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January 11, 2010 ORIGINAL

Arizona Corporation Commission  
1200 West Washington  
Phoenix, AZ 85007



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Dear Corporation Commissioners:

I respectfully ask that the Arizona Corporation Commission implement new rules to increase best practices with regard to net metering and interconnection of renewable energy in this state. The organization Network for New Energy Choices published their study *Freeing the Grid: Best and Worst Practices in State Net Metering Policies and Interconnection Standards* in November, 2009 ([click on this link for the study](#)). Exhibit A of this document shows additional findings for the state.

This study made two recommendations for Arizona.

**Net Metering**

Arizona received an "A" for its Net Metering legislation with the following recommendation:

*"Implement safe harbor language to protect customer-generators from extra or unanticipated fees."*

**Interconnection**

Arizona received a "C" in Interconnection legislation with the following recommendation:

*"Create uniform IREC requirements and standard Interconnection recommendations for all utilities."*

**Proposed New Legislation**

The following legislation would address the above recommendations, plus enable the state to improve its score card and take even more advantage of the economic promise of renewable energy.

1. Create a "Safe Harbor" provision to protect customer-generators from extra or unanticipated fees.
2. Develop standardized agreements that apply to all regulated utilities for:
  - (a) Interconnection
  - (b) Additional insurance
  - (c) External disconnect switch requirements
3. Allow customer-generators the option to *permanently* roll over Net Excess Generation (NEG).

Sincerely,

Jean Lasee  
Citizen Intervener

Arizona Corporation Commission  
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Exhibit A

The attached .pdf file shows Arizona's score card from the *Freeing the Grid: Best and Worst Practices in State Net Metering Policies and Interconnection Standards*.



## ARIZONA

### NET METERING

<b>n/a</b> 2007	<b>B</b> 2008	<b>A</b> 2009
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### INTERCONNECTION

<b>C</b> 2007	<b>C</b> 2008	<b>C</b> 2009
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Eligible Renewable/Other Technologies:	<b>Solar Thermal Electric, Photovoltaics, Landfill Gas, Wind, Biomass, Hydroelectric, Geothermal Electric, Municipal Solid Waste, CHP/Cogeneration, Hydrogen, Biogas, Anaerobic Digestion, Small Hydroelectric, Fuel Cells using Renewable Fuels</b>
Applicable Sectors:	<b>Commercial, Industrial, Residential, Nonprofit, Schools, Local Government, State Government, Institutional</b>
Limit on System Size:	<b>System must be sized to meet all or part of customer's electric load and may not exceed 125% of the customer's total connected load</b>
Limit on Overall Enrollment:	<b>No limit specified</b>
Treatment of Net Excess:	<b>Credited to customer's next bill at retail rate; excess reconciled annually at avoided-cost rate</b>
Utilities Involved:	<b>All utilities</b>
REC Ownership:	<b>Customer owns RECs (must be relinquished to utility in exchange for distributed generation payments)</b>

Eligible Technologies:	<b>Solar Thermal Electric, Photovoltaics, Landfill Gas, Wind, Biomass, Hydroelectric, Geothermal Electric, Fuel Cells, CHP/Cogeneration, Microturbines, Other Distributed Generation Technologies</b>
Applicable Sectors:	<b>Commercial, Industrial, Residential</b>
Limit on System Size:	<b>Varies by utility</b>
Standard Interconnection Agreement?	<b>Varies by utility</b>
Additional Insurance Required?	<b>Varies by utility</b>
External Disconnect Switch Required?	<b>Varies by utility</b>
Utilities Covered:	<b>Investor-owned utilities, SRP</b>

**Recommendations:**

- Adopt safe harbor language to protect customer generators from extra and/or unanticipated fees

**Recommendations:**

- Uniform requirements, using IREC standard interconnection recommendations, for all utilities

The Arizona Corporation Commission (ACC) adopted net metering rules in October 2008 which became effective in May 2009. These rules, which apply to investor-owned and cooperative utilities in the state, allow net metering for systems that provide 125% or less of the customer's peak connected load. Net Excess Generation will be credited monthly at the retail rate and any remaining NEG at the end of the calendar year will be paid to the customer, via check or billing credit, at the utility's avoided cost payment. The ACC also requires that net metering charges be assessed on a non-discriminatory basis. For interconnection, the Arizona Corporation Commission (ACC) recommends that utilities use draft rules that apply for systems up to 10 MW.

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Source: *Freeing the Grid: Best and Worst Practices in State Net Metering Policies and Interconnection Standards* in November, 2009. Network for New Energy Choices, <http://www.newenergychoices.org/uploads/FreeingTheGrid2009.pdf>.