

ORIGINAL

ETA

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September 21, 2003

Arizona Corporation Commission

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Chairman Mark Spitzer
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85012

SEP 30 2003

SEP 25 2003

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| DOCKETED BY | <i>CKR</i> |
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Dear Commissioner Spitzer,

ETA Engineering Inc is writing in support of the position of the Arizona Solar Energy Industries Association (AriSEIA) to increase the Environmental Portfolio Standard percentage requirement to 1.1 percent by 2007, and to create a distributed solar energy program within Arizona. Our Portfolio Standard is already the smallest of any of the 13 formulated by the states and can easily be reached by leveraging customer dollars invested in RE Systems.

Programs that promote the installation of distributed solar electric, wind and solar thermal systems will greatly impact Arizona's economy and air quality. This has been demonstrated by programs elsewhere that provide rebates and other incentives for solar energy systems for homeowners and businesses. California RE small business has increased significantly.

ETA has submitted very cost effective PV power plant bids (\$0.11/ kWh for 2 MWp) and a statewide Credit Trading program (separate corporation) under the Portfolio Standard. The \$0.11 /kWh with multipliers was less than the cost of a new gas fired plant (if sufficient gas were available). This work, including an extensive PV PPA, has been very expensive for our small company. It is disheartening when Citizens verbally accepted both our PV plant bid and our Credit trading program only to be foiled by their buyout. Our Flagstaff dealer and partner had already bought 40 acres adjacent to a Citizens feeder line as the plant site. We have been designing and supplying professional PV systems since the mid 70's, are factory direct distributors and are fully qualified in the business. I was taken aback when one of the big three utilities frankly told me that they would not buy from ETA. The implication being that they wanted to do everything internally and own all the equipment!

Some impacts that distributed solar energy programs will offer Arizona are:

- Amplify existing EPS funds by allowing commercial and residential customers to invest in the solar systems.
- Create Arizona jobs within a vibrant solar industry.
- Attract manufacturers and suppliers of solar equipment to the state; make Arizona a solar energy exporter. We would like to increase the exports of controls and meters that we manufacture.
- Save the state energy dollars, leaving more dollars to circulate in the weak AZ economy.
- Improve air quality in the valley.
- Enable the utilities to meet their EPS goals more cost-effectively by spending about one-third the dollars to receive the same number of credits.

These benefits will allow the EPS to fulfill its full economic developmental potential, create a viable RE infrastructure, make Arizona more energy independent, and increase the air quality of the state by taking advantage of Arizona's greatest natural resource, the sun.

Respectfully yours,

Law S. Garrett, P.E., C.E.M.
Pres.

cc: Commissioner Bill Mundell
Commissioner Jim Irvin
Commissioner Jeff Hatch-Miller
Commissioner Mike Gleason