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FROM: American Solar Electric, Inc.
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American Solar Electric appreciates this opportunity to address the Corporation Commission regarding THE MATTER OF THE APPLICATION OF ARIZONA ELECTRIC POWER COOPERATIVE, INC. FOR APPROVAL OF REST PLAN FOR CALENDAR YEAR 2010.

American Solar Electric (American Solar) is one of the largest residential PV integrators in Arizona with a sizeable customer base in Trico Electric Cooperative (Trico) service territory. As of today, American Solar has 24 residential customer contracts at various stages of completion in Trico service territory. These projects represent approximately 150 kW of residential PV capacity. Year-to-date, American Solar has invested nearly \$4,000 in marketing its design-build services to Trico co-op members. Earlier this year American Solar held a Sunny Community™ marketing event in a neighborhood served by Trico and had committed nearly 100 man-hours to hold another event in the area later this year. Given American Solar's marketing efforts and its sizeable customer base in Trico's service territory, we have a strong interest in the successful implementation of Trico's SunWatts Residential and Commercial Rebate Program (SunWatts Program). These comments are meant to express a growing concern about the administration of the SunWatts Program, the transparency of the program, availability of funds for customers under contract and the status of Trico's compliance with the Arizona Corporation Commission's Renewable Energy Standard and Tariff (REST). The Docket Number (referenced above) was selected for this filing due to the fact that AEP CO represents Trico in REST matters.

American Solar's Recent Experience with Trico's SunWatts Program

On 11 September 2009, American Solar discovered a notice on Trico's website which indicated that the SunWatts Program was out of money and would no longer be accepting reservations for incentives for the remainder of 2009 (Appendix 1 and 2). There was no indication about the status of projects currently waiting to receive incentives and the website did not specify a cut-off date after which incentives would no longer be guaranteed. While the lack of funds for the remainder of 2009 was itself an issue of major concern to American Solar, this also revealed a deeper problem with the administration of the SunWatts Program.

Ostensibly, Trico notifies the customer when incentive funds have been reserved after it has received the packet of required paperwork including a reservation request. Of American Solar's 24 residential contracts currently under construction in Trico service territory, 17 had submitted paperwork prior to 11 September and 7 had not yet submitted. American Solar wishes to point out that none of the 24 customers received confirmation from Trico that incentives had been

reserved. American Solar was therefore concerned about the availability of funding for all 24 of its customers when the program was cancelled on 11 September. It was especially concerned about three of the projects which had already been installed on the customers' property (representing a \$100,000 expense), and three more projects with construction scheduled for the week of 14 September and 21 September, none of which had received notice that funds were reserved.

American Solar contacted Trico on 11 September to determine which customers had made the cut-off for 2009 and, indeed, what the cut-off date actually was.¹ Rather than receiving a list from Trico describing which customers had made the cut-off, American Solar was forced to provide Trico a list from its own records. Even then, Trico was ambiguous about whether or not these customers would receive incentives. Upon cross-checking American Solar's list with its own on 11 September, Trico indicated that it had not received reservation requests from two of the customers on American Solar's list (it did not indicate whether the remaining customers for which it had received reservation requests had made the cut-off or not). Because Trico does not give notice or provide confirmation that it has received a reservation request, this was the first American Solar had actually heard that Trico had even received any of these customers' paperwork.

On Monday of the following week (14 September 2009), Trico removed the SunWatts portion of its website entirely and replaced it with a link to Arizona Electric Power Cooperative's (AEP) 2009 REST Implementation Plan. American Solar contacted Trico again at which time it stated that the cut-off date for reservation requests was 10 September. In a phone call placed between American Solar and Trico, Trico's SunWatts representative indicated that Trico will be rejecting any paperwork submitted after the cut-off date until additional incentive money becomes available. When these future applications are rejected, they will not be placed on a waiting list. In other words, customers can continue with projects but they will not be guaranteed any funding from Trico as of 10 September. While this issue was resolved in the sense that American Solar now knows which projects have reserved incentives, the process reveals a general lack of visibility in the SunWatts Program, and calls into question Trico's ability to achieve compliance with the RES. Currently, American Solar expects that 7 customers under contract with deposits paid will not be able to participate in the Trico SunWatts Program in 2009. Additionally, American Solar has cancelled our upcoming marketing event in Trico's service territory and will not be servicing customer requests for projects until the program is operational again.

Trico's Administration of the SunWatts Program

American Solar believes that Trico could have avoided the current problems being encountered by American Solar and its customers if the SunWatts Program were administered by Trico more effectively. American Solar has two general areas of concern.

First, the reservation process should be streamlined and rationalized so that it conforms to APS's reservation process. American Solar believes that APS's residential reservation process represents the best practice for utilities in Arizona. In order to receive a reservation under Trico's current process, the customer must submit all of the necessary paperwork in one giant bundle—the 'Trico Pack'. The Trico Pack includes a reservation request, signed contract, building permit for the project, system design schematic, and interconnection application. Because the system design work and building permit require significant expenditures of time and money, it does not make sense to proceed with these aspects of the project without a guarantee that incentive funds have been reserved. Therefore, Trico should allow the customer to reserve incentives before requiring the other documents to be submitted for approval.

Note: The 7 projects that had not been submitted by American Solar to Trico by the 10 September cut-off date were in the design and permitting stages and were under contract before Trico's 10 September cut-off date. System design and acquisition of a building permit can take several weeks and potentially longer. It is highly variable and depends greatly on the responsiveness of the Authority Having Jurisdiction (AHJ) and any potential plan review concerns raised by the AHJ during the permitting process.

There is an additional element of the reservation process which should be amended. At the time of the reservation request, APS and other utilities allow for the customer to assign payment of the incentives to the installer. This helps the customer and installer avoid an unnecessary transaction, and speeds up the process of project completion. Trico currently does not allow the customer to assign payment.

The second general area of concern is that Trico does not communicate with the customer or installer unless there is a problem. This means that Trico does not give notification that it has received any of the required paperwork in the Trico Pack. Specifically, it does not provide a confirmation that incentives have been reserved nor does it give notice as to the status of the system design review or when the project will be commissioned. The project commissioning is especially important to American Solar's customers. At the time of commissioning, the customer's meter is swapped for a bidirectional meter which measures how much energy the solar system is producing. While it is not a significant event for the utility, it represents the moment at which the customer's solar system begins to operate. Without a prompt commissioning, the customer is left with a solar system that may sit idle for weeks after it has been inspected by the AHJ.

REST Compliance

The REST has a specific section (R14-2-1814) which allows electric power cooperatives to file an "appropriate plan" for acquiring RECs which, if approved by the Commission, may substitute for

¹ A complete log of this correspondence is available at the request of the Commission.

the requirements of the RES in R-14-2-1804 and R14-2-1805. AEPCO (which filed the 2010 REST Implementation Plan on behalf of Trico) cites this provision as the basis for its proposed 2010 REST Implementation Plan ('2010 Plan'). The 2010 Plan accordingly provides no analysis of how the proposed budget will help it achieve compliance with the REST. The focus appears to be on collecting the surcharge and paying out incentives, rather than on offering a level of incentives that will help the Participating Cooperatives achieve compliance.

American Solar points out that an "appropriate plan" is defined by the REST as

"a plan which provides either compliance with R14-2-1804 and R14-2-1805, or the following: (1) a full cost-benefit analysis of any proposed deviations from these rules; (2) a comprehensive analysis of why compliance with these rules is impracticable; (3) a report showing the environmental effects of allowing the proposed deviations from these rules; and (4) a summary of all efforts made to comply with these rules, and why those efforts have not been successful."

The proposed 2010 Plan does not meet the definition of an appropriate plan because it does not even discuss the issue of compliance with the REST. While the Commission allows the electric cooperatives to substitute an appropriate plan for REST compliance, it requires them to make a genuine effort to achieve compliance and to communicate to the Commission how their program measures against the REST requirements.

American Solar believes that the 2010 Plan should be amended to include an analysis of whether or not the Participating Cooperatives have achieved compliance with the REST in 2009. This analysis should include data on the amount of DG capacity currently installed in each Participating Cooperative's service territory. American Solar also recommends that the Participating Cooperatives conduct this analysis on a quarterly basis and make a Quarterly Compliance Report publicly available on their respective websites. APS's Quarterly Compliance Report, which is attached to this document as Appendix 3, should serve as a model. American Solar wishes to note that even though AEPCO Participating Cooperatives and Sulphur Springs Valley Electric Cooperative are required to docket compliance reports annually at the Commission, as of this filing there are no compliance reports in the docket for Trico or the other AEPCO Participating Cooperatives.

Recommendations

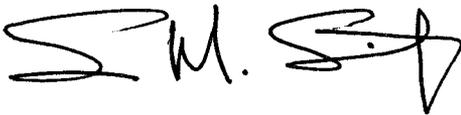
In summary, American Solar Electric offers the following six recommendations:

- 1) Trico's reservation process should make changes that conform to APS's process: only a reservation request, signed contract or quote, and document assigning payment to the installer should be required in order to reserve incentive funds for the project.

- 2) Trico should allow the customer the option to assign the SunWatts credit purchase payment to the installer, rather than paying the customer directly.
- 3) Within 5 business days of receipt of a reservation request, Trico should provide the installer and customer with a confirmation notice that funds are reserved.
- 4) Within 10 business days of receipt of an interconnection application and system design schematic, Trico should provide the installer and customer a written notice of application status or a written Utility Design Approval (UDA) letter.
- 5) Within 5 business days of receipt of AHJ clearance, Trico should provide the installer and customer a written notice with a schedule for system commissioning and meter swap.
- 6) Trico should publish a quarterly REST compliance report modeled on the APS Quarterly Compliance Report.

American Solar's prior requests for Trico to rectify these problems have failed to spur changes to the program. Therefore, American Solar believes that Commission action in this matter is necessary and justified.

Respectfully,

A handwritten signature in black ink, appearing to read "S.M. Seitz". The signature is stylized with a large initial "S" and a distinct "Seitz" ending.

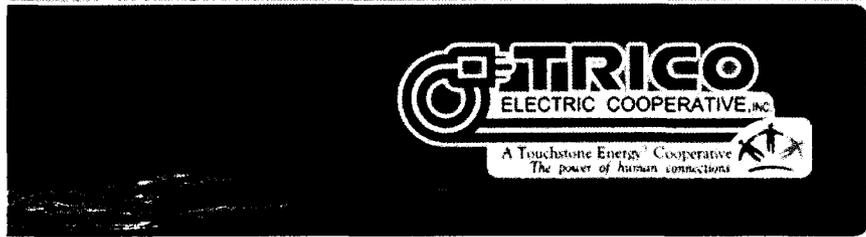
Sean M. Seitz
President
American Solar Electric, Inc.

Appendix 1

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8600 W. Tangerine Road Marana, AZ 85658 Tel (520) 744-2944 Fax (520) 744-2329

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Trico is proud to take a proactive role in renewable energy technologies!

Through Trico's SunWatts program, Trico customers can take an important step toward being 'green'.

**Renewable energy rebate funds for 2009 have been exhausted.
Trico's rebate program is suspended until additional rebate monies are available.**

[Click here to view a copy of Trico's ACC-Approved REST plan.](#)

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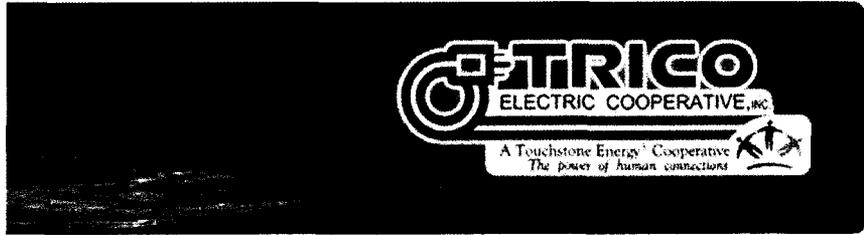
Appendix 2

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Home / Renewable Energy / Sunwatts / Residential



Related Links: SunWatts Handbook | Tucson-area Solar Contractors

PLEASE NOTE: Rebate funds for 2009 have been exhausted. The rebate program has been suspended, pending the availability of additional monies.

Care of our environment is important to all of us, and we want to preserve the earth for generations to come. Many people want 'green' energy alternatives to meet their electricity needs. That's where SunWatts can help.

A renewable energy program designed to help Trico Members take part in and benefit from renewable energy technologies.

The SunWatts residential/small commercial program has two parts:

- **A rebate -- the best in the state!**
 - **Photovoltaic (PV) and small wind:** You receive \$4 per installed watt up to half the cost of the system.
 - **Solar water heating:** 75 cents per kilowatt hour saved in the first year (determined based on a nameplate rating).
- **A green energy purchase program**
Trico Members can help promote green energy technologies for as little as \$2 a month. Your \$2 contribution will be used to create 50 kWh of green energy in the community! You can purchase as many 50 kWh blocks as you wish and 100 percent of your contribution goes toward the installation of renewable energy. The program is voluntary and Members can opt-in and out at any time. Just call Trico Member Services at 744-2944 to sign-up!

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Sitemap

Top

Text Size

Home | Community | Commercial | Trico | On-line Trading Post |

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Appendix 3

2009 APS Renewable Energy Incentive Program Quarterly Update – as of 6/30/2009

DE Renewable Customer Installations - Count by Year									
Technology	2002	2003	2004	2005	2006	2007	2008	2009 YTD	Total
Residential									
Grid-Tied PV	2	9	41	59	175	220	354	552	1,412
Off-Grid PV	21	65	67	68	87	48	51	35	442
Solar Water Heating	0	5	93	81	214	257	407	551	1,608
Solar Space Heating	0	0	0	0	0	0	0	2	2
Solar HVAC	0	0	0	0	0	0	0	1	1
Grid-Tied Wind	0	0	0	0	0	0	0	7	7
Off-Grid Wind	0	0	0	0	0	0	0	1	1
Geothermal	0	0	0	0	0	0	0	1	1
Total Residential Systems Installed	23	69	201	238	476	625	612	1,130	3,474
Non-Residential									
Grid-Tied PV	2	1	1	14	9	12	16	38	95
Off-Grid PV	6	2	1	0	4	2	1	1	11
Solar Water Heating	0	0	0	0	0	0	0	8	8
Solar Process/Space Heating	0	0	0	0	0	0	0	4	4
Solar Process/Space Cooling	0	0	0	0	0	0	0	1	1
Solar Pool Heating	0	0	0	0	0	0	0	1	1
Solar Daylighting	0	0	0	0	0	0	0	0	0
Grid-Tied Wind	0	0	0	0	0	0	1	2	4
Off-Grid Wind	0	0	0	0	0	0	0	0	0
Geothermal	0	0	0	0	0	0	0	0	0
Biogas/Biomass	0	0	0	0	0	0	0	0	0
Total Non-Residential Systems Installed	2	3	2	14	15	14	20	66	126
Total Customer Systems Installed	25	72	203	252	491	639	632	1,196	3,600

DE Electric Generation Installations - kW By Year									
Technology	2002	2003	2004	2005	2006	2007	2008	2009 YTD	Total
Residential									
Residential Grid-Tied PV	4.92	55.19	153.14	236.57	798.55	1,083.75	2,012.10	3,072.77	7,416.99
Residential Grid-Tied Wind	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16.80	16.80
Residential Off-Grid PV	23.23	70.44	111.65	138.66	162.79	93.49	98.06	35.12	733.44
Residential Off-Grid Wind	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.90	0.90
All Residential	28.15	125.64	264.78	375.23	961.35	1,177.23	2,110.16	3,125.80	8,168.13
Non-Residential									
Non-Residential Grid-Tied PV	3.96	2.34	25.28	162.50	258.49	558.59	2,441.07	994.35	4,446.58
Non-Residential Grid-Tied Wind	0.00	0.00	0.00	0.00	0.00	0.00	1.80	10.80	12.60
Non-Residential Grid-Tied Biogas/Biomass	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non-Residential Off-Grid PV	0.00	10.89	7.58	0.00	26.62	7.64	3.96	0.24	56.94
Non-Residential Off-Grid Wind	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non-Residential Off-Grid Biogas/Biomass	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
All Non-Residential	3.96	13.23	32.86	162.50	285.11	566.23	2,444.83	1,005.36	4,516.12
All Grid-Tied	8.88	57.53	178.42	399.07	1,057.04	1,642.34	4,454.97	4,084.73	11,892.97
All Off-Grid	23.23	81.34	119.23	138.66	189.41	101.13	102.02	36.26	791.27
Total kW Installed	32.11	138.87	297.65	537.73	1,246.44	1,743.47	4,556.99	4,130.99	12,684.24

DE Thermal Installations - kWhs Offset By Year									
Technology	2002	2003	2004	2005	2006	2007	2008	2009 YTD	Total
Residential									
Solar Water Heating	0	12,900	220,700	185,500	535,800	689,500	1,112,300	1,480,123	4,236,823
Solar Space Heating	0	0	0	0	0	0	0	11,122	11,122
Solar HVAC	0	0	0	0	0	0	0	1,800	1,800
Geothermal	0	0	0	0	0	0	0	60,752	60,752
Total Residential Thermal kWhs Offset	0	12,900	220,700	185,500	535,800	689,500	1,112,300	1,553,797	4,310,467
Non-Residential									
Solar Water Heating	0	0	0	0	0	0	0	952,641	952,641
Solar Pool Heating	0	0	0	0	0	0	0	1,696,800	1,696,800
Solar Process/Space Heating	0	0	0	0	242,894	0	0	203,283	446,177
Solar Process/Space Cooling	0	0	0	0	0	0	0	396,442	396,442
Geothermal	0	0	0	0	0	0	0	0	0
Biogas/Biomass	0	0	0	0	0	0	0	0	0
Total Non-Residential Thermal kWhs Offset	0	0	0	0	242,894	0	0	3,249,166	3,492,060
Total Thermal kWhs Offset	0	12,900	220,700	185,500	778,694	689,500	1,112,300	4,802,963	7,802,557

2009 DE Compliance Tracking			
Type	Systems Installed	Applications Reserved	Percent of Compliance Target
Residential kWhs	6,565,000	6,061,000	38.70%
Non-Residential kWhs	4,766,000	24,133,000	75.66%
Total kWhs	11,330,000	30,194,000	58.65%

2009 DE Incentive Budget			
Type	Budget	Reserved & Paid	Available
Residential UfE	\$49,300,000	\$11,416,716	\$37,883,284
Non-Residential UfE	\$1,300,000	\$1,210,091	\$89,909
PBI Lifetime Commitment Cap	\$77,000,000	\$64,744,943	\$12,255,057