as a Standard Offering in the period 2028 through 2030, with the full capacity being made available in 2028 and any unallocated capacity being made available in each following year.

While Black Hills plans to opt out of Rule 3654(a), the Company continues to be in a position to meet or exceed the RES requirements with RECs generated from the following sources:

- Busch Ranch I and Busch Ranch II wind facilities;
- Peak View wind facility;
- Utility-scale solar resources;
- Utility-scale storage resources;
- On-site and off-site DG solar resources;
- CSGs;
- Inclusive Community Solar;
- Wind and solar retail DG contracts (i.e., a 1.8 MW contract with CS Wind and a 1 MW solar contract at Colorado State University Pueblo); and
- REC purchases.

Through its proposed renewable programs and utility scale resources, Black Hills is expected to have sufficient retail DG, wholesale DG, and non-DG RECs to meet and exceed the RES requirements for the 2027-2030 compliance years.

3.1.1 On-Site Distributed Energy Programs

Program History:

The Company has been successful in administering and interconnecting on-site solar facilities. As shown in Table 3-01 below, the number of customers applying to become net-meter only ("NMO") increased significantly between 2019 and 2024 but has slowed down since then. The Company does not obtain the RECs associated with NMO customers; these RECs remain with the customer.

Table 3-01 below depicts the cumulative total number of residential net-metered customers by year since 2019.

Historical participation in the on-site solar program demonstrates that customer adoption has continued despite the phase out of solar-only incentives. A significant share of participants during this period were IQ or part of a DI community, demonstrating interest and participation across customer segments. Although participation levels have moderated from peak levels, the market has remained active and continues to support customer investment in distributed solar generation.

Table 3-01
New On-Site Solar Interconnection Applications

Year	Net Metered Applications Received	Production Based Incentive Applications Received
2019	904	52
2020	1,329	95
2021	1,847	70
2022	2,676	63
2023	2,476	33
2024	1,818	3
2025	1,279	0
2026 YTD*	324	9
Subtotal	12,653	325
Total	12,978	

**2026 data is as of August 1, 2026.*

Black Hills observed customer interest in on-site solar generation throughout the 2023-2026 RES Plan period. Since 2019, the Company has received approximately 12,978 on-site solar interconnection and incentive applications, demonstrating customer participation in distributed generation programs. Although annual application levels have moderated in recent years, customers continue to install solar facilities through the Company's net-metering programs. The Company discusses the historical performance of its on-site solar program, market adoption trends, and implications for future program design in the Direct Testimony of Maria K. Garduna.

Performance-Based Incentive Program Overview:

Customers participating in the Performance-Based Incentive (“PBI”) Program received an incentive payment based on the production of their on-site solar systems and the Company retained the RECs generated by the customer.

Table 3-02 below shows 2023-2026 on-site solar capacity, incentives and costs.

Table 3-02
2023-2026 On-Site Solar Capacity, Incentives, and Costs

Program	Incentives	Available Annual Capacity	*Actual Average Annual Capacity
Solar and Storage (IQ) 0.5 kW – 25 kW	• PBI = \$0.0380/kWh • \$1/watt solar system rebate payment • \$100/kW paired storage system rebate payment with a maximum rebate of \$1,000 per customer	250 kW	5 kW
Solar and/or Storage (Regular) 0.5 kW – 25 kW	• PBI = \$0.0025/kWh • \$100/kW paired storage system rebate payment with a maximum rebate of \$1,000 per customer	1,750 kW	202 kW
Solar and/or Storage (Large) 25 kW – 1 MW	• PBI = \$0.0200/kWh	250 kW	541 kW
Total		2,250 kW	748 kW

**This column equals the amount of installed capacity.*

During the 2023–2026 compliance period, the Company observed a decline in participation across its on-site solar and storage program, with a more pronounced reduction among income-qualified customers.

2027-2030 Program Design and Strategic Direction

The Company believes that the decline could be attributed to the added complexity and costs associated with paired solar and storage systems, which may have reduced overall program attractiveness. The reduced participation is more prevalent for the IQ programs, in which eligible customers may face greater barriers related to upfront costs, financing, and installation requirements.

To address these challenges and improve program participation, the Company proposes to restructure the existing program to reduce complexity and better align incentives with customer needs, particularly for customers who are income-qualified or live in DI communities. The revised design shifts away from performance-based incentives and introduces a more accessible, upfront rebate structure focused on paired solar and storage systems, while incorporating flexibility to respond to market conditions.

In addition to new installations, the Company will allow incentives to be applied to customers seeking to install battery storage paired with an existing on-site solar system, provided that the storage system is directly integrated with and charged by the customer’s existing solar generation.

Through this restructuring, the Company seeks to improve participation, reduce upfront cost barriers, and ensure that program funds are deployed effectively, while maintaining a primary focus on supporting income-qualified customers and advancing equitable access to renewable energy technologies.

Should the interest for the Storage & Solar Programs remain low despite the Company's efforts to increase the attractiveness of the programs, the Company requests the ability to reallocate funds between programs with less interest to programs with more interest without needing to seek additional approval from the Commission. The Company has had a similar ability to reallocate funds between programs approved in the Settlement Agreements for previous RES Plans.⁸

Should the IQ/DI storage & solar offerings not be successful in attracting applicants, the Company may reallocate funds to a simpler solar only IQ/DI offering. The IQ/DI solar only offering will not have any initial budget allocated and will not be allocated any funds unless the Company experiences limited interest in the IQ/DI storage & solar offering. Table 3-03 below shows the Distributed Energy Systems Incentive Program Budget for the 2027-2030 RES Plan.

Table 3-03
2027-2030 Distributed Energy Systems Incentive Program Budget

Program	Budget Allocation
IQ/DI Programs (Storage & Solar, and Solar Only*)	\$160,000
Standard Program (Storage & Solar)	\$50,000
Large Standard Program (Storage & Solar)	\$40,000
Total Budget	\$250,000

**The IQ/DI Solar Only program does not have a budget allocated and will not be offered unless unspent funds from other programs are reallocated to that program.*

IQ/DI Storage & Solar

This allocation represents the primary focus of the program, prioritizing IQ customers to ensure meaningful access to distributed energy resources. The Company allocates up to \$160,000 annually as enhanced upfront incentives to overcome affordability barriers.

All projects must include paired solar and storage systems, or battery storage added to an existing solar installation, with both components required for eligibility. A maximum incentive of \$10,000 per customer ensures equitable distribution of funds while providing sufficient financial support to enable participation.

Due to higher incentive levels, this offering is expected to deploy fewer megawatts per dollar than other program offerings; however, it is designed to increase participation among IQ customers and reduce barriers to access for underserved customer segments.

⁸ Similar reallocation and roll-over requests by the Company have previously been approved by the Commission, e.g., Decision No. R17-0039 issued in Proceeding No. 16A-0436E, Decision No. C14-0527 issued in Proceeding No. 14A-0365E, Decision No. R13-0791 issued in Proceeding No. 12A-1207E.

IQ/DI Solar

This allocation serves as a flexible secondary funding mechanism for IQ and DI customers. Any unused funds from other program offerings may be reallocated to this category to support additional eligible IQ/DI solar projects. The Company will review the interest in the Storage & Solar programs on an ongoing basis and at the end of the third quarter of a program year, evaluate whether it is appropriate to reallocate funds from other programs to the IQ/DI Solar Only program. Reallocated funds will be awarded on a first-come, first-served basis using the approved IQ/DI incentive structure until available funding is exhausted.

This structure ensures that remaining funds continue to prioritize IQ participation, even if uptake in the primary IQ Storage & Solar tranche is lower than anticipated. The tranche supports continued progress toward renewable adoption goals and impact among IQ customers, consistent with the Company's equity and accessibility objectives.

Table 3-04
IQ/DI Program Offerings (2027-2030)

Storage Size (kWh)	Storage Incentive	Solar Size (kW)	Solar Incentive
5 - 10	\$2,500	0.5 – 5	\$700
>10 - 15	\$4,000	>5 – 15	\$1,200
>15 - 30	\$6,000	>15 – 25	\$2,000
>30 - 50	\$7,000		
>50 – 60	\$8,000		

First-come, first-served until funds are exhausted. Maximum incentive: \$10,000 per customer.

Standard Solar & Storage

This allocation, shown in Table 3-05 below, provides incentives for non-IQ residential and small commercial customers while maintaining the program's requirement for paired solar and storage systems. The Company allocates \$50,000 annually with lower incentive levels and a \$5,000 per-customer cap.

Table 3-05
Standard Program Offerings (2027-2030)

Storage Size (kWh)	Storage Incentive	Solar Size (kW)	Solar Incentive
5 - 10	\$1,250	0.5 – 5	\$350
>10 - 15	\$2,000	>5 – 15	\$600
>15 - 30	\$3,000	>15 – 25	\$1,000
>30 - 50	\$3,500		
>50 – 60	\$4,000		

First-come, first-served until funds are exhausted. Maximum incentive: \$5,000.00 per customer

Large Standard Solar & Storage

This allocation, shown in Table 3-06 below, supports larger commercial and industrial customers, with system sizes ranging from 25 kW up to 1 MW. The Company allocates \$40,000 annually. Incentives are determined on a project specific basis, reflecting the variability of larger installations. As with other allocations, paired solar and storage systems are required for eligibility.

Table 3-06
Large Standard Program Offerings (2027-2030)

Storage Size (kWh)	Storage Incentive	Solar Size (kW / MW)	Solar Incentive
50-150	\$8,000	25kW – 100kW	\$3,000
>150 - 500	\$10,000	>100kW – 1MW	\$4,500
>500 – 1,500	\$20,000	1 MW	\$6,000

First-come, first-served until funds are exhausted. Maximum incentive determined on a per project basis

All Renewable Energy Credits (“RECs”) generated by the solar and storage systems in all program offerings will be transferred to and owned by Black Hills Energy for a period of 10 years as a condition of program participation.

The relevant program documents are attached as Appendix D. The Company proposes to update all applicable program participation, incentive, and subscription agreements to reflect the final Commission-approved program structure, incentive allocations, eligibility requirements, and other approved program modifications. Revised agreements will be filed following Commission approval and will incorporate any necessary administrative and clarifying changes. Copies of the updated agreements will be included in the appropriate filing once the final program design and allocation framework have been approved.

IQ/DI Outreach and Engagement

Building on the efforts of the previous RES Plan, Black Hills is requesting an annual outreach budget of \$10,000 to support ongoing engagement, education, and community partnerships specifically targeting the Company’s IQ customers and DI Communities. This funding will enable continued outreach to communities that are most likely to benefit from our IQ/DI programs, helping to increase program awareness, participation, and access among eligible customers.

3.1.2 Community Solar Garden Program

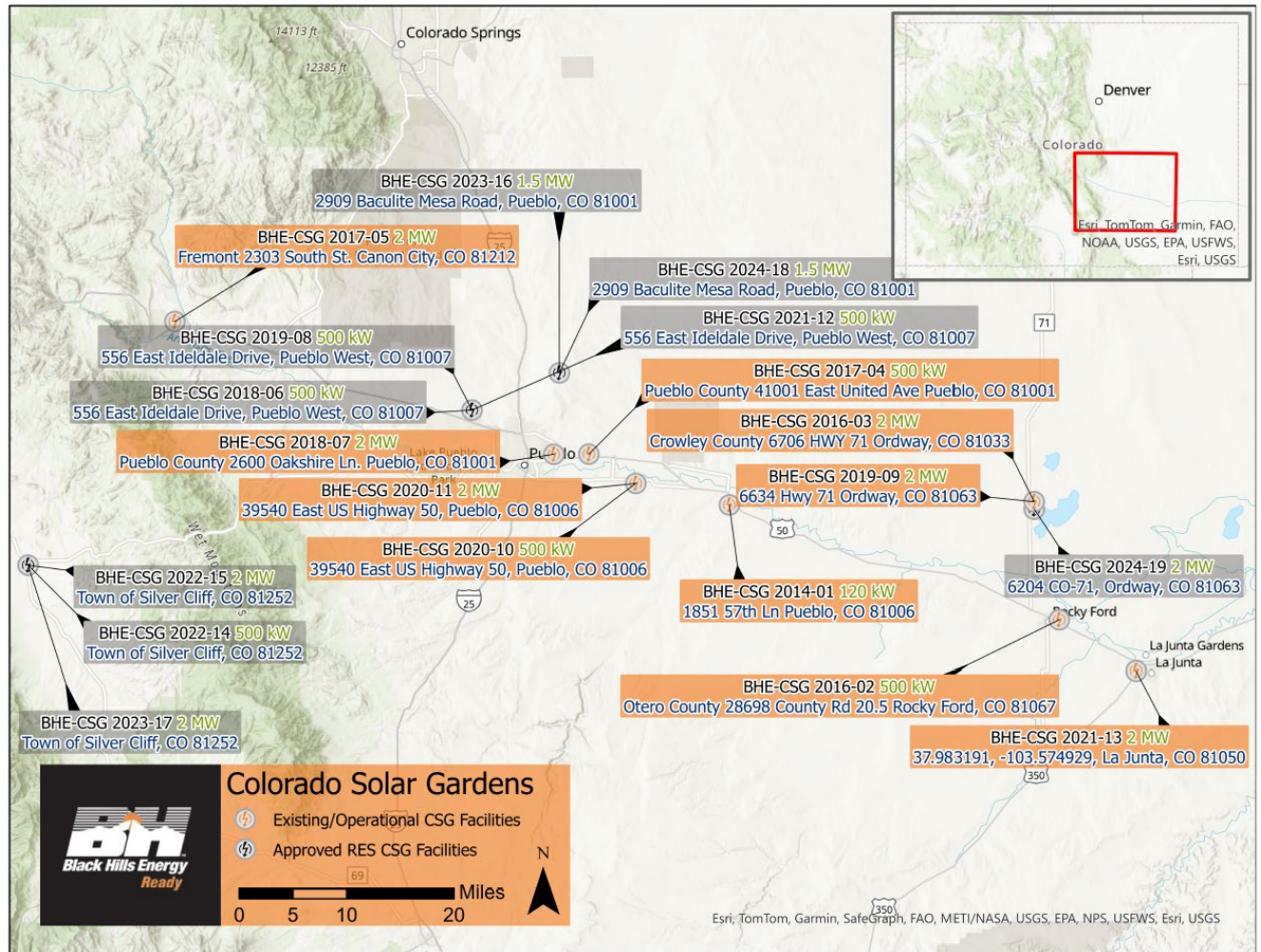
The Company has successfully implemented its CSG program for several years and have awarded contracts to 20 projects with a total capacity of 26.44 MW. As the CSG statute expired at the end of 2025, the Company will not propose additional CSG capacity in this RES Plan, though the Company will include new offerings of Inclusive Community Solar facilities per section 3.1.3. Black Hills will continue to support the projects awarded contracts through the CSG program, and the RECs generated by the CSGs will continue to count towards the Company's compliance with RES and CEP requirements.

In 2025, 82 percent of the Company's CSG subscribers were Income Qualified or located in a census block designated as Disproportionately Impacted Communities per the Department of Public Health and Environment's Disproportionately Impacted Community Map. As specified in Commission rule 3657(b)(XIII), the Company anticipates continued high levels of participation of Income Qualified customers in the CSG program. Also beginning in 2026, the Company is implementing the new Inclusive Community Solar Garden program which further encourages the participation of Income Qualified customers.

In accordance with Rule 3657(b)(XIII), the Company will continue efforts to encourage eligible low-income customer participation in CSGs. Outreach will be conducted through partnerships with community organizations, local agencies, and other trusted entities that serve income-qualified customer populations. By leveraging these established community networks, the Company can increase program awareness, provide education on CSG benefits, and help eligible customers identify and access subscription opportunities.

Figure 3-01 below is a map of the Company's service territory, showing all CSG locations that are currently online and all CSG locations currently in the design, permitting, and construction phase.

Figure 3-01
Map of CSG Locations



Map legend: Orange is online; Gray is approved and pending.

Note: BHE-CSG 2019-08 (500 kW) is not shown; it is pending with location to be determined.

Additional background on the Company's CSGs and CSG acquisitions can be found in the Direct Testimony of Maria Garduna, as well as the Company's annual RES Compliance Reports on file with the Commission.

Community Solar Cost Challenges

While the CSG program has been successful, several challenges persist. The overall timelines from capacity allocation to the projects being placed into service can be lengthy. Approximately half of the 20 projects that have been awarded capacity between 2014 and 2025 have been placed into service, while the other half are underway with an average expected timeline from award to in-service date of 5.3 years. The lengthy timelines are due to a number of factors, including issues with local permitting and zoning, site relocation, and community pushbacks. Certain projects have been heavily impacted by supply chain issues. Black Hills Energy has fulfilled its obligations and

completed the required actions necessary to support developers under the CSG program, and unfortunately the remaining challenges are largely outside of the Company's control.

Communication challenges have arisen among CSG owners, subscriber organizations, and customers, requiring Company involvement to help resolve subscription related concerns. Customer confusion persists around CSG subscription payments and corresponding on-bill credits. In addition, changes in project ownership have at times caused delays and administrative complications. The customers sign agreement letters with the subscriber organizations, which are not subject to regulatory oversight. As a result, Black Hills Energy occasionally receives customer inquiries or concerns related to subscriber organization practices, agreements, or account administration. Black Hills continues to explore opportunities to enhance coordination, improve transparency, and support a positive experience for customers participating in CSG programs.

Another challenge is the high cost of the community solar (CSGs and ICS). Black Hills projects that the annual cost of the already-awarded CSG program resource, if fully subscribed, will increase from \$3,078,013 in 2026 to \$5,889,117 in 2029 when all awarded CSG capacity is projected to be online.

The cost of the CSG program may increase further in the future, as the Commission makes determinations required by House Bill 26-1225. Beginning October 1, 2026, CSG subscriber organizations may direct the QRU to provide the IQ-CSG subscribers with a fixed bill credit that is to be adjusted "so it remains aligned with changes in electricity rates over time."⁹ The subscriber organization shall choose the initial value of the fixed bill credit for an IQ-subscriber from any of the previous three years and will apply "for an initial period of time, as determined by the Commission. After the initial period, the credit shall be adjusted annually in a manner determined by the Commission." With 82 percent of the 633 CSG subscribers being IQ/DI-customers, the implementation of House Bill 26-1225 may result in significantly increased cost of the program. The Company awaits the Commission's determination of how long the initial value is applied, and how the adjustment is to be made.

Table 3-07 provides the amount of bill credits that the Company forecasts to distribute by year to CSG and ICS subscribers. These bill credits are paid for by all customers. The ICS program is discussed in Section 3.1.3.

⁹ HB 26-1225, P. 5 L.4-21.

Table 3-07
2027-2030 CSG & ICS Bill Credits Forecasted Cost

2027	2028	2029	2030
\$4,330,207	\$4,775,610	\$6,668,672	\$7,448,028

As discussed in further detail in Section 5, the projected costs for CSG and ICS facilities alone may outpace the revenues the Company could collect through a maximum two percent RESA surcharge (as provided in Commission Rule 3661(a)). The Company is concerned with exceeding the maximum RESA cost cap in the future and will closely monitor the CSG costs.

3.1.3 Inclusive Community Solar

As of December 31, 2025, Community Solar Gardens have been phased out pursuant to Senate Bill 24-207. The bill introduces a new distributed generation program to follow in the footsteps of the CSG program – the Inclusive Community Solar program. A Commission rulemaking for the ICS program is anticipated, however, as the statute is prescriptive the Company will adhere to the requirements of statutes as it interprets them until the Commission rulemaking is complete. The relevant program documents are attached as Appendix C, and the Company will make any necessary revisions applicable to program documents following Commission approval and will incorporate any necessary administrative and clarifying changes. Copies of the updated agreements will be included in the appropriate filing once the final program design and allocation framework have been approved.

ICS requirements:

The bill directs Black Hills, as an investor-owned electric utility with under 500,000 customers, to make available an annual capacity allocation of 3.5 MW in January of 2026, and January of 2027.

An ICS facility must reserve at least 51 percent of the capacity for IQ-subscribers, and award monthly bill credits according to the methodology established for CSGs in § 40-2-127(5)(b)(II)(A) to (5)(b)(II)(H) C.R.S.

The facility must interconnect to the distribution system of an investor-owned utility, and the utility must acquire the entire electrical output of the ICS facility. The ICS capacity must be allocated to a subscriber organization that demonstrates site control, has received all applicable non-ministerial permits, and has an executed interconnection agreement with the Company. The Company hopes that these requirements will reduce the time between capacity allocation and the facility being placed into service compared to the timeline issues observed in the CSG program.

The Company offered and awarded its first 3.5 MW of ICS capacity in August 2026.

ICS capacity from 2028:

Senate Bill 24-207 directs the Commission to determine by rule or order on or before February 1, 2028, the amount of ICS capacity that investor-owned electric utilities are required to make available beginning in 2028. Black Hills proposes to make available an additional 2 MW of ICS

capacity during the 2028-2030 RES Plan period. The 2 MW will be offered in 2028, and any unallocated capacity will remain available in subsequent years through the end of the Plan period.

The proposed capacity reflects the Company's evaluation of customer benefits, program costs, affordability considerations, and competing RESA funding priorities. Additional discussion regarding the Company's rationale for the proposed 2 MW offering is provided in the Direct Testimony of Maria K. Garduna. As discussed above, the Company is concerned about the total cost of the CSG program exceeding the RESA cost cap.

Table 3-08
2027-2030 ICS Capacity Made Available

2027	2028	2029	2030	Total 2027-2030
3.5 MW	2 MW*	-	-	5.5 MW

**Should any of the 2 MW capacity not be awarded in 2028, it will be offered each following year until the capacity is awarded or the Plan period ends at the end of 2030.*

3.1.4 Off-Site Solar Program

§ 40-2-124(1)(e)(I)(E, C.R.S., as added by Senate Bill 21-261: (1) requires the Company to issue one or more standard offers to interconnect and net meter off-site customer owned distributed generation, (2) requires the Company to reserve capacity equal to one-quarter of one percent of the utility's annual retail sales from the immediately preceding year for compliance years 2022 and 2023 (while allowing the Commission discretion to set limits beyond 2023), and (3) allows the customer to choose to retain or sell to the utility the customer's RECs.

§ 40-2-124(1)(e)(I)(C), C.R.S. requires that the utility's net metering program for off-site distributed generation provide the customer a net metering credit minus a reasonable charge to cover the utility's incremental costs of delivering to the customer's premises the electricity generated by the retail distributed generation and of administering the off-site net metering credits. The reasonable charge shall be fixed for the term of the interconnection agreement and may be updated once annually. Additionally, if a customer's net metering credit exceeds the customer's electric bill in any billing period, the net metering credit shall be carried forward and applied against future bills.

Proposed Capacity Limitations:

The capacity limits required by § 40-2-124(1)(j)(VI) C.R.S., were removed by House Bill 26-1225, instead placing an obligation on the Commission to "evaluate the size of off-site facility and installation limitations as part of a future renewable energy standard compliance plan."¹⁰ In compliance, the Company is bringing forth a proposal for capacity limits in this RES Plan for the Commission to evaluate.

The Company proposes maintaining the capacity limits of 500 kW for single-meter off-site installations and 300 kW for multi-meter off-site installations. There are currently no customers

¹⁰ House Bill 26-1225, P. 10, L. 24-26.

on the off-site net metering tariff, and the Company still views the long-standing capacity limits as appropriate.

3.1.5 Bill Credit Donations

For the RES acquisition period (2027-2030), the Company will continue allowing voluntary donations from customers with CSG subscriptions, ICS subscriptions, or net-metered installations. The voluntary donations will assist IQ customers in the Company's service territory. Mechanisms for voluntary donations are provided by statute and the Commission's Rules.¹¹ All voluntary donations from CSG and net-metered customers will be remitted by the Company to a third-party administrator. All remittances to the third-party administrator will occur quarterly based on the schedule codified in Rule 3411(d)(I), or as otherwise mutually agreed. The third-party administrator will distribute the voluntary donations to IQ customers for bill reductions and arrearage forgiveness.

Three types of voluntary donations are described below to comply with the relevant Rule or statutory provision.

Donations from CSG Subscribers, Rule 3881(d):

The Company will post on its website the process and authorization form for a customer to donate their bill credits from a CSG subscription. The website will identify the third-party administrator. All donations authorized by a customer will be remitted by the Company to the designated third-party administrator. Black Hills will retain a third-party administrator as part of implementing its 2027-2030 RES Plan.

Donations from CSG Unsubscribed Energy, Rule 3881(h):

The Company will donate the unsubscribed energy that it purchases from CSG facilities each calendar month to IQ CSG subscribers in the service territory. The donation will be as a monthly bill credit to each IQ CSG subscriber.

To establish the monetary amount of the bill credit, the Company will multiply the unsubscribed energy (kWh) by the Total Aggregated Retail Rate for the Residential Class. The total dollar amount resulting from this calculation will be allocated by the Company to all IQ CSG subscribers by even division and applied as a bill credit in the following calendar month.

Donations from Net Metered Customers, SB 21-261, codified at C.R.S. § 40-2-124(1)(e)(I)(B) C.R.S.:

The Company will post on its website the process and authorization form for a customer to donate its excess ("banked") bill credits from its on-site or off-site¹² net metered facility where such facility is customer owned. The website will identify the third-party administrator. All donations

¹¹ See § 40-2-124(1)(e)(I)(B) C.R.S. and § 40-2-127.2(4)(e) C.R.S. and Commission Rule 3881.

¹² See § 40-2-124(1)(e)(I)(C) C.R.S. ("... retail distributed generation that is used to meet loads of a noncontiguous property owned or leased by the customer.").

authorized by a customer will be remitted by the Company to the designated third-party administrator.

Selection Process for Third-Party Administrator, Rule 3881(d):

All donations from CSG subscribers, as well as net-metering customers, will be administered for the Company by third-party organization(s) qualified and approved by the Company and as may be amended from time to time. These third-party administrator(s) will be listed on the Company's website.

The Company has provided on its website an outline describing the requirements for third-party administrators, including the criteria a third party must meet to become qualified and approved. Where the Company has multiple third-party administrators, the allocation methodology for voluntary donations remitted to each third-party administrator on a quarterly basis will be outlined the Company's website.

Information for Customers of Donation Opportunities:

A welcome letter will be sent *via* email to each new net-metering customer or CSG Subscriber informing them of the donation process and authorization form on the Company's website. Existing net-metering customers or CSG subscribers will receive a targeted bill message (or bill insert), on a regular basis, informing them of the donation process and authorization form on the Company's website.

3.1.6 Net Metering Only (Uncapped Capacity)

Rule 3664 sets out the requirements for providing net metering to compensate customers producing eligible energy on their side of the meter. Black Hills's net metering policy was established and approved by the Commission via the Photovoltaic ("PV") Service and Net Metering Service tariffs available on Black Hills's website. Net-metering only refers to customers who interconnect a renewable system without participating in the Company's solar incentive program(s). These customers interconnect their DG system, and the Company provides net-metering service. The customer owns the RECs generated from their renewable DG system. There are no capacity limits on the number of customers interconnecting via net-metering only. The number of customers interconnected via net-metering only has grown significantly over the last few years. Table 3-09 below provides the net metering only capacity added for the years of 2023 through 2025.

Table 3-09
Net-Metering Only Capacity Additions (MW_{DC})

	2023	2024	2025
Net-Metering Only	8.17 MW	5.41 MW	3.36 MW

3.2 Other REC Contracts

The Company has several existing grandfathered contracts for various renewable energy projects from which the Company receives RECs. These contracts include a solar PPA at Colorado State University Pueblo, and the CS Wind facility PPA. The Company receives RECs from these facilities and uses those RECs for RES compliance.

3.3 Standalone RECs

The Company has the ability to purchase standalone RECs for RES compliance purposes under Rule 3654(a).

3.4 Tariff Changes

Several changes are required to the Company's tariffs to account for the changes proposed in this RES Plan. Black Hills has made redlined revisions to the applicable tariffs, which are found in Attachment NHL-2 and summarized in the table below. These redlines reflect proposed changes to the currently effective tariffs. In addition to the changes made to conform the tariffs with the proposals contained in this RES Plan, the Company made other changes to reflect recent legislative changes, which are also reflected in the redlines. Black Hills will file clean, compliance tariffs upon issuance of a final order in connection with this RES Plan.

Table 3-10
2027-2030 RES Plan Tariff Changes

Tariff Status	Tariff Location	Description of Significant Change(s)
Existing	Sheet 94A-K	• Add "Inclusive Community Solar facilities" to the tariff sheet for "Community Solar Garden Service", making a combined "Community Solar Garden and Inclusive Community Solar Service" tariff.
Existing	Sheet 97A	• Update to the language regarding the standard offer for off-site net metering service.
Existing	Sheet 97E	• Update to language to clarify that on-site net metering service is not available to ICS subscribers.
Existing	Sheet 97H	• Updates the definition of a REC to apply to eligible energy resources in accordance § 40-2-124(1)(a), C.R.S
New	Sheet 97F	• Updates the definition of an eligible energy resource.

Existing	Sheet 97N	• Updates tariff sheet for “On-site Net Metering Service.” as it relates to the Company’s proposed 2027-2030 storage & solar incentive program.
Existing	Sheet 97O	• Updates an end date for applications.
Existing	Sheet 97P	• Updates and end date for the applications.
Existing	Sheet 97Q	• Updates the website for the online portal.
Existing	Sheet 98	• Increases the RESA to 2 percent.

4.0 RES Compliance Forecast – Eligible Energy Requirements

4.1 Retail Energy Forecast

The basis for compliance with the RES is the QRU's actual electric retail sales in Colorado (see Rule 3654). Table 4-01 below depicts the Company's ten-year retail electricity sales forecast through 2036 as required by Rule 3657(b)(IV). This forecast also shows the Electric resource standards percentages, including amounts for renewable DG and retail renewable DG compliance.

Table 4-01
Retail Energy Forecast and Electric Resource Standards

Year	Retail Sales Forecast (MWh) (a)	RES (b) [Note 1]	Eligible Energy Required (MWh) (c) = (a) x (b)	Minimum Distributed Generation (MWh) (d) = 3% x (a) [Note 2]	Minimum Retail Distributed Generation Required (MWh) (e) = 50% x (d)	Minimum Non-Retail Distributed Generation (MWh) (f) = (d) - (e)
2027	1,904,224	30%	571,267	57,127	28,563	28,563
2028	2,035,664	30%	610,699	61,070	30,535	30,535
2029	2,037,848	30%	611,355	61,135	30,568	30,568
2030	2,178,184	30%	653,455	65,346	32,673	32,673
2031	2,185,433	30%	655,630	65,563	32,781	32,781
2032	2,196,641	30%	658,992	65,899	32,950	32,950
2033	2,195,728	30%	658,719	65,872	32,936	32,936
2034	2,194,141	30%	658,242	65,824	32,912	32,912
2035	2,193,219	30%	657,966	65,797	32,898	32,898
2036	2,198,247	30%	659,474	65,947	32,974	32,974
Note 1:	The Company proposes to opt out of this requirement.					
Note 2:	May be retail distributed generation or wholesale distributed generation					

4.2 Existing REC Obligations

This section of the Plan describes Black Hills's existing contractual wind and solar REC procurement obligations.

4.2.1 Retail Distributed Generation

Table 2 in Appendix A shows the retail DG RECs Black Hills is forecasted to receive through 2036 from existing resources for: (1) solar installed for PBI offerings through 2026; (2) retail DG wind and solar PPAs; (3) RECs from existing PBI participants; and (4) the RECs acquired from CSG and ICS programs.

4.2.2 Wholesale Distributed Generation

Table 1 of Appendix A shows the wholesale (i.e., non-retail) DG RECs Black Hills is forecasted to receive through 2036 from existing resources, which are RECs acquired through Busch Ranch I.

4.2.3 Non-Distributed Generation

Table 1 of Appendix A shows the non-DG RECs Black Hills is forecasted to receive through 2036 from existing resources and approved resources that are expected to become operational during the RES Plan period, which are RECs acquired through Busch Ranch II, Peak View, a 50 MW Company-owned battery storage facility, and a 200 MW solar PPA.

4.2.4 Community-Based Projects

Rule 3652(e) defines a "community-based project" as a project (a) that is owned by individual residents of a community, a local nonprofit organization, a cooperative, a local government entity, or a tribal council; (b) whose generating capacity does not exceed thirty megawatts; and (c) for which there is a resolution of support adopted by the local governing body of each local jurisdiction in which the project is to be located. Rule 3654(h) provides that, for purposes of compliance with the RES, each kilowatt-hour of eligible energy generated from a community-based project shall be counted as 1.5 kWh of eligible energy.

The Company has identified several community-based, net-metered solar projects serving local governmental and community organizations in its service territory. These include three City of Pueblo fire station installations, each fire station installation is sized at approximately 80 kW.

Additionally, three projects have been approved for the Pueblo Housing Authority, each with a capacity of 42.6 kW. Black Hills has also approved interconnection for three solar installations serving the Pueblo Community Health Center, including the Routt clinic (48.3 kW), the Avondale clinic (19.1 kW), and the Lake Avenue clinic (26.1 kW). The total capacity of community-based projects is 461.5 kW.

4.3 Proposed REC Obligations

This section of the RES Plan describes the additional wind and solar REC procurement Black Hills is proposing under the 2027-2030 RES Plan. As discussed in Section 2.1, the regulatory reporting requirements and REC Obligations for the Company's RES plans will change going forward. House Bill 26-1326 introduces new changes to statute that allows a utility to opt out of the RES requirements specified in § 40-2-124(1)(c)(I) C.R.S. BHCoe may therefore opt out of the reporting requirement that shows "thirty percent of its retail electricity sales in Colorado for the years 2020 and thereafter." The reporting requirement that at least three percent of retail sales must be from a distributed generation resource and one half must be derived from retail distributed generation remains in place. The following sections support the Company's acquisition of distributed generation and retail distributed generation RECs.

4.3.1 Distributed Generation

Table 2 of Appendix A demonstrates how Black Hills will acquire sufficient RECs through existing and proposed eligible energy resources to satisfy its RES obligation regarding distributed generation for compliance years 2027-2030. As demonstrated in Table 2, the Company anticipates acquiring distributed generation RECs from the following proposed resources: (1) ICS facilities, (2) on-site solar generation, and (3) on-site battery storage output.

As described in section 3.1.3, the Company expects to acquire RECs from the addition of 5.5 MW of new ICS capacity. The Company also expects to acquire RECs from the addition of solar and battery storage capacity through its incentive program. The amount of capacity added will be determined based on individual customer needs and will be limited by an annual budget.¹³ Black Hills will have sufficient retail DG RECs to meet the 2027-2030 RES requirements based on the proposed acquisitions and REC purchases.

4.3.2 Retail Distributed Generation¹⁴

Table 2 of Appendix A demonstrates that the Company anticipates acquiring sufficient retail distributed generation RECs to satisfy its RES obligation regarding retail distributed generation for compliance years 2027-2030. The number of RECs that the Company acquires through distributed generation (detailed above in Section 4.3.1) are the same RECs that allow the Company to achieve compliance with the retail distributed generation requirements plus the wholesale distributed generation RECs from the Busch Ranch I wind facility.

¹³ For the purposes of forecasting the RECs associated with the Company's proposed incentive program, it is assumed that 2 MW of capacity will be added each year – with one-third being solar capacity and two-thirds being battery storage capacity.

¹⁴ Section § 40-2-124(1)(a)(VIII) C.R.S. defines "retail distributed generation" as "a renewable energy resource or renewable energy storage that is located on any property owned or leased by the customer within the service territory of the qualifying retail utility and is interconnected on the customer's side of the utility meter." Pursuant to § 40-2-127(2)(b)(I)(B) C.R.S., CSGs constitute retail distributed generation. Beginning in 2020, the qualifying retail utility must generate, or cause to be generated, three percent of its retail electricity sales from distributed generation, with at least one-half of that derived from retail distributed generation. § 40-2-124(1)(c)(I)(E) and (II)(A) C.R.S. and Commission Rule 3655(b).

5.0 Renewable Energy Standard Adjustment (“RESA”)

5.1 Locked Down and Incremental Eligible Energy Resources

House Bill 26-1326 removed the requirement to determine the maximum retail rate impact net of new alternative sources of electricity supply from noneligible energy resources that are reasonably available at the time of the determination, also known as avoided cost.

Since the avoided cost calculations are no longer required by statute, and the Company proposes a new cost recovery methodology channeling actual cost through the ECA and RES, the Company requests a waiver for Commission Rules 3661(g) and 3661(h)(II), (IV), and (V).

5.2 Status of the RESA Account

Black Hills manages the RESA balance consistent with the requirements of the RES to charge customers no more than two percent annually, and to use the funds to acquire RECs to meet the Electric resource standards.

Table 3 included in Appendix A summarizes the actual source and use of RESA funds from 2016 through 2025. Table 4, also included in Appendix A, summarizes the forecasted source and use of RESA funds from 2027 through 2036, including the forecasted revenues, existing REC obligations, proposed 2027-2030 on-site solar and CSG programs, avoided costs from eligible energy resources, and the forecasted RESA balance.

5.2.1 RESA Revenue Forecast

The Retail Revenue Forecast is based upon the Retail Sales Forecast in Table 4-01 of this RES Plan.

5.2.2 Costs of Existing REC Obligations and Proposed Programs

Table 4 of Appendix A summarizes the forecasted costs of the RECs to be acquired by the Company. These costs are categorized as follows:

- Forecasted Costs from Existing and Authorized On-Site Solar and CSG Distributed Generation;
- Forecasted Cost of CS Wind Retail DG Wind;
- Forecasted Cost of Busch Ranch I;
- Forecasted Cost of Peak View;
- Forecasted Cost of Busch Ranch II;
- Standalone REC Purchases;
- Forecasted Cost of Proposed 2027-2030 solar and storage incentive program; and
- Forecasted Cost of Proposed 2027-2030 ICS Program.

5.2.3 RESA Balance and Retail Rate Impact

RESA Balance

Table 4 of Appendix A shows the Total RESA revenue forecast and the Total RESA costs (REC costs plus program costs). Interest on the cumulative balance is included in Table 4. The cumulative balance plus interest is the RESA Balance – (Under)/Over Collected. As of the end of 2026, the RESA Balance is projected to be over-collected by \$3,254,293. The RESA balance forecast includes a refund of \$30,000,000 from its existing RESA balance back to customers at the end of 2026.

As shown in Table 4 of Appendix A, the Company anticipates the RESA balance will decline going forward. The most impactful driver for the decline in the RESA balance is the costs incurred from CSG facilities. The Company estimates that the REC payments and bill credits associated with CSG facilities alone may exceed the revenues collected from a two percent RESA surcharge beginning in 2029. The Company is concerned about potentially exceeding the RESA cost cap and will closely monitor the RESA balance.

RESA Retail Rate Impact and Projected Costs

Rule 3661 establishes the parameters for determining the retail rate impact of implementing the RES. Rule 3661(a) states that the net retail rate impact of actions taken by an investor owned QRU to comply with the RES shall not exceed two percent of the total electric bill annually for each customer. Black Hills currently collects one and a half percent from its retail customers and credits the revenues into the RESA deferred account. Due to shifting cost (removal of the avoided cost and incremental cost distinction) and increasing CSG costs, the Company is proposing to increase its RESA surcharge to two percent for the duration of the 2027-2030 RES Plan. As described in further detail in section 5.3, the Company is proposing to simplify its cost recovery structure to recover the actual costs associated with distribution-level resources through the RESA and to recover costs associated with utility scale resources through the ECA. As such, the Company is requesting a waiver from Commission Rules 3661(g) and 3661(h)(II, IV, and V). Table 4 of Appendix A provides a ten-year forecast for the projected costs to be recovered through the RESA. Finally, the Company's proposal entails recovering the bill credit costs for ICS facilities through the ECA as opposed to the RESA. The revenues collected through a maximum two percent RESA surcharge cannot support the community solar bill credits that the Company forecasts paying from the RESA balance. The cost to provide bill credits to CSG subscribers alone is expected to outpace the revenues collected through a two percent RESA. Therefore, recovering the cost for bill credit for ICS facilities through the ECA will allow the Company to better align the costs and revenues of the RESA deferred balance.

The forecasts included in this RES Plan are based on projections and assumptions. Black Hills anticipates that actual energy sales, level of renewable generation, and other projections and assumptions will likely be different than what were used to complete the RES Plan modeling. The Company will closely monitor the RESA balance and will make the appropriate filings with the Commission should it be necessary to advance funds to the RESA.

5.2.4 Program Expenditures and Administrative Costs

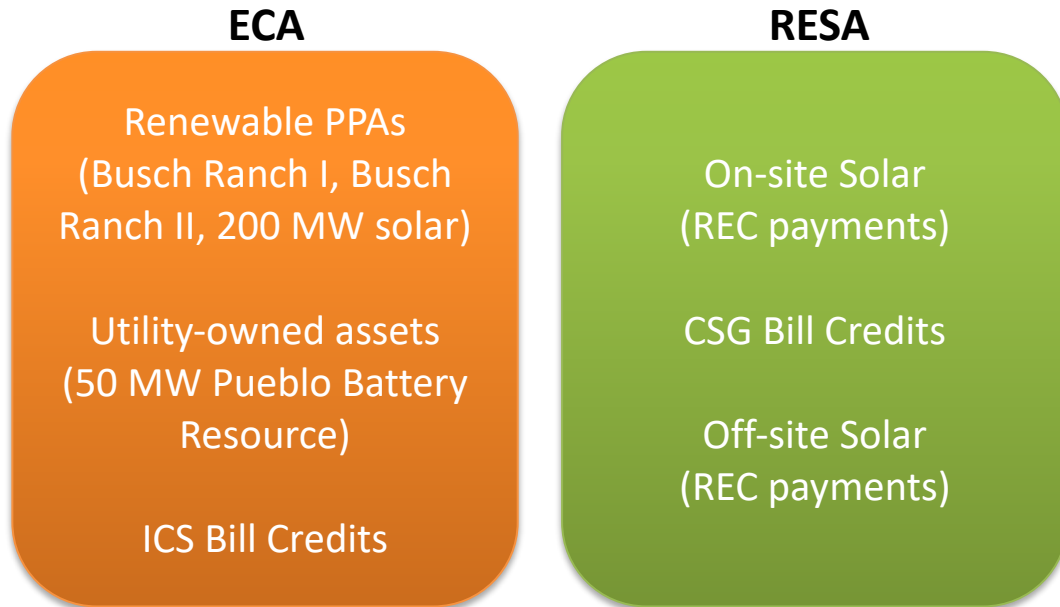
Actual program expenditures and administrative costs from 2016 through 2025 are shown in Table 3 of Appendix A. These costs include certain labor and other employee expenses, advertising, office supplies, legal fees, and consultant costs. Table 4 of Appendix A includes forecasted administrative costs of \$433,725 for 2026, and projects administrative costs through 2036.¹⁵ Per Commission Rule 3661(d), administrative expenditures are capped at ten percent per year of total annual collections. As shown in Table 4 of Appendix A, the Company forecasts maintaining compliance with this rule during the proposed 2027-2030 RES Plan. Black Hills projects that administrative expenditures will be approximately four to five percent of total annual collections during the RES Plan period.

5.3 Cost Recovery Framework

The Company proposes simplifying its current cost recovery framework for RES resources. The proposal entails removing the incremental / avoided cost distinction and instead recover all RES plan cost through the RESA except that the Company proposes to recover the costs for ICS facilities through the ECA because the bill credit costs for currently awarded CSG capacity are expected to outpace the revenues collected through a maximum two percent RESA surcharge. Therefore, moving the ICS-related costs to the ECA will help to better align costs are revenues of the RESA deferred balance. Cost recovery for new utility-scale generation projects identified and approved by the Commission will be addressed in subsequent proceedings. The figure below provides a breakdown of the recovery mechanism for various projects.

¹⁵ Program expenditures and administrative costs are expected to increase at a rate equal the most recent three-year average (2023-2025) percent increase for the consumer price index of the Denver-Aurora-Lakewood area as provided by the U.S. Bureau of Labor Statistics.

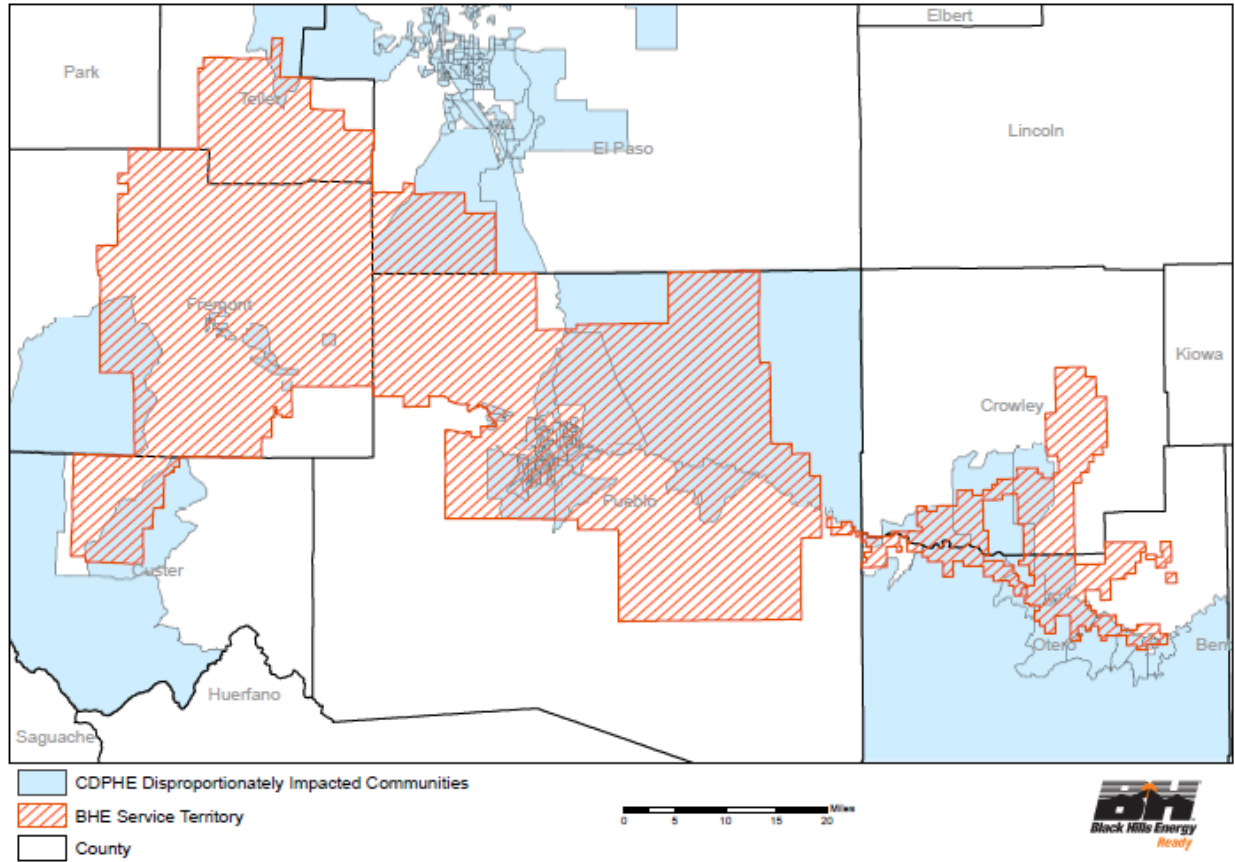
Figure 5-01
Proposed Cost Recovery Split



5.4 IQ Customers and DI Communities

As discussed in Section 2.1, beginning in 2022 and through at least the end of 2028, the Company is required under § 40-2-124(1)(g)(I)(D) C.R.S. to plan its RESA expenditures such that at least 40 percent of those expenditures under the retail rate impact limit (not including any RESA funds set aside to recover the cost of clean energy resources and directly related interconnection facilities) are directed to “programs, incentives, or other direct investments benefitting” IQ customers and DI communities. Income Qualified or “IQ” shall mean customers meeting the statutory definition of low-income under SB 21-272, as codified in § 40-3-106(1)(d) C.R.S., generally including households with income at or below 200 percent of the federal poverty level or approximately 80 percent of area median income, consistent with applicable Commission interpretation and program guidelines. “Disproportionately Impacted Communities” is defined in § 24-4-109(2)(b)(II) C.R.S., and Colorado Department of Public Health and Environment’s Disproportionately Impacted Community (“DIC”) Map gives an overview of which census blocks are categorized as DI communities. The DIC Map shows that much of the Company’s service territory and customers likely falls under one or multiple of the statutory criteria for DI communities.

Figure 5-02
Illustrative Map of Black Hills DI Communities



The table below shows the Company's projected IQ/DI spending levels for the 2027-2030 RES Plan based on the Company's current estimation.

Table 5-01
2027-2030 RES Plan IQ/DI Spending¹⁶

	2027	2028	2029	2030	Plan Total
Proposed Costs ('27-'30)	\$5,867,652	\$6,146,539	\$7,238,008	\$7,204,515	\$26,456,713
IQ Specific Costs	\$3,407,655	\$3,741,708	\$4,576,838	\$4,576,838	\$16,303,039
IQ %	58%	61%	63%	64%	62%

¹⁶ The IQ Specific costs include 75% of the annual CSG payments plus the annual budget for the On-site Distributed Energy Program for IQ/DI customers, which is \$160,000 per year.

As Table 5-05 shows, the Company expects to spend a significantly higher portion of the RES Plan's proposed costs on its IQ and DIC customers.

6.0 Interconnection

Projects that propose to interconnect to the Company's distribution system and that do not have an existing Small Generator Interconnection Agreement ("SGIA"), or an existing interconnection queue position will be studied by Black Hills to estimate electric interconnection and delivery requirements and costs. Projects that propose to interconnect to the Company's distribution system will be studied pursuant to Rules 3850 or 3900 depending upon facility size.

7.0 REC Tracking

Black Hills uses both an internal database and the Western Electricity Coordination Council's ("WECC") Western Renewable Energy Generation Information System ("WREGIS") to track and account for REC transactions. For compliance purposes, the transactions recorded include, at a minimum, RECs purchased, traded or generated on-site or off-site. Black Hills's database is organized as follows, pursuant to Rule 3659:

- List of all eligible energy resources the QRU intends to use for compliance with the RES;
- Location of the resource, broker, owner, operator, start of operation, actual REC generation, ownership, transfer, and retirements;
- Date of REC generation;
- Counterparty and quantity of each transaction;
- Type of REC: PV on-site, PV non-solar on-site, Wind, Biomass, etc.;
- Type of Transaction;
- Expiration Date (shelf life) of RECs;
- RECs carried forward from previous compliance years;
- RECs borrowed from future compliance years; and
- Balance by REC type by year.

In mid-November 2008, Black Hills Corporation obtained accounts with WREGIS related to its operations in Colorado, South Dakota, and Wyoming. In mid-December 2008, Black Hills Corporation registered with WREGIS. Black Hills registers the application RECs it generates with WREGIS.

8.0 Reporting

Black Hills currently provides quarterly RES reports and submits an annual RES Compliance report. The quarterly reports contain a monthly view of the Company's RESA balance as well as

a monthly view of obtained RECs for RES compliance. The Annual RES Compliance report contains in-depth information regarding the Company's various resources used to achieve compliance with the RES. The Company will continue to provide these reports going forward.

9.0 Rule Compliance

Table 9-01
Filing Requirements Compliance by Rule

Rule	Section of RES Plan
3657(b): <i>Each investor owned QRU RES compliance plan shall include:</i>	
(I) <i>Determination of the retail rate impact pursuant to rule 3661 and a presentation of projected RESA revenues, surcharges collected under paragraph 3664(h), expenditures, and deferred account balances (both positive and negative) over a minimum of ten years.</i>	Section 5 Appendix A, Table 4 Attachment NHL-1
(II) <i>For each eligible energy resource other than retail renewable distributed generation, a listing of each eligible energy resource whose on-going annual net incremental costs have been locked down and the value of the locked down on-going annual net incremental costs for each listed eligible energy resource. For retail renewable distributed generation, the QRU shall set forth this information in the aggregate, listed by the year in which the resources were acquired.</i>	The Company is not proposing to continue to lock down the avoided costs associated with any on-going RES resource. See Section 2.1 for the Company's request for waiver of Commission Rules 3661(g) and 3661(h)(II, IV, and V) and the Company's Motion for Waivers and Variance for further details
(III) <i>For each eligible energy resource other than retail renewable distributed generation, a listing of the eligible energy resources whose on-going annual net incremental costs are expected to be locked down during the period covered by the compliance plan and the current projection of the locked down on-going annual net incremental costs for each listed eligible energy resource. For retail renewable distributed generation, the QRU shall set forth this information in the aggregate, listed by the year in which the resources were acquired.</i>	The Company is not proposing to lock down the avoided costs associated with any RES resource. See Section 2.1 for the Company's request for waiver of Commission Rules 3661(g) and 3661(h)(II, IV, and V) and the Company's Motion for Waivers and Variance for further details.
(IV) <i>Estimate of its retail electricity sales over a minimum of ten years.</i>	Appendix A, Table 1
(V) <i>Estimate of the eligible energy and RECs that the QRU already has acquired and the QRU's estimate of the additional eligible energy and RECs that will be needed to meet both the RES under rule 3654 and the requirements for renewable distributed generation under rule 3655.</i>	Appendix A, Tables 1 and 2

Rule	Section of RES Plan
<i>(VI) Estimate of the funds that the QRU will have available to generate, or cause to be generated, additional eligible energy and RECs under the retail rate impact established in rule 3661, including, but not limited to, the RESA revenues collected from residential and nonresidential retail customers and other revenue resources.</i>	Appendix A, Table 4
<i>(VII) Plan to acquire additional eligible energy and RECs given the constraints of the retail rate impact specified at rule 3661, including the allocation of the funds available under the retail rate impact rule to acquire eligible energy or RECs from each of the following: retail renewable distributed generation to be acquired under rule 3658 from residential retail customers; retail renewable distributed generation to be acquired under rule 3658 from nonresidential retail customers; wholesale renewable distributed generation; and eligible energy resources with nameplate ratings of more than 30 MW to be acquired pursuant to the Commission's Electric Resource Planning Rules.</i>	Appendix A, Tables 1 and 2
<i>(VIII) The standard offers the investor owned QRU intends to offer customers to purchase RECs from on-site solar systems that are no larger than 500 kW and a proposal, at the discretion of the QRU, to reduce the SRO based on market conditions.</i>	Direct Testimony of Maria K. Garduna
<i>(IX) Proposal, at the discretion of the investor owned QRU, to advance funds from year to year to augment the amounts collected from retail customers through the RESA for the acquisition of more eligible energy resources.</i>	N/A
<i>(X) Proposed request for proposals including any standard contracts the investor owned QRU plans to use as part of a competitive acquisition process.</i>	Section 3 Appendix C
<i>(XI) Proposed ownership investment, if any, in eligible energy resources and estimate of whether its investment will provide net economic benefits to the QRU's customers, entitling the QRU to extra profit on its investment, pursuant to rule 3660.</i>	N/A
<i>(XII) Plan to purchase renewable energy and RECs from one or more CSGs over the period covered by the plan and subject to the requirements of rule 3665.¹⁷</i>	Section 4 Appendix A, Tables 1 and 2
<i>(XIII) Plan to encourage eligible low-income customer</i>	Section 3

¹⁷ This cross-reference to Rule 3665 is no longer current because the Commission's Rules relating to CSGs are now contained in Rules 3875 to 3883. The Company understands this cross-reference as a reference to the substance of Rules 3875 to 3883, which are the Rules directly relating to CSG requirements.

Rule	Section of RES Plan
<i>subscriptions in CSGs pursuant to subparagraph 3665(d)(V).¹⁸</i>	
<i>(XIV) The acquisition process for eligible energy resources, pursuant to rule 3656.</i>	Section 3 Appendix C
<i>(XV) The treatment, tracking, counting and trading of RECs, pursuant to rule 3659.</i>	Section 7 Appendix A, Tables 1 and 2
<i>(XVI) Rules, regulations, and tariffs for the net metering for renewable energy resources, pursuant to rule 3664.</i>	See filed tariffs and Hr. Ex. 108, Attachment NHL-2 See also Section 3.4
<i>(XVII) Application forms, standard agreements, and general procedures for the investor owned QRU's SRO programs under rule 3658 and for the interconnection of renewable energy resources pursuant to rule 3667.¹⁹</i>	Appendices B and C See also filed tariffs Hr. Ex. 107, Attachment NHL-2 See also Section 6.0

¹⁸ This cross-reference to Rule 3665(a)(V) is no longer current. The Company interprets this cross-reference to mean Rule 3882(e), which provides that “the utility shall reserve, on a program-wide basis and to the extent there is demand for such ownership, at least ten percent of its electricity purchases from new CSGs for eligible low-income CSG subscribers.”

¹⁹ This cross-reference to Rule 3667 is no longer current because the Commission’s Rules relating to interconnection are now contained in Rules 3850 to 3859. The Company understands this cross-reference as a reference to the substance of Rules 3850 to 3859.

Appendix A

Table 1	Renewable Energy Standard Compliance REC Forecast with Existing, Authorized and Proposed Eligible Energy Resources
Table 2	Distributed Generation REC Forecast
Table 3	Historical RESA Balance for 2016 through 2025
Table 4	Ten-Year forecast of RESA Balance

Table 1: Renewable Energy Standard Compliance Forecast with Existing, Authorized, and Proposed Eligible Energy Resources

Line No.	Table 1: Renewable Energy Standard Compliance REC Forecast with Existing, Authorized, and Proposed Eligible Energy Resources														
	Year	Retail Sales Forecast	RES Requirement (MWh)	Busch Ranch I (including Rule 3654(g) Colorado Credit)	Busch Ranch II	Peak View	Distributed Generation (CSG & ICS, On-Site Solar, On-Site Storage, On-Site Wind)	PAGS Unit 7 (50 MW Battery Storage)	200MW Solar PPA	New Wind Resource	New Battery Storage Resource	Total Acquired RECs	REC Purchases		
1	2027	1,904,224	571,267	104,008	184,346	191,938	54,703	-	-	-	-	534,996	36,271		
2	2028	2,035,664	610,699	103,444	184,293	189,123	57,038	64,422	306,154	-	-	904,475	-		
3	2029	2,037,848	611,355	88,587	172,959	165,397	75,093	77,513	508,793	210,097	-	1,298,440	-		
4	2030	2,178,184	653,455	90,688	174,940	168,385	82,548	73,719	510,411	215,086	-	1,315,776	-		
5	2031	2,185,433	655,630	91,260	164,327	172,288	81,122	74,686	508,712	216,915	-	1,309,310	-		
6	2032	2,196,641	658,992	102,193	178,300	187,660	80,416	33,955	512,766	296,492	233,658	1,625,441	-		
7	2033	2,195,728	658,719	102,894	178,963	187,914	79,846	29,807	510,163	297,582	265,521	1,652,690	-		
8	2034	2,194,141	658,242	102,671	178,350	187,314	78,501	28,831	507,560	317,947	262,456	1,663,630	-		
9	2035	2,193,219	657,966	102,584	179,179	187,157	78,160	28,418	504,958	328,548	259,693	1,668,697	-		
10	2036	2,198,247	659,474	102,479	178,971	188,301	76,131	28,464	502,875	340,630	259,199	1,677,050	-		

Black Hills Colorado Electric, LLC
Table 2: Distributed Generation REC Forecast

Line No.	Table 2: Distributed Generation REC Forecast											REC Purchases
		Distributed Generation Requirement		Distributed Generation						Retail Distributed Generation		
	Year	DG Requirement	Retail DG Requirement	Acquired RECs	Less: Community- Based Projects	Acquired RECs Net of Community-Based Projects	Colorado Credit (Rule 3654(h))	Total DG RECs	Acquired RECs	With Colorado Credit		
1	2027	57,127	28,563	54,703	440	54,263	660	54,923	54,703	54,923	2,203	
2	2028	61,070	30,535	57,038	440	56,598	660	57,259	57,038	57,259	3,811	
3	2029	61,135	30,568	75,093	440	74,653	660	75,313	75,093	75,313	-	
4	2030	65,346	32,673	82,548	440	82,108	660	82,768	82,548	82,768	-	
5	2031	65,563	32,781	81,122	440	80,682	660	81,342	81,122	81,342	-	
6	2032	65,899	32,950	80,416	440	79,976	660	80,636	80,416	80,636	-	
7	2033	65,872	32,936	79,846	440	79,405	660	80,066	79,846	80,066	-	
8	2034	65,824	32,912	78,501	440	78,061	660	78,721	78,501	78,721	-	
9	2035	65,797	32,898	78,160	440	77,720	660	78,380	78,160	78,380	-	
10	2036	65,947	32,974	76,131	440	75,690	660	76,351	76,131	76,351	-	

Black Hills Colorado Electric, LLC
Historic RESA Balance (2016-2025)

Line No.

1	Table 3 - Historic RESA Balance (2016 - 2025)											
2		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
3	RESA Factor	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	1.50%	
4	Total RESA Revenue (RESA Customer Collections Plus Deposits)	\$ 5,451,923	\$ 5,037,528	\$ 4,981,967	\$ 5,343,706	\$ 5,397,003	\$ 5,622,332	\$ 5,711,799	\$ 5,781,541	\$ 5,250,153	\$ 4,776,211	
5												
6	REC Costs											
7	Rebates and REC Payments for Solar programs and Retail DG Wind	\$ 1,622,289	\$ 433,786	\$ 3,206,682	\$ 2,533,440	\$ 2,727,192	\$ 3,244,784	\$ 2,242,186	\$ 3,523,160	\$ 4,700,707	\$ 3,799,235	
8	Standalone REC Purchases	\$ 76,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,500	\$ -	\$ -	
9												
10	Avoided Cost											
11	Solar and Wind projects*	\$ 281,065	\$ 248,830	\$ (712,436)	\$ (1,234,823)	\$ (4,822,698)	\$ (6,289,428)	\$ (6,984,469)	\$ (4,898,075)	\$ (3,060,186)	\$ (1,239,064)	
12												
13	Net Incremental Cost/(Savings)											
14	Peak View	\$ 512,931	\$ 3,633,618	\$ 2,620,797	\$ 3,285,562	\$ 2,899,152	\$ 2,506,475	\$ 2,096,958	\$ 2,301,564	\$ (855,858)	\$ (2,239,846)	
15												
16	Program Costs											
17		\$ 302,078	\$ 296,624	\$ 410,903	\$ 524,221	\$ 1,020,456	\$ 595,160	\$ 224,949	\$ 433,715	\$ 1,089,195	\$ 1,307,423	
18												
19	Total Costs Recoveral From RESA	\$ 2,794,864	\$ 4,612,859	\$ 5,525,946	\$ 5,108,401	\$ 1,824,101	\$ 56,990	\$ (2,420,376)	\$ 1,427,864	\$ 1,873,857	\$ 1,627,747	
20												
21	2015 Ending Balance	\$ (3,927,728)										
22	Total RESA Revenues minus Costs Recoverable From RESA	\$ 2,657,059	\$ 424,669	\$ (543,979)	\$ 235,305	\$ 3,572,902	\$ 5,565,342	\$ 8,132,175	\$ 4,353,677	\$ 3,376,296	\$ 3,148,463	
23	Cumulative	\$ (1,270,669)	\$ (1,013,824)	\$ (1,632,195)	\$ (1,486,703)	\$ 1,951,139	\$ 7,534,410	\$ 15,672,440	\$ 20,035,402	\$ 23,719,375	\$ 27,911,579	
24	Interest	\$ 167,824	\$ 74,392	\$ 89,813	\$ 135,060	\$ (17,930)	\$ (5,855)	\$ (9,286)	\$ (307,676)	\$ (1,043,741)	\$ (1,441,990)	
25	Balance (Under)/Over Collected	\$ (1,438,493)	\$ (1,088,216)	\$ (1,722,008)	\$ (1,621,763)	\$ 1,969,069	\$ 7,540,265	\$ 15,681,725	\$ 20,343,079	\$ 24,763,115	\$ 29,353,568	
26												

*For Busch Ranch I and II, the avoided cost were receovered through the ECA and the incremental cost were included in the RESA balance through 2023. The transfer of incremental costs for Busch Ranch I and II is included with the avoided costs through 2023. In 2024, the Company began recovering the actual costs associated with the two wind facilities through the ECA (See Decision No. C23-0193 in Proceeding No. 22A-0230E).

Line No.

Table 4: Ten-Year Forecast of RESA Balance																								
<table><tr><td colspan="2">Assumptions</td></tr><tr><td>2027-2030 RESA Surcharge</td><td>2.00%</td></tr><tr><td>Revenue Growth</td><td>1.00%</td></tr><tr><td>Increase in Net-Metered Only (NMO) Customer Payments</td><td>1.00%</td></tr></table>														Assumptions		2027-2030 RESA Surcharge	2.00%	Revenue Growth	1.00%	Increase in Net-Metered Only (NMO) Customer Payments	1.00%			
Assumptions																								
2027-2030 RESA Surcharge	2.00%																							
Revenue Growth	1.00%																							
Increase in Net-Metered Only (NMO) Customer Payments	1.00%																							
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036												
Revenue																								
Total Revenue (3-year average 2023-2025)	\$	271,427,991	\$	274,142,271	\$	276,883,693	\$	279,652,530	\$	282,449,056	\$	285,273,546	\$	288,126,282	\$	291,007,544	\$	293,917,620	\$	296,856,796	\$	299,825,364		
RESA Surcharge		1.50%		2.00%		2.00%		2.00%		2.00%		2.00%		2.00%		2.00%		2.00%		2.00%		2.00%		
RESA Revenue	\$	4,071,420	\$	5,482,845	\$	5,537,674	\$	5,593,051	\$	5,648,981	\$	5,705,471	\$	5,762,526	\$	5,820,151	\$	5,878,352	\$	5,937,136	\$	5,996,507		
Administrative Expenditures																								
Labor	\$	402,492	\$	204,867	\$	211,542	\$	218,435	\$	225,552	\$	232,900	\$	240,489	\$	248,324	\$	256,415	\$	264,769	\$	273,396		
Other Administrative Costs	\$	377,549	\$	389,850	\$	402,552	\$	415,668	\$	429,211	\$	443,195	\$	457,635	\$	472,546	\$	487,942	\$	503,840	\$	520,256		
Deposits	\$	(346,316)	\$	(357,600)	\$	(369,251)	\$	(381,281)	\$	(393,704)	\$	(406,532)	\$	(419,777)	\$	(433,454)	\$	(447,576)	\$	(462,159)	\$	(477,217)		
Subtotal: Program Expenditures	\$	433,725	\$	237,118	\$	244,844	\$	252,821	\$	261,059	\$	269,564	\$	278,347	\$	287,416	\$	296,780	\$	306,450	\$	316,435		
Incremental Costs																								
Peak View	\$	(3,488,321)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-		
REC Payments & Rebates																								
CSG Bill Credits	\$	3,078,013	\$	4,330,207	\$	4,775,610	\$	5,889,117	\$	5,889,117	\$	5,889,117	\$	5,889,117	\$	5,889,117	\$	5,889,117	\$	5,889,117	\$	5,889,117		
On-Site Solar PBI Payments & Rebates (Exisiting)	\$	970,000	\$	368,692	\$	192,346	\$	161,171	\$	117,761	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-		
CSU Pueblo REC Payments	\$	404,813	\$	402,158	\$	401,468	\$	399,804	\$	398,633	\$	396,640	\$	394,657	\$	392,684	\$	390,720	\$	388,767	\$	386,823		
Solar + Storage Incentive Program (Proposed 2027-2030)	\$	-	\$	250,000	\$	250,000	\$	250,000	\$	250,000	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-		
Payments for Net-Metering Only Banked Energy	\$	276,709	\$	279,476	\$	282,271	\$	285,094	\$	287,944	\$	290,824	\$	293,732	\$	296,670	\$	299,636	\$	302,633	\$	305,659		
Subtotal: REC Payments	\$	4,729,535	\$	5,630,533	\$	5,901,695	\$	6,985,186	\$	6,943,456	\$	6,576,581	\$	6,577,506	\$	6,578,470	\$	6,579,474	\$	6,580,516	\$	6,581,599		
RESA Refund	\$	30,000,000	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-		
RESA Balance (Prior to Interest)	\$	1,764,316	\$	2,869,487	\$	2,759,941	\$	1,309,480	\$	(105,455)	\$	(1,204,530)	\$	(2,343,118)	\$	(3,511,425)	\$	(4,711,601)	\$	(5,945,537)	\$	(7,215,268)		
Interest	\$	1,489,977	\$	499,319	\$	194,497	\$	140,598	\$	41,599	\$	(45,260)	\$	(122,571)	\$	(202,274)	\$	(284,106)	\$	(368,204)	\$	(454,706)		
Ending RESA Balance	\$	29,367,835	\$	3,254,293	\$	3,368,806	\$	2,954,437	\$	1,450,079	\$	(63,856)	\$	(1,249,790)	\$	(2,465,689)	\$	(3,713,699)	\$	(4,995,707)	\$	(6,313,741)	\$	(7,669,973)

Appendix B

Renewable Energy Agreements (On-Site and Off-Site)

Interconnection Application for Renewable Energy Systems (On-Site and Off-Site)

Supporting documents:

Exhibit A - Schedule of [PV System] Locations(s)

Exhibit B - Customer Acceptance

Exhibit C - System Information Form

Exhibit D - Certificate of Completion

Exhibit E – Black Hills Energy Renewable Energy Systems Program Agreement



Interconnection Agreement for Renewable Energy Systems

Application Date: XX/XX/XX

Reservation Number: BHESRE000XXXX

Customer: Jane Smith
105 S. Victoria Ave
Pueblo CO, 81003

Account Number: XXXXXXXXXX

Project Size: XXXX Watts

Black Hills Energy is pleased to enter into an agreement for solar electric generating system. Your solar system maximum size is limited to two hundred percent (200%) of the annual consumption of electricity by the customer at the site. In addition, the net-metering service, photovoltaic (PV) system must have a rated capacity that does not exceed the customer's service entrance capacity. The net-metering service PV System must be interconnected and operate in parallel with Black Hills Energy's electric distribution system. All net-metering service PV systems require installation of a second meter (production meter) to measure the alternating current (AC) kilowatt-hour (kWh) output for the purpose of system performance monitoring by customer and may be used for counting renewable energy credits (REC's), when applicable. Black Hills Energy installs the production meter at its expense. Customers who enter into this agreement without a production based incentive (PBI), are not eligible for Black Hills Energy PBI payments. Customers who desire to expand their PV systems, within the term of this agreement, must obtain written authorization by Black Hills Energy, prior to expansion. Your PV system must demonstrate substantial completion within 12 months of the date the application was submitted on the Black Hills Energy, unless an extension of time is granted by Black Hills Energy, in writing.

There are five documents included in this packet. Please ensure all sections of this agreement are signed and returned as part of the completed interconnection agreement.

1. **Schedule of Service Address(es)**: The Customer must sign the Schedule of Service Address(es) section of this letter (Exhibit A) You and Black Hills Energy agree that, e-signature or pdf copy of a signature will be deemed original and binding. You represent and warrant that each of the Service Addresses on Exhibit A are owned or leased by the Customer within the Black Hills Energy service territory. You acknowledge and agree that, in addition to any other remedies available to Black Hills Energy as a result of a breach of the foregoing representations and warranties, any Service Addresses not owned or leased by Customer and any Service Addresses that do not remain owned or leased by Customer during the 20-year term of this Agreement shall not be eligible for offsite net metering. You agree to promptly notify Black Hills Energy with any changes to the [PV System] locations. Please note that the distribution of energy generated from multiple sites may be subject to certain distribution charges pursuant to the Black Hills Energy Electric Tariff or other tariffs on file with the Colorado Public Utility Commission which may be changed from time to time.
1. **Reservation Letter and Acceptance**: The Customer must sign the Acceptance section of this letter (Exhibit B) You and Black Hills Energy agree that a e-signature or pdf copy of a signature will be deemed original and binding.
2. **System Information Form**: This form (Exhibit C) summarizes the information provided by you or your contractor on your application form about your [PV System]. Please review this carefully and verify if the information is correct. Please note any changes, if necessary, and return with your Acceptance.
3. **Certificate of Completion**: A Certificate of Completion (Exhibit D) is provided in this set of documents. After your [PV System] has been fully installed, submit to Black Hills Energy the Certificate of Completion attached hereto as Exhibit C as part of the completed interconnection agreement here provided. After receipt of the Certificate of Completion, Black Hills Energy will complete its inspection of the [PV System] at its own expense, within 30 Business Days. At Black Hills Energy's option, a desk review will be conducted in which digital photos will be required to be provided by the installer, showing all the major system components. Black Hills Energy also reserves the right to conduct an on-site inspection which shall take place at a time agreeable to the parties. Black Hills Energy shall provide a written statement that the [PV System] has passed inspection or shall notify you, as soon as practicable after the inspection takes place, of what steps must be taken for the [PV System] to pass inspection.
4. **Black Hills Energy Renewable Energy Systems Program Agreement**: The detailed terms and conditions for your participation in this program are contained in the attached Black Hills Energy Renewable Energy Systems Program Agreement (the "Agreement") (Exhibit E). Please review the Agreement carefully before signing the Acceptance. Your

execution of the Acceptance section of this letter is your execution and acceptance of the Agreement.

Please be sure to keep copies of any documents sent to Black Hills Energy for future reference.

If you have any questions regarding these documents or the Renewable Energy Systems Program, please contact Black Hills Energy at 1-888-890-5554 or via e-mail at bhesolar@blackhillscorp.com. Please refer to your reservation number, which is provided above your address on this letter.

Sincerely,

Black Hills Energy Renewable Energy Team

Attachments: Exhibit A – Schedule of [PV System] Location(s)
 Exhibit B – Customer Acceptance
 Exhibit C – System Information Form
 Exhibit D – Certificate of Completion
 Exhibit E – Renewable Energy Systems Program Agreement

BHESRE000XXXX

EXHIBIT A
SCHEDULE OF SERVICE ADDRESS(ES)

Location of interconnected system

Location 1

Meter Number

Address

Location 2 (if applicable)

Meter Number

Address

Location 3 (if applicable)

Meter Number

Customer certifies that each of these Service Addresses are owned or leased by the Customer within the Black Hills Energy service territory. Customer agrees and acknowledges that, in addition to any other remedies available to Black Hills Energy, any Service Addresses not owned or leased and any Service Addresses that do not remain owned or leased by the Customer during the 20-year term of this Agreement shall not be eligible for generation towards PBI payments by Black Hills Energy.

Customer Signature:

Date:

BHESRE000XXXX

EXHIBIT B CUSTOMER ACCEPTANCE

1. As a qualified Black Hills Energy Customer I have read, understand and agree to the terms set forth in the Reservation Letter, together with all exhibits and attachments thereto, and in the Black Hills Energy Renewable Energy Systems Program Agreement (the "Agreement") and hereby agree to be bound by all of the terms of the Reservation Letter and the Agreement.

2. I understand that if any excess energy is generated by the [PV System] at the Service Address(es) and not used by me, Black Hills Energy shall receive all of this excess energy and I will receive compensation for this excess energy via "net metering" subject to and as set forth in the Black Hills Energy Electric Tariff or other tariffs on file with the Colorado Public Utility Commission (CPUC), which may be changed from time to time.

3. I understand that, in accordance with Colorado Senate Bill 21-261, Black Hills energy will assess a reasonable charge for customers with off-site systems without a third-party Developer/Owner, as such charge is determined by the CPUC, to cover the costs of delivering the electricity generated by the retail distributed generation and of administering off-site net metering credits.

4. I agree that the [PV System] will be located at the Service Address(es) at all times during the term of the Agreement which is 20 years after the date of Commercial Operation. I understand that the [PV System] shall be sized to supply no more than 200% of the aggregate reasonably expected average annual consumption of electricity at all Service Addresses listed on Exhibit A within the Black Hills Energy service territory. I have no present intention to transfer ownership or rights in any Service Address, or otherwise employ any means to circumvent the sizing limitations herein and I do not presently have any reason to anticipate a change in such intention. In addition, to the extent I, as a Black Hills Energy customer, have another [PV System] at any Service Address and/or am a subscriber to Community Solar Gardens ("CSG"), with CSG subscription(s) attributed to the Service Address and/or have any other existing retail distributed generation at such premises as defined by CPUC rules, the aggregate amount of solar energy and retail distributed generation received from all systems cannot exceed 200% of the aggregate reasonably expected average annual consumption of electricity at all Services Addresses listed on Exhibit A within the Black Hills Energy service territory.

I agree and acknowledge that this Agreement is subject to the terms, conditions, and limitations set forth in applicable Colorado law, including but not limited to, in the case of off-site installations, §§40-2-124(1)(e)(I) and (j)(VI), C.R.S., and agree to comply with all such provisions.

5. I understand that Black Hills makes no representation or warranty as to the design, installation or operation of the [PV System] and Black Hills expressly disclaims any and all warranties of the equipment as to workmanship, quality, or performance, including the fitness of the equipment for the purpose intended.

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6. I agree that Black Hills Energy shall not be responsible or liable for any personal injury or property damage caused by the [PV System] or any individual component equipment of the [PV System] and I will indemnify, defend, and hold Black Hills Energy, its employees, agents, successors, assigns, subsidiaries and affiliates harmless against any and all claims, demands, liens, lawsuits, judgments or actions of whatsoever nature that may be brought on account of the installation, maintenance, operation, repair, or replacement of the [PV System] or any component equipment of the [PV System].

7. I will cause the [PV System] and the individual components of the [PV System] to be maintained in good working order at all times during the term of the Agreement. If during the term of the Agreement, the [PV System] or any of the individual components of the [PV System] should be damaged or destroyed, I will promptly cause to be repaired or replaced the equipment to its original specifications, tilt and orientation at no expense to Black Hills Energy.

8. I understand that Black Hills, as a regulated utility, is subject to the rules, regulations of the CPUC and that as a customer, this Agreement is subject to the applicable terms and conditions of Black Hills' approved tariffs on file with the CPUC. To the extent the CPUC promulgates rules or regulations that conflict with this Agreement, issues a decision that conflicts with this Agreement, or approves tariffs that impact or conflict with this Agreement, the terms and conditions of such rules, regulations, orders, and tariffs shall control.

9. I understand that Black Hills Energy must comply with: (a) the requirements of any applicable federal or state laws or regulations and (b) the requirements of the CPUC and its rules, regulations, and orders and that upon Black Hills Energy's request, shall provide Black Hills Energy with information in Developer/Owner's possession or control regarding the [PV System] as reasonably necessary for Black Hills Energy to comply with all such requirements. I hereby consent to Black Hills Energy's use of any information described in this paragraph to comply with all legal requirements and for the purpose of documenting to a governmental agency and/or independent certification board that Black Hills Energy obtained title to the solar renewable energy credits ("RECs") sold to Black Hills Energy under the Agreement.

Customer Name (printed): _____

Customer Signature: _____ **Date:** _____

Acceptance of Developer

As a qualified Black Hills Energy Developer/Owner, I have read, understand and agree to the terms set forth in the Reservation Letter and in the Black Hills Energy Renewable Energy Systems Program Agreement (the "Agreement") and hereby agree to be bound by all of the terms of the Reservation Letter and the Agreement.

Developer (printed): _____

Developer Signature: _____ **Date:** _____

Title: _____

EXHIBIT C SYSTEM INFORMATION FORM

IMPORTANT: This document is part of the Black Hills Energy Renewable Energy Systems Program Agreement. Please verify the information contained in this form. If corrections are necessary, please make them on this form and initial them. Please sign this form indicating that the information is correct. The Applicant is responsible for informing Black Hills Energy of any changes to this System Information Form. This System Information Form shall be completed for each [PV System] applicable to this Agreement.

CUSTOMER AND SITE INFORMATION	
Black Hills Energy Account Number at Installation Address*	Project ID:
Customer Name (please use the name(s) indicated on the BHE electric bill)	
Installation Street Address (City, State, Zip)	
Mailing Address (if different from above)	
Daytime Telephone	
E-mail Address	
Equipment Purchase Date	
PV EQUIPMENT INFORMATION	
PV Modules	
Manufacturer	
Model Number	
Module Warranty (years)	
Nameplate Rating of Module	
Number of Modules in Array	
Array Orientation (compass direction the array faces, in degrees)	
Array Tilt Angle (in degrees, horizontal = 0, vertical = 90)	
Inverter	
Manufacturer	
Model Number	
Inverter Warranty (years)	
Number of Inverters	

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STORAGE EQUIPMENT INFORMATION	
Model Number	
Exporting or Non-exporting	
Method of Export Limitation	
Power Control System Export Capacity	
Open Loop Response Times	
Energy Storage System Power Control System Operating Mode	
Number of Generators with Controls Applied	
CONTRACTOR OR DEVELOPER/OWNER INFORMATION	
Name	
Address (City, State, Zip)	
Daytime Telephone	
E-mail Address	

Customer Signature: _____

Date: _____

**EXHIBIT D
CERTIFICATE OF COMPLETION**

IMPORTANT: This Certificate of Completion shall be completed for each [PV System] applicable to this Agreement.

Account Number: _____ Service Address: _____

<u>Item Completed and Attached</u>	No	Yes
System Installation Complete	☐	☐
System Hardware/Orientation Matches Original Design Submittal	☐	☐
Municipal/County Electrical Inspection Complete	☐	☐
Municipal/County Building or Structural Inspection Complete	☐	☐
County Inspection and Approval	☐	☐
Copy of Final Invoice including Total Amount Paid for the [PV System]	☐	☐
Other _____	☐	☐

I/we do hereby affirm that the [PV System] is complete, complies with all local building and electrical codes, was installed in compliance with §§40-2-124(1)(j)(VI) and -128, C.R.S., and is capable of generating electrical energy. Furthermore, I/we will maintain the [PV System] in good working order for the duration of the term of the Black Hills Energy Solar PV Program Agreement. The undersigned understand and agree that, pursuant to C.R.S. §40-2-128, payment of any incentives related to work on the [PV System] identified herein is conditioned upon the undersigned supplying the name and certification number of each certified energy practitioner or the license number of each master electrician, journeyman electrician, or residential wireman who actually provided on-site supervision of the [PV System] installation or was present to maintain the three-to-one ratio required by paragraphs (c) and (d) of C.R.S. §40-2-128(1).

Prior to Black Hills Energy's final inspection, Customer or Contractor, or Developer/Owner may interconnect a [PV System] with Black Hills Energy's network only for the purpose of testing. Final interconnection is NOT PERMITTED until Black Hills Energy's final inspection and acceptance.

Developer Signature: _____

Date: _____

Customer Signature: _____

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Name and certification or license number, as applicable, of each certified energy practitioner(s) (as designated by the North American board of certified energy practitioners), licensed master electrician, licensed journeyman electrician or licensed residential wireman (as defined in §12-23-101, C.R.S.) who actually provided on-site supervision as required by §40-2-128(1)(a), C.R.S., or was present to maintain the three-to-one ratio required by §40-2-128(1), C.R.S.

Name: _____ Number/License: _____

Name: _____ Number/License: _____

Name: _____ Number/License: _____

EXHIBIT E
Black Hills Energy Renewable Energy Systems Program Agreement

This Black Hills Energy Solar PV Program Agreement (“**Agreement**”), dated the ____ day of ____, 20__ (“**Effective Date**”), is entered into by and between **Black Hills Colorado Electric, LLC, d/b/a Black Hills Energy**, a Delaware limited liability company with a business office at 105 South Victoria, Pueblo, Colorado, 81003 (“**Black Hills Energy**”) and _____ (“**Applicant**”), with a mailing address of _____. Applicant and Black Hills Energy are referenced in this Agreement collectively as “**Parties**” and individually as “**Party**.”

Recitals

WHEREAS, Black Hills Energy is a public utility engaged in the retail and wholesale sale of electricity in the State of Colorado and desires to purchase the renewable energy credits (“**RECs**”) as defined in the Electric Rules of the Colorado Public Utilities Commission associated with the photovoltaic generation of electricity; and,

WHEREAS, Applicant desires to install a photovoltaic (PV) system (the “**PV System**”) that is capable of synchronizing and generating electricity in parallel with Black Hills Energy’s distribution grid; and,

WHEREAS, §40-2-124, Colorado Revised Statutes, and the Renewable Energy Standard rules of the Colorado Public Utilities Commission at 4 CCR 723-3-3650 – 3666, as amended by Colorado Senate Bill 21-261, collectively the “**RES**,” requires that Black Hills Energy supply a portion of its retail electrical sales from retail renewable distributed generation and such requirement can be satisfied with RECs acquired from [PV System]s, including, but not limited to, by allowing retail electric service customers to deploy [PV System]s on noncontiguous property owned or leased by such customer and allowing such [PV System]s to be sized to supply no more than 200% of the reasonably expected average total consumption at all properties owned or leased by such customer within the Black Hills Energy service territory; and,

WHEREAS, §40-2-124, Colorado Revised Statutes, further provides that the RES requirements may be satisfied in part through the installation of off-site distributed generation systems, which systems must have a size of no more than 500 kW (AC) for a single-meter installation and no more than 300 kW (AC) per meter for a multi-meter installation, and that such systems are subject to the assessment of a reasonable charge, as established by the CPUC, as well as any other additional limitations and/or requirements set forth in applicable Colorado law or by the CPUC.

Agreement

NOW, THEREFORE, in consideration of the mutual covenants and promises herein and Exhibits attached hereto, the Parties mutually agree as follows:

1. Definitions

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In addition to other capitalized terms set forth elsewhere herein and the terms of this Section 1, the defined terms of the RES shall also be included by reference.

“Certificate of Completion” means Exhibit D to the Reservation Letter.

“Commercial Operation Date” means the date when all of the following conditions have been met: (i) the [PV System] is substantially completed on time; (ii) all permits necessary to authorize the production and delivery of energy from the [PV System] have been obtained; (iii) the [PV System], including any interconnection facilities, have been inspected and approved by the appropriate governmental authorities having jurisdiction; (iv) the [PV System] has passed Black Hills Energy’s inspection; and (v) the [PV System] has been constructed and installed in compliance with all applicable laws, rules and regulations including, but not limited to, C.R.S. §§40-2-124(1)(j)(VI) and -128.

“AC Watt” shall mean the instantaneous alternating current power output nameplate rating as determined by a nationally accepted testing organization.

“Energy” means physical electric energy, expressed in kilowatt hours of the character commonly known as sixty-hertz alternating current electric energy. The Energy output of the [PV System] will be as measured in kWh-AC by a production meter.

“Force Majeure” means physical or governmental causes of the kind not reasonably within the control of the Party claiming suspension and which by the exercise of due diligence such Party could not have prevented or is unable to overcome. Such causes shall include strikes, labor difficulties, shutdowns in anticipation of strikes, accidents, equipment breakdown, riots, fire, flood, wars, pandemics, epidemics, delays or interruptions in transportation, materially disruptive actions or failure to act of any government or government agency (whether or not having legal force and effect including, without limitation, any Court order or any environmental compliance order or notice) or any other disabling cause or contingency not reasonably within the control of the Party claiming such event, whether of the nature or subject matter herein enumerated. Economic hardship shall not constitute Force Majeure.

“Off-site” means located on noncontiguous property owned or leased by the Black Hills Energy customer.

“PBI” means a production-based incentive payment.

“CPUC” means the Public Utilities Commission of the State of Colorado.

“Renewable Energy Credits” or **“REC”** shall have the meaning set forth in the RES.

“Reservation Letter” means the written reservation offered by Black Hills Energy and accepted by Owner, which Reservation Letter is incorporated into this Agreement by reference.

2. Interconnection Standards

- 2.1. All equipment must be certified for use in interconnected photovoltaic systems according to the standards listed below:
 - 2.1.1. IEEE 1547 Standard for Interconnecting Distributed Resources with Electric Power Systems (including use of IEEE 1547.1 testing protocols to establish conformity).
 - 2.1.2. UL 1703 Flat-Plate PV Modules and Panels.
 - 2.1.3. UL 1741 Inverters, Converters, and Controllers for Use in Independent Power Systems.
 - 2.1.4. IEEE Std 929-2000 IEEE Recommended Practice for Utility Interface of Photovoltaic (PV) Systems.
 - 2.1.5. IEEE Std 1547.2 Application Review and Testing Interconnection Process
- 2.2. The Applicant certifies that the intended use of the equipment falls within the use or uses for which the equipment was tested and labeled.
- 2.3. Certified equipment shall not require further type-test review, testing, or additional equipment to meet interconnection requirements; however, nothing herein shall preclude the need for an on-site commissioning test by the parties to this Agreement or follow-up production testing by the labeling or certifying authority.
- 2.4. If the certified equipment package includes only interface components (switchgear, inverters, or other interface devices), then the Applicant must show that the generator or other electric source being utilized with the equipment package is compatible with the equipment package and is consistent with the testing and listing specified for this type of interconnection equipment.
- 2.5. Provided the generator or electric source, when combined with the equipment package, is within the range of capabilities for which it was tested and does not violate the interface components' labeling and listing, no further design review, testing or additional equipment on the customer side of the point of common coupling shall be required to meet the requirements of this interconnection procedure.
- 2.6. An equipment package does not include equipment provided by Black Hills Energy.

3. Equipment and Installation Requirements

- 3.1. The Applicant may proceed to construct the [PV System] when Black Hills Energy approves the Applicant's application.
- 3.2. All equipment must be installed in accordance with NFPA 70 (2017), National Electrical Code, must comply with all local building construction and electrical code requirements, and must meet any other applicable codes, standards, and regulatory requirements.

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- 3.3. Applicant must provide an accessible, visible disconnect switch labeled "Solar Power System Disconnect." The purpose of this switch is to allow isolation of the Applicant's [PV System] from Black Hills Energy's system for maintenance, emergencies and testing. Disconnect switch must be located near the Applicant's electrical service entrance.
- 3.4. Applicant certifies that all equipment and materials are new and unused and are protected by equipment warranties of not less than 20 years for PV modules, 5 years for power conversion equipment, and 5 years for installation and labor.
- 3.5. Applicant certifies that the [PV System] is installed permanently and will not be removed for the duration of its useful life.

4. Interconnection and Operation

- 4.1. The Applicant may operate the [PV System] and interconnect with Black Hills Energy's electric system once the following have occurred:
 - 4.1.1. Upon completing construction, the Applicant will cause the [PV System] to be inspected or otherwise certified by the appropriate local building and electrical inspectors with jurisdiction;
 - 4.1.2. The Applicant returns the Certificate of Completion to Black Hills Energy; and
 - 4.1.3. Black Hills Energy has completed its inspection of the [PV System] at its own expense, within 30 Business Days after receipt of the accurate and complete Certificate of Completion and all required documents, including photos depicting all the major system components, inspection permit(s) and invoices have been provided via upload to the Black Hills Energy online application portal. Black Hills Energy also reserves the right to conduct an on-site inspection which shall take place at a time agreeable to the Parties. Black Hills Energy shall provide a written statement that the [PV System] has passed inspection or shall notify the Applicant of what steps it must take to pass inspection as soon as practicable after the inspection takes place.
 - 4.1.4. Black Hills Energy has the right to disconnect the [PV System] in the event of improper installation or failure to return the Certificate of Completion or other required documents.
 - 4.1.5. Black Hills Energy will determine if improvements to Black Hills Energy's system are necessary to accommodate the installation of the [PV System]. If such improvements are necessary, the Applicant must pay for any required improvements to Black Hills Energy's system caused by the installation of the [PV System] prior to the improvements being made.

5. Safe Operations and Maintenance

- 5.1. The Applicant shall be fully responsible to operate, maintain, and repair the [PV System] as required to ensure that it complies at all times with the interconnection standards to which it has been certified, and that it is producing electricity in amounts within the system's specifications.

6. Access

- 6.1. Black Hills Energy shall have access to the AC disconnect switch and metering equipment of the [PV System] at all times. Black Hills Energy shall provide reasonable notice to the Customer when possible prior to using its right of access.

7. Disconnection

- 7.1. Black Hills Energy may temporarily disconnect the [PV System] upon the following conditions:
 - 7.1.1. For scheduled outages per notice requirements in Black Hills Energy's tariff or Commission rules.
 - 7.1.2. For unscheduled outages or emergency conditions pursuant to Black Hills Energy's tariff or Commission rules.
 - 7.1.3. If the [PV System] does not operate in the manner consistent with this Agreement.
 - 7.1.4. For the occurrence of any Force Majeure event.
- 7.2. Black Hills Energy shall inform the Customer in advance of any scheduled disconnection, or as is reasonable after an unscheduled disconnection.

8. Solar Renewable Energy Credits

- 8.1. The maximum system size eligible for PBI payments is up to the authorized number of AC Watts set forth in the Reservation. Owner shall receive PBI payments based on the Energy delivered by the [PV System] from the Commercial Operation Date for a period of 120 months. PBI payments will be calculated by multiplying the [PV System]'s measured Energy production, in kilowatt-hours, in each calendar year by the PBI Payment Rate set forth in the Reservation Letter. PBI payments are paid annually sixty days after the end of a calendar year, for the production from the system during such calendar year.
- 8.2. In consideration of the PBI payments payable under this Agreement, Applicant hereby sells to Black Hills Energy and Black Hills Energy hereby purchases all the RECs associated with the renewable Energy delivered by the [PV System] for the term of this Agreement (20 years from the Commercial Operation Date). Applicant acknowledges

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that, rather than establishing PBI payments at a level that would be paid over a 20-year period, Black Hills Energy has established *higher* PBI payments paid over a *shorter* period of time (120 months) to allow for a faster return on Applicant's investment, but that Black Hills Energy shall be entitled to the RECs purchased pursuant to this Agreement for the entire 20-year term of this Agreement. After Black Hills Energy pays the PBI payments to Applicant over the 120-month period, (1) no further PBI payments shall be made, (2) the consideration to be paid by Black Hills Energy for the RECs under this Agreement shall be considered paid in full, and (3) the RECs associated with the remaining 120-month period shall be transferred by Applicant to Black Hills Energy at no charge.

8.3. No PBI payments will be owed unless the [PV System] achieves Commercial Operation within the manner and in the time required by this Agreement.

8.4. QUALIFICATION FOR THE PBI PAYMENTS DOES NOT IMPLY ANY REPRESENTATION OR WARRANTY BY BLACK HILLS ENERGY OF THE DESIGN, INSTALLATION OR OPERATION OF THE PV EQUIPMENT, AND BLACK HILLS ENERGY EXPRESSLY DISCLAIMS ANY AND ALL WARRANTIES OF THE EQUIPMENT AS TO WORKMANSHIP, QUALITY, OR PERFORMANCE, INCLUDING THE FITNESS OF THE EQUIPMENT FOR THE PURPOSE INTENDED.

9. Net Metering

9.1. Renewable Energy Net Metering is available to Black Hills Energy customers that are supplied electric service under any rate schedule and own, operate and maintain an eligible [PV System] interconnected to Black Hills Energy's distribution system.

10. Applicant Representations and Warranties

Applicant covenants, represents, and warrants to Black Hills Energy that:

10.1. Applicant owns the entire output of the [PV System], including all energy and RECs generated by the system and the Applicant has the contractual rights to sell separately all right, title and interest to the RECs associated with the renewable power output.

10.2. Applicant represents that the [PV System] shall be sized to supply no more than 200% of the aggregate reasonably expected average annual consumption of electricity at all Service Addresses listed on Exhibit A to the Reservation Letter. In addition, to the extent the Black Hills Energy customer has another [PV System] at the Service Addresses and/or is a subscriber to Community Solar Gardens ("CSG"), with CSG subscription(s) attributed to the Service Addresses and/or has any other existing retail distributed generation at such premises as defined by CPUC rules, the aggregate amount of solar energy and retail distributed generation received from all systems cannot exceed 200% of the aggregate reasonably expected average annual consumption of electricity at all

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Service Addresses listed on Exhibit A to the Reservation Letter. Applicant also represents that any off-site installations listed on Exhibit A to the Reservation Letter shall be sized at no more than 500 kW (AC) for any off-site, single-meter installation and no more than 300 kW (AC) per meter for any off-site, multi-meter installation.

- 10.3. The RECs sold to Black Hills Energy pursuant to the terms of this Agreement shall vest in Black Hills Energy and Black Hills Energy shall thereupon have the exclusive rights to make all claims as to the environmental attributes of such RECs, including: (i) that such RECs are associated with energy generated by the [PV System] and (ii) the right to report to the CPUC and other agencies and entities as required by law or as necessary to protect Black Hills Energy's rights under this Agreement and to establish that Black Hills Energy has purchased from Applicant and owns such RECs.
- 10.4. With respect to the RECs sold to Black Hills Energy pursuant to the terms of this Agreement, Applicant covenants, represents and warrants to Black Hills Energy that: (i) the [PV System] generating the energy associated with the RECs shall have generated the amount of energy associated with the number of RECs purchased hereunder; (ii) that Applicant shall have (a) sold the RECs exclusively to Black Hills Energy and (b) made no representation, in writing or otherwise, that any third-party received, or has or obtained right to, the RECs that are inconsistent with the rights being acquired by Black Hills Energy hereunder; and (iii) all RECs purchased and sold hereunder, and all right, title and interest to such RECs shall be transferred to Black Hills Energy free and clear of any liens and encumbrances whatsoever upon consummation of such sale.
- 10.5. Applicant has the legal right to install the [PV System] at the Service Address and to maintain and repair the [PV System] for the term of this Agreement.

11. Verification

- 11.1. Applicant shall maintain adequate records to assist Black Hills Energy in complying with: (a) the requirements of any applicable federal or state laws or regulations and (b) the requirements of the CPUC and its rules, regulations and orders. Upon Black Hills Energy's request, Applicant shall provide Black Hills Energy with information in Applicant's possession or control regarding the [PV System] as reasonably necessary for Black Hills Energy to comply with all such requirements. Applicant hereby consents to Black Hills Energy's use of any information described in this Section for the purpose of documenting to a governmental agency and/or independent certification board that Black Hills Energy obtained title to the RECs hereunder.
- 11.2. All [PV System]s must have a separate, dedicated production kilowatt-hour meter installed, at the Applicant's cost, for the purpose of measuring energy production from the [PV System]. This meter must be located near the Customer's electrical service entrance.

12. Audit and Inspection

- 12.1. Black Hills Energy has the right, at its sole expense and during normal working hours, to examine the records of the Applicant to the extent reasonably necessary to verify compliance with this Agreement and to inspect the Service Address site (which must be the same as the Site Address) and the [PV System] pursuant to this Agreement. If requested, the Applicant shall provide to Black Hills Energy statements evidencing the quantities of power delivered at the point of interconnection. If any such examination reveals any inaccuracy in any statement, the necessary adjustments in such statement and the payments thereof will be made promptly.

13. Confidentiality

- 13.1. Each Party shall treat as confidential the terms and conditions of this Agreement, including, but not limited to, the PBI amounts (the “**Confidential Information**”), and shall not disclose Confidential Information to any third party or use it for any purpose not expressly permitted by this Agreement; provided, however, that (i) either Party may disclose Confidential Information to any regulatory or similar agency with jurisdiction over either Party and that (ii) Black Hills Energy may disclose Confidential Information in any regulatory proceeding to the CPUC and any certifying or standard-setting authority or entity. Nothing in this Agreement, or any other agreement between the Parties hereto express or implied, shall be construed as limiting in any way the ability of either Party to consult with any tax adviser regarding the tax treatment or tax structure of this Agreement.

14. Indemnification

- 14.1. Black Hills Energy shall not be responsible or liable for any personal injury or property damage caused by the [PV System] or any individual component equipment of the system. Applicant shall indemnify, defend, and hold Black Hills Energy, its employees, agents, successors, assigns, subsidiaries and affiliates harmless against any and all claims, demands, liens, lawsuits, judgments or actions of whatsoever nature that may be brought on account of the installation, maintenance, operation, performance, repair, or replacement of the [PV System] or any component equipment of the system.

15. Insurance

- 15.1. The Applicant, at its own expense, shall secure and maintain in effect during the term of the Agreement, liability insurance as follows.

A) For a non-inverter-based [PV System]:

- (i) Three million dollars (\$3,000,000) or greater for each occurrence if the Gross Nameplate Rating is greater than 5 MW.
- (iii) Two million dollars (\$2,000,000) or greater for each occurrence if the Gross

Nameplate Rating is greater than 2 MW up to and including 5 MW.

(iv) One million dollars (\$1,000,000) for each occurrence if the Gross Nameplate Rating is greater than 500 kW up to and including 2 MW.

(v) Five hundred thousand dollars (\$500,000) for each occurrence if the Gross Nameplate Rating is greater than 50 kW up to and including 500 kW.

(iv) No additional insurance is required for each occurrence if the Gross Nameplate Rating is 50 kW or less.

B) For an inverter-based [PV System]:

(i) Two million dollars (\$2,000,000) or greater for each occurrence if the Gross Nameplate Rating is greater than 5 MW.

(ii) One million dollars (\$1,000,000) or greater for each occurrence if the Gross Nameplate is greater than 1 MW up to and including 5 MW.

(iii) Nameplate Rating <1 MW no additional insurance is required

Liability insurance shall not exclude coverage for any incident related to the subject generator or its operation.

15.2. Black Hills Energy shall be named as an additional insured by endorsement to the insurance policy and the policy shall provide that written notice be given to the Black Hills Energy at least thirty (30) days prior to any cancellation or reduction of any coverage. Such liability insurance shall provide, by endorsement to the policy, that Black Hills Energy shall not by reason of its inclusion as an additional insured incur liability to the insurance carrier for the payment of premium of such insurance. For all solar systems, the liability insurance shall not exclude coverage for any incident related to the subject generator or its operation.

15.3. Certificates of Insurance evidencing the requisite coverage and provision(s) shall be furnished to Black Hills Energy prior to Date of Interconnection of the Generation System. A copy of any renewals shall be sent to Black Hills Energy's Authorized Operating Representative so that Black Hills Energy is always in possession of a current Certificate of Insurance. Applicant will not be allowed to commence or continue interconnected operations unless evidence is provided that satisfactory insurance coverage is in effect at all times.

15.4. Applicant will cause each contractor employed by Applicant to purchase and maintain insurance of the type specified above, but which should also include completed operations coverage for two years after initial installation of equipment. When requested by Black Hills Energy, Applicant will furnish copies of certificates of insurance evidencing coverage for each contractor. Failure by Applicant to require each contractor

to purchase and maintain insurance of the type specified does not relieve any of Applicants obligations under this agreement. Insurance maintained by contractor and any subcontractors shall include Black Hills Energy as an additional insured on their liability policies.

16. Limitation of Liability

- 16.1. **Each party's liability to the other party for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either party be liable to the other party for any indirect, incidental, special, consequential, or punitive damages of any kind whatsoever, except as allowed under the Indemnification section of this Agreement.**

17. Term and Termination

- 17.1. The term of this Agreement shall commence on the Effective Date and shall continue for a term of twenty years from the Commercial Operation Date.

- 17.2. This Agreement may be terminated under the following conditions:

17.2.1. By the Applicant: by providing written notice to Black Hills Energy prior to the Commercial Operation Date, no PBI payments will be owed to Applicant in the event of such termination.

17.2.2. By Black Hills Energy: if (1) the [PV System] is not substantially completed on time as provided in this Agreement, (2) the [PV System] fails to operate for any consecutive 12 month period, (3) the Applicant fails to remedy a violation of these Terms and Conditions, (4) the [PV System] is no longer located within the Black Hills Energy service territory, (5) the Customer is no longer a retail electric customer of Black Hills Energy, (6) the ownership of a Service Address is transferred and the subsequent owner fails to agree to be bound by the terms of this Agreement. In the event of any such termination, no PBI payments shall be owed by Black Hills Energy after the date of such termination; or (7) a Force Majeure event persists for longer than 30 days.

17.2.3. Permanent Disconnection: in the event this Agreement is terminated, Black Hills Energy shall have the right to disconnect its facilities from the [PV System] or direct the Applicant to disconnect its [PV System].

18. Survival Rights

- 18.1. This Agreement shall continue in effect after termination to the extent necessary to allow or require either Party to fulfill rights or obligations that arose under the Agreement prior to such termination.

19. Miscellaneous

- 19.1. Documentation on Future Exchange. In the event that a regulatory requirement is imposed or enacted after the Effective Date, pursuant to which regulatory requirement the transfer of any of the RECs purchased hereunder is required to be documented or recorded on an exchange or trading system, then the Applicant and Black Hills Energy shall work together in good faith and take such actions as may be reasonably necessary to transfer, and record the transfer of, such RECs from Applicant to Black Hills Energy on such exchange or trading system. Such regulatory requirements shall include, but are not limited to, any federal or state statute, regulation, order or other requirement of any governmental, regulatory, or exchange or trading system authority, or other effects or occurrences related to market changes on such exchanges or trading systems as may be in place after the Effective Date of this Agreement.
- 19.2. Notices. All notices, demands or consents required or permitted under this Agreement will be in writing and will be sent by facsimile, certified mail return receipt requested, by hand delivery, or nationally recognized overnight courier to the respective Parties at the addresses set forth above.
- 19.3. Right to Transfer. Black Hills Energy shall have the right to sell or otherwise transfer to a third party, any or all of the RECs purchased from Applicant.
- 19.4. Counterparts. This Agreement may be executed in counterparts, each of which taken together shall constitute a single agreement.
- 19.5. Assignment. Neither Party may assign or transfer this Agreement or any of its rights or obligations under this Agreement without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed; *provided, however*, that either Party may assign this Agreement, without the consent of the other Party, to (a) any Affiliate of the assigning Party, (b) any entity in which or with which the assigning Party is merged or consolidated, (c) any entity acquiring all or a substantial part of the assets of the assigning Party, or (d) any entity to which the Assigning Party has assigned, transferred or pledged rights or interests under this Agreement for mortgage or otherwise as security for indebtedness. Notwithstanding the above, this Agreement shall be deemed assigned by Customer to the subsequent purchaser of a Service Address upon the acceptance of this Agreement by such subsequent purchaser.

- 19.6. Entire Agreement. This Agreement and the Reservation Letter and the Attachments to the Reservation Letter contain the entire agreement of the Parties relating to the subject matter hereof, and supersedes any and all prior agreements, written or oral, between them relating to the subject matter hereof. This Agreement cannot be extended, modified or amended unless agreed to in writing by each party. This Agreement is subject to the tariff of Black Hills Energy on file with the CPUC and to any Orders of the CPUC pertaining to the Black Hills Energy solar program. In the event of any conflict between the terms of this Agreement and Black Hills Energy's tariff, the provisions of the tariff shall control.
- 19.7. Governing Law and Regulatory Changes. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Colorado. This Agreement is subject to the applicable terms and conditions of Black Hills' approved tariffs on file with the CPUC. To the extent the CPUC promulgates rules or regulations that conflict with this Agreement, issues a decision that conflicts with this Agreement, or approves tariffs that impact or conflict with this Agreement, the terms and conditions of such rules, regulations, orders, and tariffs shall control.
- 19.8. Execution. Execution of the Acceptance attached as Exhibit A to the Reservation Letter constitutes execution of this Agreement.

Appendix C

ICS Facility Application

Inclusive Community Solar Facility Application
ICS Subscriber Agency Agreement
ICS Form F

Black Hills Energy Colorado Electric, LLC d/b/a Black Hills Energy

2026 Inclusive Community Solar (ICS) Facility Application

ICS PRODUCER

ICS Producer Name:

Street:

City:

State:

Zip Code:

ICS Producer Colorado
Certificate of Good Standing:

Yes/No

ICS Producer represents and warrants that it has full authority to act as an authorized agent for the PV System Owner (if different) in completing and submitting this Application: Yes/No

PRIMARY APPLICATION MANAGER

First Name:

Last Name:

Title:

Primary Phone:

Secondary Phone:

Email:

PV SYSTEM OWNER

Same as ICS Producer:* Yes/No

*even if "yes," remainder of this section must be completed

PV System Owner Name:

Street:

City:

State:

Zip Code:

Contact Name:

Title:

Primary Phone:

Secondary Phone:

Email:

PV System Owner Colorado
Certificate of Good Standing:

Yes/No

ICS INFORMATION

Street:	
City:	
State:	
County:	
Zip Code:	
GEO Location (Coordinates):	
ICS Name:	
Total ICS System Capacity (kW AC):	
REC Price (\$/kWh):	\$0.00/kWh
New and Original Equipment **	Yes/No

** New and original equipment must be UL approved and meet IEEE and other applicable standards; application will be disqualified and will not be considered if the answer to this question is “no”)

Estimated Completion Date***	
-------------------------------------	--

*** Completion date must be no later than 24 months from date the ICS Producer Agreement is signed

Application Submittal:

By submitting this Application, the ICS Producer, on its own behalf and on behalf of the PV System Owner, if different, certifies that:

- (a) the information contained in this Application is true, complete, and accurate to the best of its knowledge;
- (b) the proposed Inclusive Community Solar Facility ("ICS") is eligible for participation under applicable Colorado law, including § 40-2-127.2, C.R.S., applicable Public Utilities Commission rules, Black Hills Energy's tariffs, and all applicable interconnection requirements;
- (c) the ICS Producer will timely comply with all requirements of the Application, interconnection, and subscription processes, including requests for additional information, studies, deposits, financial security, and documentation required by Black Hills Energy;
- (d) the request for Nameplate Capacity shall not be deemed accepted, reserved, or granted queue position until all required Application materials have been submitted, reviewed, and accepted by Black Hills Energy in accordance with applicable tariffs, interconnection procedures, and program requirements; and
- (e) the ICS Producer acknowledges that interconnection studies, engineering reviews, upgrade assessments, and related interconnection activities may be performed by Black Hills Energy and/or qualified third-party contractors approved by Black Hills Energy, consistent with applicable law and utility procedures.

The required Application materials shall include documentation that demonstrates site control, that the Applicant has received all applicable non-ministerial permits, and has an executed interconnection agreement with the relevant utility. The required application material shall include proof of the completed application fee, Site Plan, Single-Line Diagram, evidence of site control, financial security instruments and any additional information reasonably required by Black Hills Energy to evaluate program eligibility, interconnection feasibility, system impacts, or required upgrades. Documentation shall be provided within the timeframe specified by Black Hills Energy.



Black Hills Energy

SUBSCRIBER AGENCY AGREEMENT

FOR BLACK HILLS ENERGY INCLUSIVE COMMUNITY SOLAR FACILITY SERVICE

Subscriber Name: _____

Subscriber Retail Customer Account No.: _____

Subscriber Meter No.: _____

Subscriber Service Address: _____

Subscriber E-mail Address: _____

Subscriber Mailing Address: _____

Subscriber Telephone No: _____ (Primary) _____ (Alt.)

Subscriber Organization Name: _____

Solar Facility ID No: _____

Name and Location of Solar Facility: _____

Subscriber's Initial Subscription Share (in Watts or kilowatts ["kW"]): ____ Watts [kW]

The undersigned Subscriber hereby authorizes _____
Facility Subscriber Organization and Subscriber Organization hereby accepts the responsibility,
to act as the Subscriber's agent for purposes of selling to Black Hills Colorado Electric, LLC
d/b/a/ Black Hills Energy ("Black Hills Energy" or "Company") all of Subscriber's beneficial

interest in the Photovoltaic Energy and associated Renewable Energy Credits (“RECs”)¹ produced by, and delivered to Black Hills Energy from, the ICS Photovoltaic Energy System (“ICS PV System”) identified above, including full authority for the Subscriber Organization (“SO”) to enter into a long-term contract on behalf of the Subscriber for such sale and to administer such contract, all pursuant to Black Hills Energy’s Inclusive Community Solar Facility Program and the Company’s Inclusive Community Solar Facility Service Tariff, found in its Electric Tariff (“ICS Tariff”).

1. Duties of ICS SO Generally. The ICS SO shall be responsible for issuing and managing the subscriptions of all Subscribers in the PV System and for selling to Black Hills Energy the subscribed and unsubscribed portions of the Photovoltaic Energy and associated Renewable Energy Credits generated by the ICS PV System and delivered to Black Hills Energy at the Production Meter located at the ICS PV System site. ICS Subscriber acknowledges that the ICS SO will retain the associated Renewable Energy Credits produced by the ICS PV System and will sell the associated Renewable Energy Credits separately to Black Hills Energy. In performing such functions, ICS SO shall be solely responsible for communicating directly to Black Hills Energy ICS Subscriber’s information concerning its subscription in the ICS PV System, including its beneficial interest in the Photovoltaic Energy produced by the ICS PV System. ICS Subscriber also acknowledges that Black Hills Energy shall exclusively rely on such information as regularly and timely communicated from the ICS SO for the purpose of calculating the ICS Credit that will be applied by Black Hills Energy and reflected on ICS Subscriber’s subsequent electric service bills as compensation for Black Hills Energy’s receipt of ICS Subscriber’s share of the Photovoltaic Energy produced by the ICS PV System, in accordance with the ICS Tariff.

2. Adjustments of Prior Period ICS Bill Credits. To the extent the subscription information communicated by ICS SO to Black Hills Energy and used by Black Hills Energy for purposes of calculating the ICS Credit applied on ICS Subscriber’s electric service bill was incorrect, ICS SO shall be responsible for processing all corrections or other adjustments of ICS Credits previously applied by Black Hills Energy to ICS Subscriber’s electric service bills and to collect any overpayments and remit any underpayments for all such ICS Credits, as necessary, among ICS Subscriber and other ICS Subscribers owning subscriptions in the ICS PV System. ICS Subscriber acknowledges and agrees that any such corrections in amounts previously applied by Black Hills Energy as an ICS Credit on any of ICS Subscriber’s electric service bills for prior periods shall be administered exclusively by ICS SO, and that Black Hills Energy shall not be required to increase or reduce any ICS Credit previously applied to ICS Subscriber’s electric service bill in any prior period to the extent such corrections are the result of incorrect subscription information for the ICS PV System communicated to Black Hills Energy by ICS SO. In connection with ICS SO’s execution of its responsibilities to process any such adjustments to ICS Credits previously applied by Black Hills Energy with respect to the ICS PV System, ICS Subscriber hereby authorizes Black Hills Energy to disclose and release to ICS SO any and all information reflected on ICS Subscriber’s bills for retail electric service for all relevant periods, as may be necessary for ICS SO to fully and properly administer such prior period adjustments among all ICS Subscribers in the ICS PV System.

¹ “Renewable Energy Credit” or “REC” shall have the meaning set forth in Rule 3652(bb), 4 *Code of Colorado Regulations* 723-3.

3. Limitation of Agency. This Agency Agreement shall only serve to authorize the SO to act as the Subscriber's agent with respect to the Subscriber's beneficial interest in the Photovoltaic Energy produced by the PV System and delivered to Black Hills Energy to the extent that the Subscriber's subscription continues from time-to-time to qualify as a valid subscription in the Facility PV System in accordance with C.R.S. § 40-20-127.2, the effective rules and regulations promulgated thereunder by the Commission, and the ICS Tariff.

4. Term of Agency and Termination.

(a) This Agency Agreement shall become effective upon its execution by both the Subscriber and SO and shall continue in effect for so long as a valid and existing contract between Black Hills Energy and SO for the purchase and sale of such Photovoltaic Energy and the associated RECs shall continue in effect.

(b) This Agency Agreement may be terminated by either SO or Subscriber upon Black Hills Energy's receipt of notice that the Subscriber's subscription in the ICS PV System has been terminated or transferred in its entirety, or that Subscriber no longer holds an interest in the beneficial use of the Photovoltaic Energy produced by the ICS PV System.

(c) This Agency Agreement shall automatically terminate upon: (i) the effective date of the termination of the contract between the SO and Black Hills Energy for the purchase and sale of Photovoltaic Energy and associated Renewable Energy Credits generated by the ICS PV System; or (ii) in the event of an effective assignment by the SO of such contract, where Black Hills Energy has consented to such assignment in writing, the effective date of a replacement agency agreement between Subscriber and the new owner or subscriber organization of the ICS PV System that has taken assignment of such contract from the SO.

5. Representation and Acknowledgement. By executing this Subscriber Agency Agreement, Subscriber represents and warrants that the information stated herein is true and correct to the best of Subscriber's knowledge and belief and that Subscriber has signed up for the stated subscription share size in the PV System through the ICS SO.

6. Consent to Disclose Account Information. The Subscriber shall provide to Black Hills Energy a completed and signed "Consent to Disclose Utility Customer Data" form granting consent for Black Hills Energy to share information regarding the Subscriber's past and present electric usage at the Service Address(es) identified above in order for the SO independently to verify the extent of Subscriber's eligibility to hold a subscription in the ICS PV System pursuant to C.R.S. § 40-20-127.2, the effective rules and regulations promulgated thereunder by the Commission, and the ICS Tariff. The Consent to Disclose Utility Customer Data form shall be that form posted from time to time on the Black Hills Energy website or the website of the Commission.

IN WITNESS WHEREOF, this Subscriber Agency Agreement was duly executed by the undersigned authorized representatives of ICS Subscriber and ICS SO.

ICS SUBSCRIBER

ICS SUBSCRIBER ORGANIZATION

By _____
Title: _____
Date: _____

By _____
Title: _____
Date: _____

Form F

Level 2 Renewable Energy System Review

Customer Information	
Rating (DC Watts)	
Inverter (single phase) (three phase)	
Inverter model number	
Main entrance voltage	
Main entrance voltage configuration	
Main entrance size (A)	
Address/Location	
Include map/sketch of Black Hills Energy primary (>600V) system relative to customer RENEWABLE ENERGY SYSTEM	

Attach Site plan view showing Renewable Energy System relative to Black Hills Energy power lines

AC output of Renewable Energy system (kW)
Magnitude and duration of fault current generated by system
Seconds: _____
Amps: _____
Voltage generated at: _____ VOLTS
Type of interconnection to utility
Other customers served from same secondary system? Yes___ No___
Commercial businesses served with three phase conductors shall have a 3-phase inverter interconnected to Black Hills. 3 single phase inverters are not an acceptable substitute.

Appendix D

Storage and Distributed Energy Incentive Program

Interconnection and Incentive Agreement

Exhibit A – Acceptance

Exhibit B - Certificate of Completion

Exhibit C - Black Hills Energy On-Site Solar PV Program Agreement (Customer-Owned)

**INTERCONNECTION AND INCENTIVE AGREEMENT FOR CUSTOMER-OWNED, GRID-
CONNECTED, ON-SITE SOLAR PHOTOVOLTAIC AND/OR BATTERY ENERGY STORAGE
SYSTEMS WITH NET METERING SERVICE**

This Agreement is for participation in the Storage and Distributed Energy Incentive Program. Eligible systems may receive a one-time incentive payment on qualifying installed system capacity and the applicable incentive category and size tier in effect at the time of application approval.

Application Date:

Reservation Number:

Customer:

Address:

Account Number:

Project Size:

In consideration of the incentive payment, the Customer agrees to transfer to the Company all Renewable Energy Credits (RECs) associated with the system's generation for a period of ten (10) years following the incentive rebate payment date. Incentive funding is provided on a first-come, first-served basis, is subject to program funding availability, and requires compliance with all applicable program requirements.

Your reservation is valid for a period of 12 months. To receive the reserved incentive, the Customer's energy storage and/or solar system must demonstrate substantial completion within the reservation period. If the reservation expires and no extension has been granted, the Customer may submit a new application, which will be subject to incentive availability, program requirements, and incentive levels in effect at the time of the new application.

To be eligible for the incentive payment: (i) the system must be substantially completed within the required timeframe; (ii) the Customer must obtain all permits and approvals required for the installation and operation of the system; (iii) the system, including any interconnection facilities, must be inspected and approved by all governmental authorities having jurisdiction; (iv) the system must pass the Company's inspection and interconnection requirements; and (v) the system must be constructed and installed in compliance with all applicable laws, rules, regulations, and program requirements.

Upon verification that all eligibility requirements have been satisfied, the Company will issue the approved incentive payment.

IQ/DI Program Offering

Storage Size (kWh)	Storage Incentive	Solar Size (kW)	Solar Incentive
5 - 10	\$2,500	0.5 – 5	\$700
>10 - 15	\$4,000	>5 – 15	\$1,200
>15 - 30	\$6,000	>15 – 25	\$2,000
>30 - 50	\$7,000		
>50 – 60	\$8,000		

Standard Program Offering

Storage Size (kWh)	Storage Incentive	Solar Size (kW)	Solar Incentive
5 - 10	\$1,250	0.5 – 5	\$350
>10 - 15	\$2,000	>5 – 15	\$600
>15 - 30	\$3,000	>15 – 25	\$1,000
>30 - 50	\$3,500		
>50 – 60	\$4,000		

Large Standard Program Offering

Storage Size (kWh)	Storage Incentive	Solar Size (kW / MW)	Solar Incentive
50-150	\$8,000	25 – 100	\$3,000
>150 - 500	\$10,000	>100 – 1MW	\$4,500
>500 – 1,500	\$20,000	1 MW	\$6,000

There are three documents included in this packet. Please follow the instructions below for each:

1.Reservation Letter and Acceptance: Please sign the Acceptance section of this letter (Exhibit A). You and Black Hills Energy agree that an e-signature or pdf copy of a signature will be deemed original and binding.

2.Black Hills Energy (Customer-Owned) Storage and Distributed Energy Incentive Program : The detailed terms and conditions governing your participation in the Storage and Distributed Energy Incentive Program are contained in the attached (Exhibit D) Please review the Agreement carefully before signing the Acceptance. Your execution of the

Acceptance section of this Reservation Letter constitutes your execution and acceptance of the Black Hills Energy Storage and Distributed Energy Incentive Program Storage and Distributed energy incentive program Agreement and all applicable program requirements.

3.Certificate of Completion: A Certificate of Completion (Exhibit C) is provided in this set of documents. After receipt of your Certificate of Completion, Black Hills Energy may schedule an inspection to ensure that the program's requirements are met. If the System is not complete or does not meet the program's requirements, Black Hills Energy will provide a list of deficiencies that must be corrected before any program incentives are granted.

Please be sure to keep copies of any documents sent to Black Hills Energy for future reference.

Sincerely,

Mary Carrillo,

Renewable Energy Program Manager

Attachments:

Exhibit A – Acceptance

Exhibit B - Certificate of Completion

Exhibit C - Black Hills Energy On-Site Solar PV Program Agreement (Customer-Owned)

EXHIBIT A ACCEPTANCE

**BLACK HILLS ENERGY RENEWABLE ENERGY STANDARD INCENTIVE PROGRAM
RESERVATION FOR ON-SITE SOLAR PHOTOVOLTAIC AND/OR BATTERY ENERGY
STORAGE SYSTEMS WITH NET METERING SERVICE**

As a qualified Black Hills Energy customer, I have read, understand, and agree to the terms and conditions set forth in the Black Hills Energy Renewable Energy Standard (RES) Incentive Program Agreement and its attachments.

Customer Signature:

Customer/Business Name (please print):

Date:

EXHIBIT B Certificate of Completion

Item Completed

Initial

_____ The System is Constructed and Installed in Compliance with All
Applicable Laws, Rules and Regulations, System is Ready for Net Metering.

_____ System Hardware/Orientation Matches Original Design

_____ Municipal/County Electrical Inspection Complete

_____ Municipal/County Building or Structural Inspection Complete

I/We hereby certify that the energy storage and/or solar system identified in this application is complete, complies with all applicable local building, electrical, fire, and safety codes, has been installed in accordance with all applicable laws, regulations, tariffs, and program requirements, and is capable of operating as designed. I/We further agree to maintain the System in good working order and to comply with the requirements of the Black Hills Energy Renewable Energy Standard (RES) Incentive Program Agreement, including any obligations related to the transfer of Renewable Energy Credits (RECs). The undersigned, as Owner/Applicant for an incentive payment under Black Hills Energy's Renewable Energy Standard (RES) Incentive Program, understands and agrees that payment of any incentive is conditioned upon the Owner/Applicant satisfying all program eligibility requirements and providing all information and documentation reasonably required by Black Hills Energy to verify compliance with applicable laws, regulations, interconnection requirements, and program rules. Such documentation may include the name and certification number of each certified energy practitioner or the license number of each master electrician, journeyman electrician, or residential wireman required under applicable law. Prior to Black Hills Energy's final inspection and authorization to operate, the Customer or contractor may energize and interconnect the System with Black Hills Energy's electric distribution system solely for testing and commissioning purposes, as permitted by applicable interconnection requirements. Permanent operation and final interconnection are not permitted until Black Hills Energy has completed its review and provided authorization to operate. As a condition of receiving the incentive payment, I/We acknowledge and agree that all Renewable Energy Credits (RECs) associated with the System's generation shall be transferred to Black Hills Energy for a period of ten (10) years following the date the incentive payment is issued, as provided in the RES Incentive Program Agreement.

Owner's Signature:

Date:

Installer's Signature:

Date:

Name and certification or license number, as applicable, of each certified energy practitioner(s) (as designated by the North American board of certified energy practitioners), licensed master electrician, licensed journeyman electrician or licensed residential wireman (as defined in §12-23-101, C.R.S.) who actually provided on-site supervision as required by §40-2-128(1)(a), C.R.S., or was present to maintain the three-to-one ratio required by §40-2-128(1), C.R.S.:

Name:	Number/License:
-------	-----------------

Name:	Number/License:
-------	-----------------

Name:	Number/License:
-------	-----------------

Exhibit C

Black Hills Energy Renewable Energy Standard (RES) Incentive Program Agreement Customer-Owned Energy Storage and/or Solar Systems

For Eligible Systems Submitted Under the Applicable RES Compliance Plan and Program Requirements This Renewable Energy Standard (RES) Incentive Program Agreement ("Agreement"), dated _____ (the "Effective Date"), is entered into by and between Black Hills Colorado Electric, LLC d/b/a Black Hills Energy, a Delaware limited partnership with a business office at 105 South Victoria Avenue, Pueblo, Colorado 81003 ("Black Hills Energy"), and _____ ("Owner"), a customer of Black Hills Energy with a mailing address of _____. Owner and Black Hills Energy are referred to collectively as the "Parties" and individually as a "Party." This Agreement establishes the terms and conditions under which Owner will participate in Black Hills Energy's Renewable Energy Standard (RES) Incentive Program for an eligible customer-owned solar photovoltaic and/or energy storage system. Incentive eligibility, reservation amounts, and incentive payments are subject to the applicable RES Compliance Plan, program requirements, funding availability, and the terms of this Agreement.

Recitals

WHEREAS, Black Hills Energy is a public utility engaged in the retail and wholesale sale of electricity in the State of Colorado and desires to purchase the renewable energy credits as defined in the Electric Rules of the Colorado Public Utilities Commission ("RECs") associated with the photovoltaic generation of electricity (the "SO-RECs"); and

WHEREAS, Owner desires to install an eligible customer-owned energy storage and/or solar photovoltaic system (the "System") and participate in Black Hills Energy's Renewable Energy Standard ("RES") Incentive Program, and the System is capable of interconnecting and operating in parallel with Black Hills Energy's electric distribution system; and WHEREAS, pursuant to §40-2-124, Colorado Revised Statutes, the Renewable Energy Standard rules of the Colorado Public Utilities Commission, and Black Hills Energy's approved Renewable Energy Standard Compliance Plan (collectively, the "RES Requirements"), Black Hills Energy administers incentive programs designed to encourage the development of eligible distributed renewable energy and energy storage resources and acquire the associated Renewable Energy Credits ("RECs") necessary to support compliance with applicable RES Requirements; and WHEREAS, as a condition of receiving an incentive payment under the RES Incentive Program, Owner agrees to transfer to Black Hills Energy the RECs associated with the System for the period specified in this

Agreement; NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the Parties agree as follows:

Agreement

NOW, THEREFORE, in consideration of the mutual covenants and promises herein and Exhibits attached hereto, the Parties mutually agree as follows:

1. Definitions

In addition to other capitalized terms set forth elsewhere herein and the terms of this Section 1, the defined terms of the RES shall also be included by reference.

“Certificate of Completion” means Exhibit C to the Reservation Letter.

“Commercial Operation Date” means the date when all of the following conditions have been met: (i) the storage and/or PV System is substantially completed on time; (ii) all permits necessary to authorize the production and delivery of energy from the storage and/or PV System have been obtained; (iii) the storage and/or PV System, including any interconnection facilities, have been inspected and approved by the appropriate governmental authorities having jurisdiction; (iv) the storage and/or PV System has passed Black Hills Energy’s inspection; and (v) the storage and/or PV System has been constructed and installed in compliance with all applicable laws, rules and regulations including, but not limited to, C.R.S. §40-2-128.

“DC Watt” shall mean the instantaneous direct current power output nameplate rating as determined by a nationally accepted testing organization.

“Energy” means physical electric energy, expressed in kilowatt hours of the character commonly known as sixty-hertz alternating current electric energy.

“Energy and System Operation” The output and operation of the System may be measured, monitored, or verified through utility meter data, inverter monitoring systems, battery monitoring systems, manufacturer monitoring platforms, third-party monitoring services, or other methods approved by Black Hills Energy. The Owner shall provide reasonable access to such information as necessary to administer the Program and verify Renewable Energy Credits (RECs) and other environmental attributes associated with the System.

“Force Majeure” means physical or governmental causes of the kind not reasonably within the control of the Party claiming suspension and which by the exercise of due diligence such Party could not have prevented or is unable to overcome. Such causes shall

include strikes, labor difficulties, shutdowns in anticipation of strikes, accidents, equipment breakdown, riots, fire, flood, wars, delays or interruptions in transportation, materially disruptive actions or failure to act of any government or government agency (whether or not having legal force and effect including, without limitation, any Court order or any environmental compliance order or notice) or any other disabling cause or contingency not reasonably within the control of the Party claiming such event, whether of the nature or subject matter herein enumerated. Economic hardship shall not constitute Force Majeure.

“PUC” means the Public Utilities Commission of the State of Colorado.

“Renewable Energy Credits” or “REC” shall have the meaning set forth in the RES

“Reservation Letter” means the written reservation offered by Black Hills energy and accepted by Owner, which Reservation Letter is incorporated into this Agreement by reference.

“Storage and/or Solar On-Site Renewable Energy Credit” or “SO-REC” means a REC created by an On-Site Storage and/or Solar System as defined in the RES

2. Interconnection Standards

2.1 All equipment associated with the System, including solar photovoltaic (PV) systems, battery energy storage systems (BESS), inverters, converters, controllers, and associated interconnection equipment, shall be certified and listed in accordance with applicable industry standards, including but not limited to:

2.1.1 IEEE Std 1547, Standard for Interconnection and Interoperability of Distributed Energy Resources with Associated Electric Power Systems Interfaces, including applicable testing requirements under IEEE Std 1547.1.

2.1.2 UL 1741, Inverters, Converters, Controllers and Interconnection System Equipment for Use with Distributed Energy Resources, including any applicable supplements or successor standards.

2.1.3 UL 1703, Flat-Plate Photovoltaic Modules and Panels, or any successor standard applicable to photovoltaic modules.

2.1.4 UL 9540, Energy Storage Systems and Equipment, or any successor standard applicable to battery energy storage systems.

2.1.5 Any other applicable federal, state, local, utility, industry, safety, certification, or testing standards required by Black Hills Energy or the Authority Having Jurisdiction.

2.2 The Owner certifies that the intended use of the equipment falls within the use or uses for which the equipment was tested, certified, listed, and labeled.

2.3 Certified equipment shall not require further type-test review, testing, or additional equipment to meet interconnection requirements; however, nothing herein shall preclude the need for on-site commissioning tests, inspections, operational verification, or follow-up testing by Black Hills Energy or any applicable certifying authority.

2.4 If the certified equipment package includes only interface components, including switchgear, inverters, converters, controllers, battery management systems, or other interconnection devices, the Owner must demonstrate that the generating facility, battery energy storage system, or other electric source utilized with the equipment package is compatible with the equipment package and consistent with the testing, certification, listing, and labeling applicable to such equipment.

2.5 Provided that the generating facility, battery energy storage system, or other electric source, when combined with the equipment package, is within the range of capabilities for which it was tested and certified and does not violate the interface components' labeling or listing, no further design review, testing, or additional equipment on the customer side of the Point of Common Coupling shall be required to meet the requirements of these interconnection procedures.

2.6 An equipment package does not include equipment provided by Black Hills Energy.

3. Equipment and Installation Requirements

3.1. The Owner may proceed to construct the Storage and/or PV System when Black Hills Energy approves the Owner's application and receives the fully executed Acceptance attached as Exhibit A to the Reservation Letter

3.2. All equipment must be installed in accordance with NFPA 70 (2005), National Electrical Code, must comply with all local building construction and electrical code requirements, and must meet any other applicable codes, standards, and regulatory requirements.

NFPA 70 (National Electrical Code), including all applicable provisions related to distributed energy resources and energy storage systems

NFPA 855, Standard for the Installation of Stationary Energy Storage Systems, or any successor standard applicable to battery energy storage systems.

3.3. Owner must provide an accessible, visible disconnect switch labeled “Solar Power System Disconnect.” The purpose of this switch is to allow isolation of the Owner’s PV System from Black Hills Energy’s system for maintenance, emergencies and testing. Disconnect switch must be located near the Owner’s electrical service entrance.

A visible, lockable AC disconnect switch shall be provided when required by Black Hills Energy. Battery energy storage systems must also include disconnecting means and safety equipment meeting all applicable codes, standards, and utility requirements.

3.4 Owner certifies that all equipment and materials are new and unused and are protected equipment warranties of not less than 20 years for PV modules, 10 Years for Battery storage, 5 years for power conversion equipment, and 5 years for installation and labor.

3.5. Owner certifies that the PV System is installed permanently and will not be removed for the duration of its useful life.

4. Interconnection and Operation

4.1. The Owner may operate the Storage and/or PV System and interconnect with Black Hills Energy’s electric system once the following have occurred:

4.1.1. Upon completing construction, the Owner will cause the Storage and/or PV System to be inspected or otherwise certified by the appropriate local building and electrical inspectors with jurisdiction;

4.1.2. The Owner returns the Certificate of Completion to Black Hills Energy; and

4.1.3. Black Hills Energy has completed its inspection of the Storage and/or PV System at its own expense, within 30 Business Days after receipt of the Certificate of Completion and all required documents. At Black Hills Energy’s option, a desk review may be conducted in which digital photos will be required to be provided by the installer, showing all the major system components. Black Hills Energy also reserves the right to conduct an on-site inspection which shall take place at a time agreeable to the Parties. Black Hills Energy shall provide a written statement that the Storage and/or PV System has passed inspection or shall notify the Owner of what steps it must take to pass inspection as soon as practicable after the inspection takes place.

4.1.4. Black Hills Energy has the right to disconnect the Battery and/or PV System in the event of improper installation or failure to return the Certificate of Completion or other required documents.

4.1.5. Black Hills Energy will determine if improvements to Black Hills Energy's system are necessary to accommodate the installation of the Storage and/or PV System. If such improvements are necessary, the Owner must pay for any required improvements to Black Hills Energy's system caused by the installation of the Storage and/or PV System prior to the improvements being made.

5.1 Safe Operations and Maintenance

5.1. The Owner shall be fully responsible to operate, maintain, and repair the Storage and/or PV System as required to ensure that it complies at all times with the interconnection standards to which it has been certified, and that it is producing electricity in amounts within the system's specifications.

6. Access

6.1. Black Hills Energy shall have access to the AC disconnect switch and metering equipment of the Storage and/or PV System at all times. Black Hills Energy shall provide reasonable notice to the Customer when possible prior to using its right of access.

7. Disconnection

7. 1. Black Hills Energy may temporarily disconnect the Storage and/or PV System upon the following conditions:

7.1.1. For scheduled outages per notice requirements in Black Hills Energy's tariff or Commission rules.

7.1.2. For unscheduled outages or emergency conditions pursuant to Black Hills Energy's tariff or Commission rules

7.1.3. If the Storage and/or PV System does not operate in the manner consistent with this Agreement.

7.2. Black Hills Energy shall inform the Customer in advance of any scheduled disconnection, or as is reasonable after an unscheduled disconnection.

8. Solar Renewable Energy Credits

8.1. For Systems participating under this Agreement, the maximum system size eligible for an incentive payment shall be the approved system capacity set forth in the Reservation Letter and defined as the "System Size." Incentive eligibility and funding shall be based on the approved System Size, applicable incentive category, and incentive rate identified in the Reservation Letter and program requirements in effect at the time of application approval. The incentive provided under this Agreement is a one-time payment and is not based on

the System's ongoing energy production. Following Commercial Operation, successful completion of all required inspections, satisfaction of all interconnection and program requirements, and submission of all required documentation, Black Hills Energy will verify the installed System Size and determine the final eligible incentive amount. Black Hills Energy will issue the approved incentive payment after verification that all program requirements have been met. If the installed System Size differs from the capacity approved in the Reservation Letter, the incentive amount may be adjusted based on the final verified System Size and applicable program requirements. As a condition of receiving the incentive payment, Owner agrees to transfer to Black Hills Energy all Renewable Energy Credits (RECs) associated with the System's generation for a period of ten (10) years following the date the incentive payment is issued, as further provided in this Agreement.

8.2. In consideration of the incentive payment provided under this Agreement, Owner hereby sells, assigns, and transfers to Black Hills Energy, and Black Hills Energy hereby purchases, all Renewable Energy Credits (RECs) associated with the energy generated by the System for a period of ten (10) years following the date the incentive payment is issued. Owner acknowledges and agrees that the incentive provided under this Agreement is a one-time upfront payment made in exchange for, among other things, the transfer of such RECs to Black Hills Energy. During the ten (10) year REC transfer period, Owner shall take all actions reasonably necessary to enable Black Hills Energy to verify, track, register, claim, and retire the RECs associated with the System's generation. Owner shall not sell, assign, transfer, claim, or otherwise encumber any RECs subject to this Agreement. At the conclusion of the ten (10) year REC transfer period, ownership of any subsequently generated RECs shall remain with the Owner unless otherwise agreed to in writing by the parties.

8.3. No incentive payment will be owed or payable unless the System achieves Commercial Operation in the manner and within the timeframe required by this Agreement and all applicable program requirements.

8.4. Qualification for, eligibility for, or receipt of an incentive payment under this Agreement does not constitute any representation, endorsement, approval, guarantee, or warranty by Black Hills Energy regarding the design, installation, operation, performance, safety, reliability, or suitability of the System or any associated equipment. Black Hills Energy expressly disclaims any and all warranties, whether express or implied, including any warranty of merchantability, fitness for a particular purpose, workmanship, quality, or performance. Owner acknowledges that Black Hills Energy has not made and does not make any representations regarding the System's performance, energy production, savings, or continued operation.

9. Net Metering

9.1. Renewable Energy Net Metering is available to Black Hills Energy customers that are supplied electric service under any rate schedule and own, operate and maintain an eligible Storage and/or PV System interconnected to Black Hills Energy's distribution system.

10. Owner Representations and Warranties

10.1. Owner owns the entire output of the Storage and/or PV System, including all energy and SO-RECs generated by the system and the Owner has the contractual rights to sell separately all right, title and interest to the SO-RECs associated with the renewable power output.

10.2. Owner represents that the PV System shall be sized to supply no more than two hundred percent (200%) of the average annual consumption of electricity by Owner at the Service Address. In addition, to the extent Owner has another PV System at the Service Address and/or is a subscriber to Community Solar Gardens ("CSG") and/or an Inclusive Community Solar facility ("ICS"), with CSG or ICS subscription(s) attributed to the Service Address and/or has any other existing retail distributed generation at such premises as defined by PUC rules, the aggregate amount of solar energy and retail distributed generation received from all systems cannot exceed two hundred percent (200%) of the average annual consumption of electricity by Owner at the Service Address.

10.3. The SO-RECs sold to Black Hills Energy pursuant to the terms of this Agreement shall vest in Black Hills Energy and Black Hills Energy shall thereupon have the exclusive rights to make all claims as to the renewable attributes of such SO-RECs including: (i) that such SO-RECs are associated with energy generated by the PV System and (ii) the right to report to the Public Utility Commission and other agencies and entities as required by law or as necessary to protect Black Hills Energy's rights under this Agreement and to establish that Black Hills Energy has purchased from Owner and owns such SO-RECs.

10.4. With respect to the SO-RECs sold to Black Hills Energy pursuant to the terms of this Agreement, Owner covenants, represents and warrants to Black Hills Energy that: (i) the Storage and/or PV System generating the energy associated with the SO-RECs shall have generated the amount of energy associated with the number of SO-RECs purchased hereunder; (ii) that Owner shall have (a) sold the SO-RECs exclusively to Black Hills Energy and (b) made no representation, in writing or otherwise, that any third party received, or has or obtained right to, the SO-RECs that are inconsistent with the rights being acquired by Black Hills Energy hereunder; and (iii) all SO-RECs purchased and sold hereunder, and all

right, title and interest to such SO-RECs shall be transferred to Black Hills Energy free and clear of any liens and encumbrances whatsoever upon consummation of such sale.

11. Verification

11.1. Owner shall maintain adequate records to assist Black Hills Energy in complying with: (a) the requirements of any applicable federal or state laws or regulations and (b) the requirements of the PUC and its rules, regulations and orders. Upon Black Hills Energy's request, Owner shall provide Black Hills Energy with information in Owner's possession or control regarding the Storage and/or PV System as reasonably necessary for Black Hills Energy to comply with all such requirements. Owner hereby consents to Black Hills Energy's use of any information described in this Section for the purpose of documenting to a governmental agency and/or independent certification board that Black Hills Energy obtained title to the SO-RECs hereunder.

11.2 A separate, dedicated production kilowatt-hour meter is not required for participation in the RES Incentive Program. However, Owner may elect to install a production meter at Owner's sole cost and expense for the purpose of measuring and monitoring energy production from the System. Any production meter installed by the Owner must comply with applicable codes, standards, and Company requirements and should be located near the Owner's electrical service equipment unless otherwise approved by the Company.

12. Audit and Inspection

12.1. Black Hills Energy has the right, at its sole expense and during normal working hours, to examine the records of the Owner to the extent reasonably necessary to verify compliance with this Agreement and to inspect the Service Address site and the Storage and/or PV System pursuant to this Agreement. If requested, the Owner shall provide to Black Hills Energy statements evidencing the quantities of power delivered at the point of interconnection. If any such examination reveals any inaccuracy in any statement, the necessary adjustments in such statement and the payments thereof will be made promptly.

13. Confidentiality

13.1. Each Party shall treat as confidential the terms and conditions of this Agreement, including, but not limited to, incentive reservation amounts, incentive payment amounts, project information, customer-specific information, production data, and any other non-public information exchanged in connection with participation in the Renewable Energy Standard (RES) Incentive Program (collectively, the "Confidential Information"), and shall not disclose such Confidential Information to any third party or use it for any purpose not expressly permitted by this Agreement; provided, however, that: (i) either Party may

disclose Confidential Information to any regulatory, governmental, judicial, or similar authority having jurisdiction over such Party; (ii) Black Hills Energy may disclose Confidential Information as necessary to administer the RES Incentive Program, verify eligibility, process incentive payments, register, track, transfer, claim, or retire Renewable Energy Credits (RECs), and satisfy reporting obligations to the Colorado Public Utilities Commission or any renewable energy credit tracking system, certifying authority, or standard-setting entity; and (iii) either Party may disclose Confidential Information as otherwise required by applicable law, regulation, court order, or legal process. Nothing in this Agreement, or any other agreement between the Parties, whether express or implied, shall be construed as limiting in any way the ability of either Party to consult with its legal, accounting, financial, or tax advisors regarding the legal effect, tax treatment, financial implications, or tax structure of this Agreement or any incentive payment received pursuant to this Agreement.

14. Indemnification

14.1. Black Hills Energy shall not be responsible or liable for any personal injury or property damage caused by the Storage and/or PV system or any individual component equipment of the system. Owner shall indemnify, defend, and hold Black Hills Energy, its employees, agents, successors, assigns, subsidiaries and affiliates harmless against any and all claims, demands, liens, lawsuits, judgments or actions of whatsoever nature that may be brought on account of the installation, maintenance, operation, performance, repair, or replacement of the Storage and/or PV system or any component equipment of the system.

15. Insurance

15.1 Owner shall comply with all insurance requirements, if any, applicable to the System under Black Hills Energy's approved tariffs, interconnection procedures, and applicable laws and regulations, as amended from time to time.

Inverter-based systems $\leq$ 1 MW: No additional insurance may be required.

Inverter-based systems > 1 MW to 5 MW: \$1,000,000 per occurrence

Inverter-based systems > 5 MW: \$2,000,000 per occurrence.

16. Limitation of Liability

16.1. Each party's liability to the other party for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct

damage actually incurred. In no event shall either party be liable to the other party for any indirect, incidental, special, consequential, or punitive damages of any kind whatsoever, except as allowed under the Indemnification section of this Agreement.

17. Term and Termination

17.1. The term of this Agreement shall commence on the Effective Date and shall continue for a term of ten years from the Commercial Operation Date.

17.2 Owner Termination Following Incentive Payment. If, after receiving an incentive payment, the Owner terminates this Agreement, removes the System from service, transfers the Renewable Energy Credits to another party, or otherwise prevents Black Hills Energy from receiving the RECs for the full ten (10) year REC ownership term, the Owner shall repay a prorated portion of the incentive payment. The repayment amount shall be calculated based on the number of full years remaining in the ten (10) year REC ownership term. Black Hills Energy may invoice the Owner for such amount, and payment shall be due within thirty (30) days of receipt of the invoice.

17.2.2 By Black Hills Energy: if the System is not substantially completed within the timeframe required by this Agreement, if the Owner fails to satisfy the requirements for receipt of the incentive payment, if the Owner fails to remedy a violation of this Agreement after notice and a reasonable opportunity to cure, or if the Owner otherwise fails to comply with applicable program requirements. In the event of such termination prior to payment of the incentive, Black Hills Energy shall have no obligation to issue any incentive payment. If the incentive payment has already been made, Owner shall remain subject to any obligations under this Agreement that expressly survive termination, including any obligations related to the transfer of Renewable Energy Credits (RECs), and Black Hills Energy may pursue any remedies available under this Agreement or applicable law.

17.2.3 Permanent Disconnection: in the event this Agreement is terminated, Black Hills Energy shall have the right to disconnect its facilities from the Storage and/or PV System or direct the Owner to disconnect its Storage and/or PV System.

18. Survival Rights

18.1. This Agreement shall continue in effect after termination to the extent necessary to allow or require either Party to fulfill rights or obligations that arose under the Agreement prior to such termination.

19. Miscellaneous

19.1. Documentation on Future Exchange. In the event that a regulatory requirement is imposed or enacted after the Effective Date, pursuant to which regulatory requirement the

transfer of any of the SO-RECs purchased hereunder is required to be documented or recorded on an exchange or trading system, then the Owner and Black Hills Energy shall work together in good faith and take such actions as may be reasonably necessary to transfer, and record the transfer of, such SO-RECs from Owner to Black Hills Energy on such exchange or trading system. Such regulatory requirement shall include any federal or state statute, regulation, order or other requirement of any governmental or regulatory authority having jurisdiction.

19.2. Notices. All notices, demands or consents required or permitted under this Agreement will be in writing and will be sent by facsimile, certified mail return receipt requested, by hand delivery, or nationally recognized overnight courier to the respective Parties at the addresses set forth above.

19.3. Right to Transfer. Black Hills Energy shall have the right to sell or otherwise transfer to a third party, any or all of the SO-RECs purchased from Owner.

19.4. Counterparts. This Agreement may be executed in counterparts, each of which taken together shall constitute a single agreement.

19.5. Assignment. Neither Party may assign or transfer this Agreement or any of its rights or obligations under this Agreement without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed; provided, however, that either Party may assign this Agreement, without the consent of the other Party, to (a) any Affiliate of the assigning Party, (b) any entity in which or with which the assigning Party is merged or consolidated, (c) any entity acquiring all or a substantial part of the assets of the assigning Party, or (d) any entity to which the Assigning Party has assigned, transferred or pledged rights or interests under this Agreement for mortgage or otherwise as security for indebtedness.

19.6. Entire Agreement. This Agreement and the Reservation Letter and the Attachments to the Reservation Letter contain the entire agreement of the Parties relating to the subject matter hereof, and supersedes any and all prior agreements, written or oral, between them relating to the subject matter hereof. This Agreement cannot be extended, modified or amended unless agreed to in writing by each party. This Agreement is subject to the tariff of Black Hills Energy on file with the PUC and to any Orders of the PUC pertaining to the Black Hills Energy solar program. In the event of any conflict between the terms of this Agreement and Black Hills Energy's tariff, the provisions of the tariff shall control.

19.7. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Colorado.

19.8. Execution. Execution of the Acceptance attached as Exhibit A to the Reservation Letter constitutes execution of this Agreement.