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

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RE: Docket No. E-00000E-05-0030  
Resource Planning – Procurement Workshop

Interwest Energy Alliance (Interwest) is a trade association that supports state-level public policies that harness the West's abundant –and inexhaustible– renewable energy and energy efficiency resources. Interwest has participated in the Procurement Workshops meetings held by ACC staff and offers the following comments for staff consideration. **Interwest encourages Commission staff to develop in their report a draft procurement protocol for comment and submission to Commissioners.**

The state's regulated utilities face the challenge of meeting high load growth and an expanded need for transmission at the same time as investment in traditional resources is becoming questionable. Emerging carbon policies will raise the cost of or may effectively prohibit the building of new pulverized coal generation. Natural gas supply from volatile world regions and price volatility issues make natural gas generation a more costly investment going forward. Planning for the state's future energy resources to meet load growth should not happen in a vacuum. Arizona is the only state in the West without a resource planning process where a public process is held to evaluate utility plants for near and long-term resource acquisition. **Interwest recommends that any adopted procurement policy or regulation should be a component piece of a larger resource planning process.**

Interwest believes that establishing a well defined, simple, expedient, fair, standardized competitive procurement process will help Arizona's regulated utilities procure some of

necessary energy resources. While energy resources can be obtained by self-building or through bi-lateral agreements **in the near term renewable energy resources are best procured through a competitive Request for Proposal (RFP) process.**

Interwest continues to advocate for the use of an independent monitor in the procurement of renewable energy resources until such time as Arizona' utilities demonstrate sufficient knowledge of and experience with renewable energy resources. In the procurement meetings significant discussions were held on the type of third party facilitator that was necessary to ensure a fair process while not being too burdensome or costly to the utility. Interwest was in general agreement with the parties present and supports:

- The Commission establishing an enforceable protocol for resource procurement and guidelines for the use of an Independent Monitor (Monitor) for all affected utilities.
- A Monitor that is involved in each stage of the RFP process including RFP development, review of the utility financial evaluations, bidder review process and negotiation and contracting.
- A more expensive "Independent Evaluator" that performs a separate financial analysis is not necessary at this time.
- The Monitor is chosen by the ACC from a list of companies provided by the bidding utility.
- The Monitor reports to the ACC on a regular basis throughout the process providing recommendations for changes or modifications during the process. This differs from current practice of providing an audit report at the conclusion of the RFP process.
- The Monitor is involved in the setting of the "reference price" or benchmark from which renewable energy generation source are judged.
- The Monitor is paid for by the bidding utility. Those funds are recoverable in a timely manner from ratepayers. Interwest does not support modification of the PSA to include such costs.

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- A Monitor should be used in all cases where a utility or its affiliates bids into an RFP.

**Interwest only supports exclusions of purchases from a competitive procurement process if the resources are part of an approved resource plan.** As an example, generation needed under an emergency scenario or short term power purchases would only be exempt from competitive procurement if those types of resources are included in a resource plan. Stated another way, the utility's resource plan would dictate which resources should be procurement and the method of procurement.

Interwest believes that a well designed expedient resource planning process is necessary to assist the utilities in choosing the proper mix of resources to meet future load growth. Establishing an effective procurement process, as part of a resource planning process, will benefit ratepayers by increasing competition among resources and providing utilities with the largest possible number of resource choices.

Interwest supports the concept of rolling the work from the Procurement Workshops and any draft procurement protocol into the larger Resource Planning Workshop process. However, the Resource Planning Workshop process does not have an established or regulatory end date as the Procurement Workshop series did. We encourage the Commission to set a timeline for development of the resource planning and procurement processes.

Respectfully submitted,



Amanda Ormond  
Southwest Representative  
Interwest Energy Alliance

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