

ORIGINAL



0000063248

October 25, 2006

RECEIVED

47

2006 OCT 27 A 11: 33

Arizona Corporation Commission
Docket Control
1200 W. Washington
Phoenix, AZ 85007
Re: Docket Number E-00000A-99-0431
Net Metering Workshop

AZ CORP COMMISSION
DOCUMENT CONTROL

Arizona Corporation Commission
DOCKETED

OCT 27 2006

DOCKETED BY	ne
-------------	----

Dear Corporation Commissioners and Staff:

Thank you for conducting the Net Metering Workshop. The following comments are submitted as a private citizen who has an installed solar PV array on his home, and as a community advocate for green building:

- 1) The workshop was extremely productive and informational. However, there was an underlying concern in the questions and comments from the utilities and from the staff on how to "contain" a net metering program. I understand a potential staff concern that Arizona not experience another Alternative Fuels fiasco, but that is easy to prevent and there are much greater issues at stake. According to pronouncements from NASA's chief climate scientist, we have 9 years and 10 months left to implement radical CO2 emissions reductions before our fate is sealed on global warming. Also, if the Renewable Energy Standard is passed this Friday, the utilities have very serious ground to make up quickly. The last thing we need to worry about is how to contain alternative energy so that it does not get out of control.
- 2) If one of the concerns of the utilities is that they not be forced to buy energy from private entities that decide there might be a business in becoming net generators with a captive customer, simply make a rule that everyone gets trued-up once a year. On an annual basis, you cannot sell more power than you buy. On a monthly basis, implement a rollover credit to minimize transaction costs.
- 3) Do we honestly feel a need to cap the overall participation?
- 4) A truing policy as described above eliminates any need to put a cap on the size of the system that qualifies. It eliminates any incentive to put on a larger system than what a customer plans to use on-site. If there are any capacity issues with the ability of a utility to adsorb a sudden spike in power (in the case of a large system installation and a temporary drop in consumption), put in a mechanism where the customer has to put in an overload shutdown or pay for an interconnection upgrade. This does not seem like a practical concern, but if it is, the engineers can figure out a solution.
- 5) One of the solar contractors commented that it would not make financial sense for a customer to try to make a business out of becoming a net generator. If solar PV

economics changed such that this was no longer the case, or if another distributed generation technology provided a business opportunity, a trueing policy still serves its purpose.

- 6) As far as which energy sources should be included, my initial impression is that it should be limited to renewables. If that is not the consensus, naming specific technologies should be avoided, as technology changes faster than regulation. Instead, source performance criteria should be set, such as renewable characteristics and emissions. This makes regulation more able to stand up to fast technological changes. One idea would be to include only technologies that have a better emissions profile than the net emissions profile of the applicable utility's generating sources. This would create an ever-improving bar where the utility has a built-in incentive to improve its emissions profile and customers are forced to set a very high bar in order to ensure long-term net-metering status.
- 7) As far as value and price, the solar industry has likely provided you with numerous studies on system benefits of DG and PV. It seems obvious that producing PV power at peak demand times reduces stress on the grid and replaces power that is expensive for the utility to produce. It also seems apparent that a customer generating wind power in the middle of the night to offset the cost of consumption during peak hours does not provide the same system benefits. Possibly the simplest mechanism for accounting for these differences in value is to put all net metering customers on a time-of-use plan with net metering within peak and off-peak times. My digital meter from APS appears to already accommodate such an approach. However, the time-of-use plan needs to have realistic schedules. APS' time-of-use plan does not seem to coincide with either demand curves or the solar cycle. There was mention in the meeting notes of an "energy-based system" but I am not aware of the meaning of that term.
- 8) Further on value and price, we again need to create incentives for renewable energy as quickly as possible in the face of climate change. Therefore, let's include the system costs and make it a net one-to-one kWh offset at the same price. If this actually does push some net infrastructure costs off on traditional users (which is debatable), then let the polluters subsidize the non-polluters. We are trying to encourage productive behavior. I do believe the suffering of the "low-income customer" argument is dubious. Even if there is validity to it, any redistributed costs would pale in comparison to expected increased costs for fossil fuel generation. It is more productive for the low-income customer if we decrease pressure on fossil fuel demand and prices. If all the stars aligned and we achieved wild success of 50% distributed renewable generation, and if it was determined to have a negative infrastructure cost effect on low income customers, the policy could be revised to account for the effect. Providing excess generation that results from an annual true-up policy to low-income customers is also a mechanism that would also benefit low-income customers.

The overall need is for a clear, simple net-metering policy that encourages productive behavior. The system right now is confusing, convoluted, and requires too much effort on the part of consumers who are trying to do the right thing. I use my pool pump motors to throttle my use of PV-generated power so that I can consume as much of what I generate

as possible (instead of using grid power at night) and not have anything to sell back to the utility because I am paid so little for it. Sometimes I end up over-consuming and pay peak rates for power that I could otherwise consume at off-peak rates at night. This is an endless battle that I know most homeowners would never go through.

I encourage you to move forward as quickly as possible. Nine years and ten months left.

Regards,



Mick Dalrymple

Consumer

Co-Owner a.k.a. Green

U.S. Green Building Council – National Board of Directors 2007

4622 E. Palo Verde Drive

Phoenix, AZ 85018-1258

(480) 946-9600