OPEN MEETING AGENDA ITEM **ORIGINAL**

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BEFORE THE ARIZONA CORPORATION COMMISSION

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IN THE MATTER OF THE APPLICATION OF TUCSON ELECTRIC POWER COMPANY FOR APPROVAL OF ITS RENEWABLE ENERGY STANDARD, INCLUDING ITS DISTRIBUTED RENEWABLE ENERGY PLAN AND RENEWABLE ENERGY STANDARD TARIFF

DOCKET NO. E-01933A-07-0594

Arizona Corporation Commission
DOCKETED
APR -7 2008

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Open Meeting
April 8 and 9, 2008
Phoenix, Arizona

JOHN KROMKO is a TEP ratepayer and is an intervener in this matter.

Intervener thanks the Commission for its work to promote solar energy in Arizona.

Intervener believes that:

The quest for solar and alternative energy is so powerful that it can lead large numbers of well-meaning people to make serious mistakes, as in the decision to use corn to produce ethanol (See Exhibit #1). This economically unsound decision has dramatically increased food prices and will punish consumers and taxpayers for years to come.

Subsidizing photovoltaic cells, solar water heating, and wind installations at individual homes and businesses is unwise and uneconomical. Such installations represent a transfer of funds from generally poorer people to generally richer people.

They will not pay for themselves, nor will ratepayers, as a whole, be adequately compensated.

In the mid-1970's, the legislature authorized tax credits for such installations and many millions of dollars were paid out. A study eleven years later showed that virtually none of these installations survived.

Such installations are typically not well maintained, and under the current system, there is no plan for policing them and no requirement that requires them to continue to produce energy. Ratepayer funds will be, in most cases, simply dissipated and wasted.

The Commission should continue to allow ratepayers to be charged a fee for alternative energy, but the funds should be combined and used for solar thermal facilities such as the one proposed by APS for Gila Bend.

Such a facility:

Will be maintained and be long-lasting.

Will be nearly economically competitive with current methods of power generation.

Will dramatically enhance Arizona's position in the solar energy field, and will be the basis of a new industry.

And, finally, will allow ratepayers to recover their investment and benefit directly.

Intervener Requests :

That tariffs described as TEP's full compliance opportunity plan (Option 1) be adopted.

That the entire system of spending the moneys raised by these tariffs, including all subsidy and rebate programs, be eliminated.

That all such moneys be used for building and operating a large scale thermal solar facility such as the one proposed by APS at Gila Bend. The plant may be built in stages as required by the commission.

That the electrical output of the of this plant be sold to TEP at rates determined by the commission, and that the proceeds of sale be rebated to ratepayers on their electric bills in amounts proportional to the total tariffs they have paid toward the construction and operation of the thermal plant.

That the City of Tucson, at its option, by agreeing to donate land and provide water for the thermal plant, may receive the tariffs, pay rebates, and operate the thermal plant as a utility.

Exhibit #1

commentaries

Arizona, not Spain, should reap benefits of solar-thermal power generation

By John Kromko

Recently, Arizona Public Service announced that it will contract to build a huge thermal solar energy plant near Gila Bend. The plant will produce 280 mega (million) watts, enough to supply 70,000 homes. That's some serious energy.

For decades, hopes for alternative energy have been raised, and dashed, over and over. But now, finally, this new plant, which will start producing electrical power by 2011, is the grail that so many have been searching for. This is an alternative energy project that will actually work.

Thermal installations use the sun's heat to generate electricity, while photovoltaic systems convert the sun's light to electricity. The thermal process is much more efficient and economically feasible. By comparison, oil and natural gas can produce a kilowatt of electricity for an average of about 10.5 cents, solar thermal can do it for about 13 cents, and photovoltaic costs about 30 cents.

I've put up solar panels, built a windmill, installed solar water heaters, and picked jojoba beans for alternative diesel fuel. But nothing ever worked in a way that was economically feasible for large-scale use. Dreaming and believing is good, but, being a former engineer, I understand that when the physics just isn't there, reality has to be faced.

Wanting to believe too much makes us vulnerable to pandering politicians, news media that don't investigate, and flim-flam artists looking for a quick buck. It can be a perfect storm.

A clear example is the current ethanol disaster. Ethanol producing facilities have been built throughout the Midwest and politicians, the media, and citizens all fell for the scam.

The diversion of corn to subsidized ethanol production is the major cause of the rapid food price inflation which is now ravaging our country. A little research and honesty would have shown that corn cannot economically produce vehicle fuel because the process takes more energy than is produced. Consumers and taxpayers will pay dearly for years to come.

Hydrogen power, often sensationalized by the media, can be used on spaceships and car prototypes, where cost is no object. But again, it takes more energy to produce hydrogen than the hydrogen contains.

About 30 years ago, a flash flood of solar energy fervor swept through Arizona. It was a feeding frenzy as solar installers sprung up to spend the free subsidy money.

But in less than a decade the installers had all but disappeared, and virtually none of solar installations survived. Hundreds of millions of dollars were squandered. We can't let these kinds of things happen again.

Residential use of photovoltaic cells should be encouraged because it truly benefits the environment. But, neither taxpayers nor ratepayers should be forced to subsidize it. Given the current technology, the panels will never pay for themselves.

Lack of payback may not be important to an individual homeowner, but society can't justify the associated tax and rebate system that transfers wealth from generally poorer people to generally richer people.

Instead, that subsidy money should be put toward the development and construction of more Gila Bend-type facilities that will benefit everyone. Thermal technology is far more cost-efficient and will actually return the taxpayers' and ratepayers' investments.

A conventional power plant uses natural gas or coal to boil water, driving a steam turbine, which turns an electrical generator. In a thermal-solar plant, mirrors focus the sun's heat to boil water and the rest of the operation is exactly like a conventional plant. The technology is much more robust and permanent than photovoltaic technology.

The Spanish company that will build the plant has just finished one near Boulder City, and has considerable experience. But, it's tragic that a state with lofty solar aspirations can't get the job done locally. It's not rocket science, and the technology has been around for a long time. Tucson Electric Power operated a smaller thermal plant in Tucson 80 years ago.

Everyone who truly supports solar power should immediately contact our governor, corporation commissioners, legislators, and members of Congress. Urge them to stop all of the nickel-and-dime rebates and subsidies that will squander and ultimately dissipate massive amounts of money. If all of these funds were combined, we'd be well on our way to solar world leadership.

The Legislature can easily create a sports authority. Why not a power plant authority?

Congress should carve out an exemption for our uniquely qualified solar state, so that federal alternative-energy subsidies go to our power authority.

A publicly owned solar power authority would be a true gift to our state, if our leaders could get it done. Our taxpayers, businesses and ratepayers would have an advantage for years. We wouldn't have to pay profit to Spain, or anywhere.

Solar thermal plants produce no pollution, and, after the plant is built, the fuel is free. Let's get to work, Arizona.

John Kromko is a former member of the Arizona House of Representatives. He is a resident of Tucson.