

OPEN MEETING AGENDA ITEM



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easy energy
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December 17, 2009

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AZ CORP COMMISSION
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Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007
ATTN: Chairman Kristin Mayes
Commissioner Gary Pierce
Commissioner Paul Newman
Commissioner Sandra Kennedy
Commissioner Bob Stump

Arizona Corporation Commission
DOCKETED

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Re: Docket No. E-01345A-09-0338

Dear Chairman Mayes, Commissioner Pierce, Commissioner Newman, Commissioner Kennedy, Commissioner Stump:

The Arizona Corporation Commission (ACC) has developed an excellent Renewable Energy Standard (RES). I am writing to ask for your support in utilizing the residential (RES) funds toward the installation of solar on multi-family housing (MFH) communities. The applications should compete in the residential funding program because they *are* residential in nature, as these communities represent the primary residence where the ratepayer eats, sleeps and lives. The incentives utilized for these installations currently derive from the non-residential upfront program, which has a considerably smaller pool of upfront funds available annually.

The scope of the ACC RES program administered by APS is an integral part of our solar water heating business and we find it to be among the most robust and proactive in the nation to grow the use of renewable energy in both the residential and non-residential sectors. We have worked closely with Tony Tewelis and the rest of the APS Renewable Energy team for the last 18 months to successfully develop and execute 12 commercial solar water-heating installations in the greater Phoenix area.

Commercial solar water heating is the most affordable, efficient renewable energy technology that can be installed as a reliable and primary energy source to a new or existing water heating design. In 2009, Easy Energy installed 2 (MFH) solar water heating projects located in Phoenix and Tempe, which, when combined, provide solar hot water to more than 500 low-income tenants.

The multi-family housing market has traditionally been a difficult market to reach because tenants of MFH communities all pay into the RES, but the apartment owners are generally not supportive of an individual tenant's desire to install solar – therefore, tenants pay into the program but cannot reap the benefits of the rebates. Easy Energy has overcome this shortfall by developing a solar water-heating program for apartment owners and lending institutions that ultimately benefits the end residential user in the form of lower utility costs.

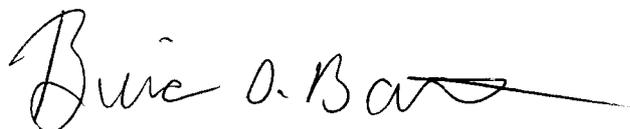
As a result of our marketing efforts during the year, customer demand and interest grew, but our project timelines could not be satisfied when the RES funds administered by APS became very limited in late 2009. The availability of the APS RES funds is a critical component in securing financing for these solar MFH projects and establishing confidence among owners and investors. Installations of MFH solar water heating can take up to 6 months to install with city permitting, lending institution approval, and preparation of the site for solar.

Easy Energy has secured purchase orders for three additional MFH communities that are currently scheduled to compete for funds with other non-residential projects in Q1 2010. These projects represent installing solar hot water for 578 residential units, at a total projected non-residential RES incentive amount of \$370,480. The RES incentive to install solar water heating using our Skyline collectors for 578 individual homes would be triple the previous amount, or \$1,127,100. Therefore, designing and installing these large-scale residential solar water heating systems vs. individual residential units are much more cost effective for the tenants, system owners, utilities and the rate payers as a whole.

In closing, I urge you to support a program design that will support and grow the use of solar technology in large residential installations. Please thoughtfully consider funding MFH solar projects with the RES funds designated for individual residential projects. This change would allow renters who currently pay into the RES the opportunity to benefit from the program.

Thank you in advance for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Brian A. Bartel". The signature is written in black ink and has a long, sweeping underline that extends to the right.

Brian Bartel
President