

ORIGINAL

OPEN MEETING AGENDA ITEM



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BEFORE THE ARIZONA CORPORATION COMMISSION

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KRISTIN K. MAYES, Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

IN THE MATTER OF THE APPLICATION
OF ARIZONA PUBLIC SERVICE COMPANY
FOR APPROVAL OF ITS 2010 ENERGY
EFFICIENCY IMPLEMENTATION PLAN

Docket No. ~~RE~~-01345A-08-0172

SWEEP COMMENTS ON THE
RECOMMENDED ORDER (ROO)
AND STAFF REPORT

January 13, 2010

The Southwest Energy Efficiency Project (SWEEP) appreciates the opportunity to submit its comments on the Recommended Order and Opinion (ROO) and Staff Report regarding the Arizona Public Service Company (APS) 2010 Energy Efficiency Implementation Plan, filed by Commission Staff on January 6, 2010.

Unfortunately, Mr. Schlegel will not be able to attend the January 13, 2010 Open Meeting due to a prior commitment out of state.

In Decision No. 71444 (December 23, 2009), the Commission approved four program elements, as modified and amended, that were proposed in the 2010 APS Energy Efficiency Implementation Plan. The remaining programs, program expansions or enhancements, and other elements of the 2010 Implementation Plan are addressed in the January 6th Staff Report and ROO, with the exception of the higher tier (Energy Star Plus) of the Residential New Construction Program, which will be reviewed separately.

SWEEP urges the Commission to adopt the January 6th ROO and approve the energy efficiency programs and elements addressed in the ROO and Staff Report.

- The energy efficiency programs and enhancements proposed in the 2010 Implementation Plan are cost-effective and provide significant benefits to APS customers and the electric system.
- The programs and elements are necessary for APS to meet the energy savings goals agreed upon in the Settlement Agreement and recently approved by the Commission in the APS Rate Case (Docket No. E-01345A-08-0172). The programs are necessary to achieve the 2010 goal of 320,000 MWh of annual energy savings, estimated to be equivalent to 1% of

1 total energy resources in 2010, which is the requirement set forth in the Settlement
2 Agreement.

- 3 • The expanded and enhanced programs will be necessary for APS to meet the energy
4 efficiency savings requirements set forth in the Energy Efficiency Rulemaking (Docket No.
5 RE-00000C-09-0427).

6
7 Increasing energy efficiency is in the public interest because doing so will provide
8 significant and cost-effective benefits for APS customers (residential consumers and businesses),
9 the electric system, the economy, and the environment. Increasing energy efficiency will save
10 money for consumers and businesses through lower electric bills, resulting in lower total costs
11 for customers. Increasing energy efficiency will also reduce load growth, diversify energy
12 resources, enhance the reliability of the electricity grid, reduce the amount of water used for
13 power generation, reduce air pollution and carbon emissions, and create jobs and improve the
14 Arizona economy.

15
16 SWEEP supports Staff's recommendation that the methodology for calculating the
17 performance incentives be approved in accordance with the language in the recently-approved
18 Settlement Agreement (Decision No. 71448), meaning that the cap on performance incentives
19 should be based on program costs alone, without including the performance incentive amount in
20 the basis.¹ This methodology for calculating the performance incentive cap should supersede the
21 methodology described in the prior Settlement Agreement and approved in Decision No. 67744
22 (Staff Report, pgs. 19-21).

23
24 SWEEP also supports the Staff recommendation for Commission approval of DSMAC 2,
25 which amortizes the 2009 energy efficiency portfolio costs over three years, with the Staff
26 adjustment reflecting the new method for calculating the performance incentive and performance
27 incentive cap (Staff Report, pgs. 23-24).

28
29 SWEEP urges the Commission to adopt the ROO and approve the APS 2010 Energy
30 Efficiency Implementation Plan.

31
32 Thank you for the opportunity to submit these comments on the ROO and Staff Report
33 regarding the APS 2010 Energy Efficiency Implementation Plan.

¹ SWEEP does not believe that APS has been calculating the performance incentive "incorrectly" in the past. In SWEEP's view, APS has been calculating the performance incentive consistent with the terms of the prior Settlement Agreement. However, the language in the most recent Settlement Agreement clarifies that the cap on performance incentives should be based on program costs alone, therefore a change in the methodology is needed.