

ORIGINAL

Before the Arizona Corporation Commission  
December 31, 2009



0000107476

RECEIVED

2010 JAN -4 A 9:19

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

RECEIVED

DEC 31 2009

ARIZONA CORP. COMM  
100 W CONGRESS STE 218 TUCSON AZ 85701

Commissioners

Kristen K. Mayes, Chairman  
Gary Pierce  
Paul Newman  
Sandra D. Kennedy  
Bob Stump

**Exception:**

**Docket No. E-01461A-09-0450**  
**Objections to TRICO Net Metering tariff**

Arizona Corporation Commission  
**DOCKETED**

JAN -4 2010

**Prepared and submitted by:**  
**James M. Arkoosh**  
**65227 E. Emerald Ridge Dr.**  
**Tucson, AZ 85739**

DOCKETED BY

**Background:** I am a resident of southeast Pinal County and a member and customer of TRICO Energy Cooperative. Based on the Arizona Corporation Commission's approval of Net Metering Rules, I invested in a 5.1 kWh solar PV operating system. The system has been operational since August 27, 2009. My decision to install this system was primarily due to the approval of the Net Metering Rules. Prior to these rules, my utility, TRICO, did not provide net metering to its solar electric generating customers, but instead paid, at the end of each year, a fee for kWh delivered to TRICO. This fee was a fraction of what TRICO charged its customers for delivery of kWh. *[For 2008, TRICO paid the residential solar power producers approximately 3.9 cents per kWh, while TRICO charged its residential customers 13 cents a kWh.]* TRICO pocketed the positive difference. As a result few solar systems were installed in the TRICO service area in 2008. [TRICO advised that only 27 systems were installed in 2008.] Solar installations did not take-off until May 2009 when the Attorney General certified the Net Metering Rules as law [47 systems were installed through the first eight months of 2009].

**Promotion of Solar Power:** The ACC has provided strong support for solar power through the passage of the Net Metering Rules in 2008 and the earlier creation of the Renewable Energy Standard Tariff. Local utilities now have the option of supporting or hindering the ACC actions through their Net Metering Tariff. **Unfortunately, TRICO Energy Cooperative's requested Net Metering Tariff does not support the ACC's goal.**

To support solar power development at the residential level rules need to be both clear and fair. Individuals are not utility attorneys. They need to see the real costs of installing solar power to make investment decisions. Tariff rules that are unclear and do not have definitive financial values make it difficult for residents to make decisions. The ACC needs to focus on clarity when reviewing individual utility tariffs.

**The rules also need to be fair.** Residents can invest substantial sums of money when making solar power investments. *[Up to \$20,000 after any rebate for a system which meets the annual needs of a 2,000 square foot home.]* Residential customers do not see the system as implicitly fair when the utilities use their Net Metering Tariff to place economic burdens on solar investments through high administrative fees, arbitrary "Avoided Cost" definitions and a manipulative choice for year end. TRICO is guilty in the extreme of seeking financial gain from residential solar operations. TRICO forgets that it does not fund residential solar generating; 100% of the funds come from its customers, either from direct customer investment or rebates funded by the ACC-approved Renewable Energy Standard Tariff. **TRICO, the utility, has no right to an allocation of revenues from its customer's solar production.**

**Clarify:** The following provisions of TRICO's Net Metering Tariff need substantial clarification.

- In the first paragraph, TRICO states its "Tariff" is "subject to enhanced metering and billing systems upgrades". They have had nearly five years to prepare for net metering. There should be no "**subject to**" provisions which are just delaying tactics. Any more delays to full implementation of net metering are unacceptable.
- In addition, this Tariff should be clear as to the "**start date**" for net metering. For the reasons herein this should be no later than January 1, 2010. In fairness to residents who invested based on the new law being effective **May 23, 2009**, this earlier date would be more appropriate.
- The "Tariff" requests that the capital **cost for bi-directional meters** should be absorbed by the customers. Clarity can be provided by stating the estimated dollar cost of this meter and allowing the meter cost to be added to installer project costs under TRICO-administrated rebates. In fairness, it is unclear why residential solar electric generators must pay for two meters, once through prior tariffs and then a second time to provide solar power to the overall system. At best a smaller incremental charge would be fairer. A specified net amount is recommended.
- The Net Metering Rules provide that any production "credit" due a solar electric generator shall be paid or credited. This Tariff should make it clear as to the due date for this payment. "**No later than thirty days after year end**" would appear appropriate.

- "Annual Average Avoided Cost" is very vague! Clarity would be provided by stating an actual rate per kWh delivered. I believe the Net Metering Rules at R14-2-2307 specify that the Utility "**shall specify a standard rate** for annual purchases of remaining credits." That is a numerical rate, not a vague formula!

**Fairness:** In verbal discussions with TRICO, management affirmed with no reservations that with regard to this Tariff, when presented, they always took positions to the benefit of TRICO. They stated on balance they believed TRICO not the resident solar power generator was more deserving of benefits that could be obtained through their Tariff. Here are several examples.

**Administrative Fees:** TRICO is asking for a \$4.38 additional monthly administrative fee. It stated that this fee is for data collection.

1) This fee request is **not supported** as required under the Net Metering Rules per R14-2-2305 which requires "cost of service studies and benefit cost analysis" that was not presented. 2) Net metering customers are asked to pay \$4.38 per month (\$52.56 a year) to provide two numbers (total amount delivered and amount received per month). Expensive **daily** cell phone technology is proposed over existing, much cheaper, **monthly** communications by power line. TRICO is overbuilding its communication system for its own purpose which is not necessary for the collection of solar electric generator net metering. 3) The charges **discriminate** against residential solar power generators. See R14-2-2305. Currently, Time of Use customers, which use the same bi-directional type meter and arguably need transmission of more and frequent data every day, pay only an extra \$2 per month administrative charge per the most recent TRICO tariff. Why are solar customers asked to pay over twice as much per month?

TRICO states in its "Tariff" that net metering customers will need to have **interval meter data available (minimum data collection every half hour)**. This is not required by the Net Metering Rules. See R14-2-2304 which states the meter shall be capable of registering and accumulating the kWh of electricity flowing in both directions in **each billing period**. For net metering only two numbers are needed at the end of each month - the accumulated "delivered" and "received" amounts. By requiring information every 30 minutes, TRICO is over burdening the Residential solar generator with information requests and communication costs many times over that need for billing. **Incremental administrative cost is actually nominal.**

**TRICO fails to meet the burden of proof for the administrative fee proposed. This should be rejected.**

**Avoided Cost:** As mentioned earlier, TRICO has historically paid solar generators a low rate for power received (approximately one third of TRICO's onward sale of the power to others]). This rate has been called Avoided Cost by

TRICO but is really the variable cost of fuel from AEPCO (its supplier) to produce an additional kWh. **This analysis is flawed.**

**First**, TRICO does not buy fuel. TRICO purchases kWh from AEPCO per an ACC-approved tariff. The total approval tariff rate (including all components, not just a third party's fuel cost) should be "Avoided Cost" per the Net Metering Rules.

**Second**, TRICO equates "Variable Fuel" with "incremental cost. An incremental cost is the **full cost of kWh**, not some lesser cost of one component. TRICO needs to look to what it pays for incremental kWh, not attribute third-party variable costs. AEPCO is not a true third party seller of incremental kWh.

**Third**, if TRICO is allowed to define Avoided Cost as extra fuel cost there is no clarity for solar electric generators and TRICO reaps the benefit of buying kWh low (3.9 cents) and selling as high as (19 cents). TRICO is grabbing economic benefit from residential solar-electric generators for TRICO's benefit. TRICO uses this growing amount of revenue as non-tariff general funds.

**Year End:** TRICO for years has settled its purchases from solar generators based on a year end of December 31. For this "Tariff" they ask to **change their year end** to April 30. **Outrage is the only response.** TRICO is fully aware that April 30 is very near the date when solar electric generators will accumulate their largest net credit for the year. (March to mid-May is the highest period of production and the lowest use by residential operators.) TRICO seeks to diminish the revenue to residential solar electric generators by combining this new, year end, with their definition of "Avoided Cost" (see prior discussion) to carve back more than two-thirds of the "excess production credit" to their benefit.

Annually this amount is approximately **\$119** per year on a 5.1 kWh system. [Excess production October through April is estimated to be 1260 kWh times 9.4 cents lost revenue due to the unfair definition of avoided cost.] If TRICO's definition of "Avoided Cost" is accepted **their year end date should be September 30**. This date would see **very few** "excess credit" situations and would simplify TRICO's accounting and thereby minimize any costs.

**Excess Burden:** With a year-end change to April 30, an excessive administrative fee [\$52.56 per year] and a biased definition of "Avoided Cost", TRICO places an unfair financial burden on residential solar electric generators of over \$170 per year. This is about a **15% burden** on the cash flow of a modest size system. Smaller systems will carry a greater relative burden.

**TRICO's Net Metering Tariff should be modified to address these concerns.**

**Benefit:** Clearer provisions within the TRICO Net Metering Tariff and a reduction of the burden placed on residential solar-electric generators by this proposed Tariff will promote continued growth in Arizona's solar power.