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RECEIVED Comments of the Arizona Competitive Power Alliance
to the October 3, 2008 Resource Planning Working Document

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Docket No. E-00000E-05-0431

Members of the Arizona Competitive Power Alliance (ACPA) participated in the series of Resource Procurement Workshops that took place on April 25th, May 23rd, June 22nd and July 13th of 2007, as well as the Workshops that took place on January 11th and August 29th of 2008.

The ACPA supports the version of the comments that were distributed by Staff on October 3rd 2008.

However the ACPA opposes some of the changes that have been offered by other participants.

Specifically:

1. APS has proposed that the rules be amended to remove the prohibition against affiliates engaging in bilateral contracts (R-14-705 1. D).

The ACPA believes that bilateral contracts between affiliates are by definition not arms length transactions. The essence of the best practices document is that RFPs are the preferred method of acquiring resources, and that RFPs will have the built in protections to ensure that they are conducted with fairness and transparency. Allowing utilities to enter into bilateral contracts with affiliates would bypass the protections that the rules were intended to create.

2. Staff has proposed an exception to the RFP requirement for transactions in which the "planning horizon is two years or less." The ACPA supports the Staff position. However, APS seeks to eliminate this exemption and replace it with a much broader exemption for purchases in which the "term of the transaction is less than five years." (R-14-705 2. D)

The ACPA believes that APS's proposed exemption would swallow the rule. The entire Track B bidding process--on which many of the Best Practices are based--was for contracts that were two years or less. Incumbent utilities could use this provision to bypass the IRP Rules and institute a series of 59 month purchased power agreements.

3. TEP has proposed that the IRP rules be amended to apply to all Load Serving entities. (R-14-702)

The ACPA believes that this amendment is substantively unwise and procedurally inappropriate. Many of the reporting requirements that are essential for large Load Serving Entities like Tucson

Electric Power and Arizona Public Service, are inapplicable for competitive Electric Service Providers like Sempra Energy Solutions or Strategic Energy.

Furthermore, on September 3, 2008, the ACC issued order number 70485 and instructed Staff to “commence public workshops within 90 days to address the underlying policy issue of whether retail competition is in the public interest and to examine the potential risks and benefits of retail competition.”

Those workshops will begin in less than 45 days and will address the macro issues associated with retail competition. In addition to determining the threshold issue of whether or not Retail Competition is in the best interest of the state, the workshops will provide the best forum for determining the specific reporting requirements with which each Electric Service Provider must comply.