

ORIGINAL



0000013068

RECEIVED

2004 NOV -5 P 3: 05

285

AZ CORP COMMISSION
DOCUMENT CONTROL

William J. Murphy
2422 E. Palo Verde Drive
Phoenix, AZ 85016

Arizona Corporation Commission
DOCKETED

NOV -5 2004

DOCKETED BY	<i>CM</i>
-------------	-----------

Docket Control
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ, 85006

November 5, 2004

Subject: Docket # E-01345A-03-04370
AZCA Response to Staff Report

Dear Sir/ Madam:

Attached is the Distributed Generation Association response to the Staff Report of October 25th, 2004.

Also included is Exhibit WJM-4 on the subject of the generation picture in 1990.

We intend to review our original summaries to determine if they need to be altered in response to Commissioner Mayes Letter of October 29th.

If you should have any questions please call me on (602) 703-8163 or email at billmurphy@cox.net.

William J. Murphy
Vice president of the DEAA

Cc: Docket Control (original plus 16 copies.)
Email sent to parties.

**Response of the Arizona Cogeneration Association to ACC
Staff Report of October 25, 2004**

ARIZONA PUBLIC SERVICE COMPANY

DOCKET NO. E-01345A-03-0437

November 5, 2004

**Response of Arizona Cogeneration Association to Arizona Corporation
Commission Staff Report of October 25th, 2004**

In October 2004 the Arizona Corporation Commission Staff (Staff) filed a statement commenting upon the position of the Arizona Cogeneration Association (AzCA) in the current proceeding Docket No. E-01345A-03-0437.

Pricing Signals

Staff stated that the AzCA “wants pricing signals that encourage DG (Distributed Generation)”. The AzCA notes that it actually seeks the converse result. That is, the AzCA seeks pricing signals/terms that do not actively *discourage* DG. The AzCA has proposed revisions to the draft APS tariff, which if implemented, would allow a person to make an economically more neutral decision to employ DG.

Interconnection Standards

Staff also commented upon interconnection standards for DG. Staff proposes additional public workshops in which generic interconnection standards for all electric utilities are developed. The AzCA has raised the absence of standardized interconnection standards and procedures as one of the problems with the draft APS tariff proposal.

The AzCA will not currently comment upon the appropriateness of applying standardized interconnection requirements to all electric utilities statewide since only the draft APS tariff is the matter in issue in this proceeding. The AzCA does note that specific revisions of tariff provisions or binding commitments from APS to create and implement standards by a date certain should be required. Otherwise the issue likely will remain unresolved and outstanding, hindering consideration and deployment of DG.

As stated above AzCA objects to Settlement Section XVII, paragraphs 108, and 109 on Distributed Generation. The Proposed Settlement Workshops put the staff in an uncomfortable position. They have actively supported the Companies settlement.

Is the Staff able to make recommendations, and maintain a neutral position, considering the political and organizational pressure to maintain the status quo?

This is why we believe that ACC Staff chaired workshops alone will not foster a fair hearing without Commissioner Endorsement.

A Distributed Generation and interconnection Investigation, Docket E-00000A-99-0431 was held by the Arizona Corporation Commission Staff from July 1999 through February 2000. One hundred and twenty three people participated in numerous meetings, and no action resulted from the investigation. APS unilaterally issued its own interconnection standards and no APS DG tariffs were ever affected.

We believe it may be in appropriate ACC staff member, or Utility Director to actively and objectively participate in a DG impartial workshop. What is need are specific goals and deadlines to avoid reoccurring problems.

We recommend as part of a Settlement the following:

1, Interconnection standards that are fair and include features from IEEE #1547, FERC, and NARUC guidelines. Additionally we should consider other state commission solutions/actions.

2. Rate structures that do not discourage, but instead are fair to customer who choose DG.

We do not believe that this can be accomplished without input and direction from Commissioners.

EXHIBIT WSM-4

Estimated 1990 Average Day Monthly Load Curve with Dispatch Order

