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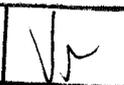
AZ CORP COMMISSION  
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Arizona Corporation Commission

BEFORE THE ARIZONA CORPORATION COMMISSION

DOCKETED

OCT 05 2000

DOCKETED BY 

CARL J. KUNASEK, CHAIRMAN  
JIM IRVIN, COMMISSIONER  
WILLIAM A. MUNDELL,  
COMMISSIONER

IN THE MATTER OF NOTICE OF PROPOSED )  
RULEMAKING FOR THE ENVIRONMENTAL )  
PORTFOLIO STANDARD )

DOCKET NO. RE-00000C-  
00-0377  
COMMENTS TO RETAIL  
ELECTRIC  
COMPETITION RULES  
(A.A.C. R14-2-1618)

Pursuant to the Commission's Procedural Order dated August 9, 2000, the City of Scottsdale hereby submits its comments, prepared by Chuck Skidmore Energy Management Engineer and Rebecca Eikley, Manager of Finance and Energy on the proposed amendments to the Environmental Portfolio Standard. The comments are attached hereto as Exhibit A and incorporated by this reference. The City of Scottsdale makes these comments without waiver of its right to make additional comments in any future rulemaking or other proceeding.

RESPECTFULLY SUBMITTED this 5<sup>th</sup> day of October, 2000

CITY OF SCOTTSDALE

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**Original and ten copies of the foregoing  
Filed this 5<sup>th</sup> day of October, 2000, with:**

Docket Control  
ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
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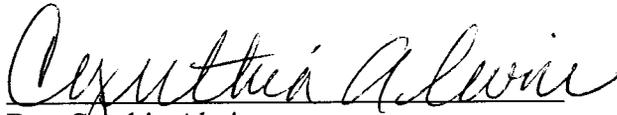
**Copy of the foregoing hand-delivered  
This 5<sup>th</sup> day of October, 2000, to:**

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**Copy of the foregoing mailed  
This 5<sup>th</sup> day of October, 2000, to:**

Distribution list attached hereto as Exhibit B.



By: Cynthia Alwin  
Secretary for Donna M. Bronski

## EXHIBIT A

### Comments on the Arizona Corporation Commission (ACC) Renewable Energy Portfolio Standard

The City of Scottsdale supports the use of renewable sources of energy as a means to reduce energy related pollution in the City of Scottsdale and State of Arizona. The technology to harness renewable energy does not appear to be economical at this time. Therefore efforts to convert to renewable energy require an economic incentive. The ACC Renewable Energy Portfolio Standard is a laudable attempt to accomplish this goal. Any rules developed to implement the portfolio standard, however, should be designed to encourage the development of renewable resources within the state as well as to encourage the growth of corporations within the state that produce equipment designed to harness renewable resources. Anything that can be done to keep funds spent on energy within the state should be considered. Such an approach would benefit the state's economy and discourage meeting the portfolio standard by contracting for "green" power imported from other states. The City of Scottsdale offers the following comments on the Renewable Energy Portfolio Standard for consideration in the rulemaking process.

- 1) The current standard is unfair to municipalities because of the diversity and number of electric meters that cities have in service.** The City of Scottsdale has approximately 330 separate electric meters. Arizona Public Service Co. (APS) has estimated that the portfolio standard surcharge, computed under the formula set forth in Rule 14-2-1618 A.2, will cost the City of Scottsdale approximately \$20,000 per year for our 330 meters. This is in contrast to a cement factory that uses much more electricity than all City of Scottsdale facilities combined but with a single meter will pay only \$468 per year. This example shows that large electricity users will pay a much smaller surcharge than users with a large number of meters, like the City of Scottsdale.
  
- 2) The portfolio surcharge should replace the utility premium charge for "green power".** Utilities currently allow customers to elect to use electricity generated from renewable sources for a premium that amounts to considerably more than the 35 cents per month cap specified in the portfolio standard. For example, the City of Scottsdale is a solar partner with Arizona Public Service Company. The City pays a premium to have solar generation on one of its facilities. In the near future a second facility will have solar generation on the roof and the City will pay a premium for that power. The premium will amount to approximately \$7,000 per year. The City could invest in the same amount in city-owned solar generation and break even in 4 to 5 years. Therefore it is the City's position that the existing premium for Green Power should be eliminated.
  
- 3) The Commission should consider a provision to encourage development of renewable generation by forgiving the Portfolio Charge to those who install renewable generation.** If the Commission adopts a rule forgiving the portfolio charge applied to users of electricity that install their own renewable generation facilities, the

City could then afford to invest \$20,000 each year in solar photo voltaic or other renewable generation equipment installed on City facilities in lieu of the surcharge. The result would be an ever increasing installed base of renewable generation where it is needed. The entire Phoenix area electrical system would benefit because the solar generation would be at its highest on hot sunny days when transmission lines into the Phoenix metropolitan area are taxed to the limit. Since the utility would have given up revenue from the surcharge, it should be allowed to count the City's solar generation against the utility's portfolio requirement. Allowing the utilities to count user-owned renewable generation facilities as part of the utility's portfolio requirement provides an additional incentive for renewable energy generation within the state.

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