



A 501 (c) (3) nonprofit corporation
dedicated to increasing the use of
renewable energy and energy
efficiency

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

RE: **Docket No. RE-00000C-00-0377**
Comments on Chairman Spitzer's Proposal and Commissioner
Mundell's Letter on Renewable Energy and Energy Efficiency

The Clean Energy Corporation (CEC) offers the following comments on renewable energy and energy efficiency, in response to the proposals distributed by Chairman Spitzer and Commissioner Mundell at the Open Meeting on October 6, 2003.

Three changes were proposed to the existing Environmental Portfolio Standard (EPS) rules:

- return system benefits charges to energy efficiency
- increase the EPS surcharge funding for renewable energy by raising the caps on the surcharge
- remove multipliers for all new projects.

CEC appreciates the leadership the Commissioners have shown on these issues and offers the following comments.

1. Increase the renewable energy percentage in the existing EPS rule to 1.1% by 2007 as per the original plan. This would continue support for renewable energy, particularly solar electric resources, as defined in the existing EPS rule. Providing regulatory certainty in the existing EPS rule is essential for the market and solar industry to have confidence in the Commission rules and level of support.

2. Strengthen the commitment to renewable energy resources by increasing the Renewable Portfolio Standard to 15-20%. Large amounts of renewable resources, such as wind energy and landfill gas, are cost effective compared to conventional generation and can be effectively implemented. The environmental, economic, and risk-mitigation benefits of these lower cost renewables can be achieved by implementing a supplemental Renewable Portfolio Standard. Though many of these renewables are cost effective now, additional regulatory action is needed to encourage the utilities to invest in them. Others states are committing to these levels of renewable energy New Mexico, 10% by

2011; Nevada, 15% by 2013; and California, 20% by 2017.

3. Implement cost-effective energy efficiency opportunities by establishing an energy savings goal and adequate funding to achieve the goal. Energy efficiency costs less than any other resource for meeting Arizona's energy needs. Compared to central generation and transmission, energy efficiency is more cost effective, cleaner, more distributed with no need for transmission or distribution, more diverse, less risky in terms of market and fuel price volatility, and less subject to security risks and interruptions – and it does not consume scarce resources or harm the environment. Energy efficiency programs provide financial and other benefits to consumers and businesses - they create jobs and improve the economy. Programs in many states have demonstrated that energy savings can be achieved at costs of \$.02 per lifetime kWh saved, which is much less than the cost of conventional generation, transmission, and distribution. CEC suggests that the Commission consider the 1% per year energy savings goal proposed by the Southwest Energy Efficiency Project (SWEET) and provide adequate funding to achieve the goal.

Thank you for your leadership on clean energy policies and programs in Arizona, and for the opportunity to submit these comments.

Sincerely,



Valerie Rauluk
Program Director