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OPEN MEETING AGENDA ITEM

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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JEFF HATCH-MILLER
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2008 APR -4 P 3:09
AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission
DOCKETED

APR -4 2008

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IN THE MATTER OF THE
APPLICATION OF ARIZONA PUBLIC
SERVICE COMPANY FOR APPROVAL
OF RENEWABLE ENERGY
STANDARD IMPLEMENTATION
PLAN, DISTRIBUTED ENERGY
ADMINISTRATION PLAN,
CUSTOMER SELF-DIRECT
RENEWABLE RESOURCE TARIFF,
AND RESET OF RENEWABLE
ENERGY ADJUSTOR

DOCKET NO. E-01345A-07-0468

ARIZONA PUBLIC SERVICE
COMPANY'S COMMENTS ON
THE IMPLEMENTATION PLAN
REGARDING INCENTIVE
PAYMENTS TO CUSTOMERS
WITH THIRD-PARTY
OWNERSHIP OF DISTRIBUTED
GENERATION
ARRANGEMENTS

Arizona Public Service Company ("APS" or "Company") filed its 2008 Renewable Energy Standard Implementation Plan ("Implementation Plan") for Arizona Corporation Commission ("Commission") approval on August 7, 2007, in compliance with the Renewable Energy Standard ("RES") Rules.¹ A revised Implementation Plan was filed for Commission approval on August 30, 2007. On April 3, 2008, the Solar Advocates filed Exceptions to the Recommended Order and Opinion in this docket, including comments related to third party ownership of renewable energy systems. The Company is taking no position on the regulation of these third party providers. The Company is filing these Comments to clarify the administration of payment of incentives to customers in those situations where a third party, rather than the customer, owns the distributed energy ("DE") system.

Over the past year, APS has observed a growing interest in the DE market for third party installation, ownership, and operation of renewable systems for non-residential customers. The APS's Distributed Energy Administration Plan ("DEAP") does not preclude

¹ A.A.C. R-14-2-1801 through 1816.

1 customers from entering into third party ownership arrangements. Therefore, if the DEAP is
2 approved as filed, APS will pay incentives to these customers if the third-party arrangement
3 meets all the requirements otherwise applicable under the DEAP. Key provisions of the
4 Company's distributed energy program include:

- 5 1. The APS customer must execute a Credit Purchase Agreement.²
- 6 2. The system must be located on the customer's property or supply a central plant
7 that generates energy for the customer.³
- 8 3. All systems must be located in APS's service territory.⁴
- 9 4. The APS customer may assign payment to a third party, which APS would
10 honor if the Company received a written request from the customer.⁵
- 11 5. For systems involving third parties, APS would also require a Multi-Party Rider
12 to the Interconnect Agreement.⁶

13 APS believes that the DEAP provides customers flexibility in acquiring DE systems, and
14 facilitates compliance with the DE requirements of the Renewable Energy Standard rules.⁷

15 RESPECTFULLY SUBMITTED this 4th day of April, 2008.

16 PINNACLE WEST CAPITAL CORPORATION
17 LAW DEPARTMENT

18 By: 
19 Deborah R. Scott

20 Attorneys for Arizona Public Service Company
21

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24 ...

25 ² See Attachment B to Company's Amended Implementation Plan at pg. 20, filed August 30, 2007, which is
26 APS Distributed Energy Administration Plan (August 2007).

27 ³ *Id.* at pg. 5.

28 ⁴ *Id.*

⁵ *Id.* at pg. 19.

⁶ See *Id.* at pg. 6.

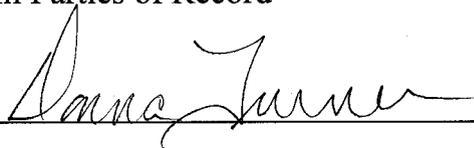
⁷ See A.A.C. R14-2-1805.

1 ORIGINAL and thirteen (13) copies
2 of the foregoing filed this 4th day of
3 April, 2008, with:

3 Docket Control
4 ARIZONA CORPORATION COMMISSION
5 1200 West Washington Street
6 Phoenix, Arizona 85007

6 COPIES of the foregoing mailed, hand-delivered,
7 faxed or transmitted electronically this 4th day of
8 April, 2008 to:

9 All Parties of Record

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