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Arizona Corporation Commission
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Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

RE: Comments on Draft Proposed Net Metering Rules
Docket No. RE-00000A-07-0608

Western Resource Advocates (WRA) provides the following comments on Staff's proposed net metering rules issued December 17, 2007. Our comments are primarily concerned with ensuring that the net metering rules are consistent with the Renewable Energy Standard's (RES') distributed resource goals and that the rules foster the objectives cited in Decision No. 69877, including promoting small-scale renewable resources, enhancing markets for renewable energy, facilitating installation of on-site generation, and reducing the utility's system peak demand. Specific comments follow.

1. **R14-2-2304 B & C:** It is not clear why special, and presumably more costly, metering is needed to separately record energy flowing from the Net Metering Facility to the grid and vice versa, especially for small Net Metering Facilities (10 kW or less). For the billing purposes listed in R14-2-2306, only the net flow of energy matters. A single bi-directional meter with only a single register for billing purposes is all that is needed, at least for facilities 10 kW or less.
2. **R14-2-2304 E & F:** These sections appear to require that all meters for Net Metering Facilities be tested and permit charging the customer for the cost. This provision is wasteful as thousands of tests may be required. The accuracy of measuring flows to and from the Net Metering Facility should be determined from samples of meters as part of the utility's meter testing plan (R14-2-209 E) and the costs of testing the samples should be included in the costs of the utility's overall meter testing plan.
3. **R14-2-2305.** Subsections A and B are unnecessary as the Commission always has jurisdiction over charges imposed by a public service corporation and section R14-2-2307 describes the process by which proposed net metering tariffs and charges are to be filed with the Commission. Additionally, R14-2-2305 sends a signal to distributed generators that net metering charges are particularly uncertain, thereby increasing the risk of investing in a Net Metering Facility. Subsections A and B should be eliminated and Subsection C moved to R14-2-2307.

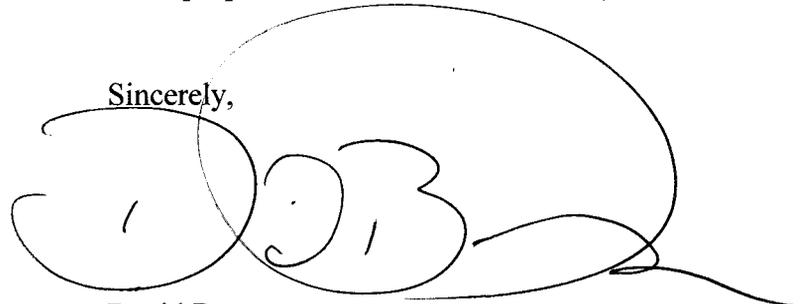
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4. **R14-2-2306 H:** The purpose of this provision is unclear. As written, it seems to negate the effect of the net billing credits in section R14-2-2306 E by capping the value of sales to the utility at avoided cost instead of setting the rate at the retail kWh charge implied by paragraph E. The overall impact is that this provision may make distributed resources less appealing to customers, thereby reducing the chances of meeting the RES goals or requiring larger financial incentives to attract potential RES distributed resource program participants. WRA recommends that this provision be eliminated.
5. **R14-2-2307 B.** The capacity limits permitted under this section may conflict with the goals of the RES. The following language should be inserted after the phrase “may specify capacity limits”: *provided that such capacity limits do not in any way restrict the full implementation of the Renewable Energy Standard set forth in A.A.C. R14-2-1804 and R14-2-1805; and provided that such capacity limits shall not excuse a utility from any penalties set forth in A.A.C. R14-2-1815.*
6. **R14-2-2308.** This section appears to require utilities to list each existing Net Metering Facility and provide information on individual facilities. Because there may be thousands of Net Metering Facilities, WRA suggests that utilities simply provide aggregate information on the number of Net Metering Facilities, their total estimated rated generating capacity, the total net kWh received from Net Metering Facilities, and the total estimated amount of kWh produced by Net Metering Facilities.

In conclusion, the net metering rules must foster full and successful implementation of the RES, must avoid hindering customers’ decisions to invest in distributed resources, and should not require obtaining or filing unnecessary information.

WRA appreciates the opportunity to provide comments and looks forward to working with Staff and other interested parties to revise the proposed rule before it is formally submitted to the Commission.

Sincerely,

A handwritten signature in black ink, appearing to read 'DB', enclosed within a large, loopy oval shape.

David Berry
Senior Policy Advisor

Original and 13 copies filed with Docket Control
Electronic copies to parties