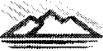


ORIGINAL



0000102791

 RECEIVED  
WESTERN RESOURCE  
ADVOCATES

2009 SEP 18 P 2: 17

TO: Docket Control  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, AZ 85007

ARIZONA CORP COMMISSION  
DOCKET CONTROL

FROM: David Berry  
Western Resource Advocates  
PO Box 1064  
Scottsdale, AZ 85252-1064

Arizona Corporation Commission  
DOCKETED

SEP 16 2009

DATE: September 16, 2009

DOCKETED BY 

SUBJECT: Comments on Revised Draft Proposed Resource Planning Rules for the Proposed Rulemaking on Resource Planning Rules (Docket No. RE-00000A-09-0249)

Western Resource Advocates (WRA) hereby provides comments on **Staff's** draft rule on resource planning as requested by Staff on September 4, 2009. Because of the short review time, WRA's comments address only some issues inherent in the draft rule. WRA appreciates Staff's consideration and incorporation of our previous comments submitted in Docket No. E-00000E-05-0431.

The September 4, 2009 draft has many strengths, including explicit reference to environmental impacts of power generation, recognition of the uncertainties encountered in planning, recognition of the multiple objectives of resource planning, gathering of public input prior to filing of resource plans, and acknowledgement of resource plans. There are, however, several remaining issues.

1. The rule should reflect Staff's and the Commission's capability for timely review of resource plans and should reflect the importance to Arizona electric resources of each load serving entity required to file a resource plan. The 5 MW threshold for a load serving entity (Sections 701 and 702) should be increased greatly, so that the rule captures only the largest electric utilities that acquire generation resources.<sup>1</sup> Spending Commission and private sector time and money on plans of tiny generators will be ineffective and needlessly burdensome. Moreover, very small public service corporations with a limited market (e.g., a company owning a 5 MW CHP facility that sells electricity to a commercial customer) will likely not be able to comply with all of the provisions of the rule such as distributed

<sup>1</sup> Distribution cooperatives will likely file energy efficiency and demand management plans separately.

renewable energy requirements or energy efficiency program requirements. If Staff wants to retain the ability to require small generators to file resource plans, then the rule could keep the current language that permits the Commission, with two years' notice, to require the owner of a small generator to file a resource plan. Before invoking such a provision, however, Staff and the Commission should have some experience with resource plans.

2. The definition of production costs (Section 701) should include fuel costs.
3. The definition of third party independent brokers (Section 701) should not include the names of specific companies which may go out of business.
4. The definition of total cost (Section 701) should be rewritten as follows: "Total cost" means all capital, operating, maintenance, fuel, environmental control, and other costs of power supply plus all incremental costs of demand management plus all costs of environmental impacts resulting from supply and demand side resources not otherwise accounted for as supply and demand side costs. These costs shall be considered whether they are borne by end users, load-serving entities, or others.
5. Add a definition of "environmental impact:" Any change to the environment, whether adverse or beneficial, wholly or partially resulting from an organization's activities, products or services. Environmental impacts may include effects on human health, damage to wildlife, plants, or habitat, aesthetic effects, and impairment of visibility.
6. Section 703 (B)(1)(p), pertaining to environmental "impacts." Rewrite as: Air and water emissions quantities (e.g., metric tons, pounds) and rates (quantities per MWh), by type of emission, and quantities of solid waste production by type of waste product. Types of air emissions include carbon dioxide, nitrogen oxides, sulfur dioxide, mercury, particulates, and other emissions subject to current or expected future environmental regulation.
7. Section 703(E)(1)(e), pertaining to uncertainty analysis. It is not clear if paragraph e is different than the preceding paragraph d.
8. Sections 704(A) and (B), pertaining to Staff and Commission review of resource plans. By time the Commission acknowledges a plan (15 months after the plan is filed), the plan could be stale and a new plan will be filed in only 9 months. WRA suggests, at most, a six month review by Staff and intervenors with a Commission decision four months later (to allow time for a hearing). This accelerated schedule could be accommodated by reducing the number of load serving entities subject to the rule as indicated in comment 1, above.
9. Section 704(B), pertaining to Commission review of resource plans. This section should indicate that the Commission may conduct a hearing on the resource plans. This section should also include in the list of factors to be considered the degree to which adverse environmental impacts of power production and delivery have been minimized.