

**ORIGINAL**

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**From:** Terry Finefrock [terry.finefrock@pima.gov] ↗  
**Sent:** Tuesday, April 13, 2010 10:03 AM  
**To:** Kristin Mayes; Pierce-Web; Stump-Web; Newman-Web; Kennedy-Web  
**Cc:** Nancy LaPlaca; Giancarlo Estrada; Cristina Arzaga-Williams; Amanda H. Ho; Tedra Fox; Steven Olea; Elijah Abinah  
**Subject:** Pima County Comments Re FIT & ANM  
**Attachments:** ACC\_FITandANMLetter\_041310.pdf

To the Honorable Chair and Commissioners of the Arizona Corporation Commission:  
Attached please find correspondence regarding Feed-In Tariff and Aggregated Net Metering.

<<ACC\_FITandANMLetter\_041310.pdf>>

Mr. Terry Finefrock, CPIM  
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Arizona Corporation Commission  
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April 13, 2010

Chairman Mayes, Commissioners Kennedy, Newman, Pierce and Stump  
Transmitted Via email

**In Re: Feed-In Tariff (FIT) Workshop**

Dear Chairman and Commissioners,

Thank you for your leadership in establishing the FIT workshop and your invitation to participate and discuss how a FIT might be defined to satisfy the Arizona Corporation Commission's (ACC) primary objectives.

To assure that the workshop is focused, productive and that the benefits and costs of FIT may be properly evaluated with other alternatives, I hope the ACC will open the workshop with a statement of those primary objectives that I generally presume are to control intermediate and longer term "Total" costs regarding the generation, transmission and distribution of power to Arizona Ratepayers via the development of Renewable Energy (RE) solutions.

As you may be aware, Pima County previously submitted multiple letters to the ACC encouraging the implementation of rule changes necessary to enable what we refer to as "Aggregated Net Metering" (ANM). That correspondence is available and attached to ACC Docket 07-0608.

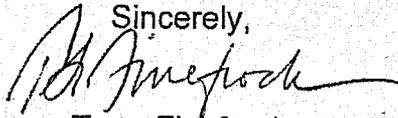
Attached to this letter is a brief summary of the benefits ANM would provide. I believe ANM provides benefits superior to FIT, requires relatively few and simple rule changes and would result in the rapid implementation of enormous amounts of RE power with the subsequent environmental and economic benefits distributed throughout Arizona communities. The rule changes would enable local governments to leverage the use of government controlled public lands within or adjacent to the distribution grid and to augment electricity expense funds already provided by taxpayers to support the most productive use of Renewable Energy Surcharge (RES) funds provided by Ratepayers, who are the same persons as taxpayers, to control and reduce government operational costs for 30-years. Power generated at the public land sites remote from the actual 'urban' loads would be credited to local governments' many meters in substantially the same manner as defined by current Net Metering rules.

At 2009 Power Purchase Agreement prices, an enormous amount of power can be quickly and efficiently established by few utility customers with vested local fiduciary interests paid for using existing utility expense funds with a subsidy of only a few cents/kwh and less in future years. This would accelerate technology cost reduction, achievement of the ACC RE goal, and elimination or reduction of RES, at far less cost to ratepayers.

Although FIT may provide some interesting alternatives, it is likely to cost much more and provide less benefit than that which can be provided by the ANM option.

In conjunction with your efforts to develop viable alternatives that will optimize achievement of ACC objectives and optimize benefit to Ratepayers please consider near-term actions to enable ANM.

Sincerely,



Terry Finefrock

Chief Contracts & Procurement Manager  
Pima County, Tucson, AZ

Attachment:

Summary of Large Scale Solar PV Projects by Local Governments c:

Distribution:

C.H. Huckelberry, Pima County Administrator

Tedra Fox, Pima County Sustainable Community Manager

## BENEFITS OF LARGE SCALE PV SOLAR PROJECTS BY LOCAL GOVERNMENTS

### COST & REVENUE BENEFITS INCLUDE

- **Benefits would be Statewide, distributed, available to all Communities**
- **Fixed operational electricity costs for 30-years**  
Pima County & City of Tucson purchase about 330 Million KWH/year; 165MW  
Per US DOE historical national utility price increases average 4.7%/year
- **Job & Associated Tax Revenue Creation**  
Re-employ some of the 44% of higher wage Construction jobs lost January 2009-2010  
Sustained Demand will attract Solar Component Manufacturers to Locate to AZ  
Leverage recent legislation providing tax waivers to employers locating to AZ
- **Provide "green" power offsets to pending Carbon Penalties**  
Will be charged to all Utility Customers; + 10 to 30% of current rates; \$0.01 to \$0.03/kwh
- **Productive Use of Ratepayer( = Taxpayer) RES funds to Control Taxes/Government Operational Costs**  
At >5MW, can PPA at \$0.12/kwh and fund \$0.10/kwh with current expense budgets (taxes) and(only) \$0.02/kwh with Ratepayer(Taxpayer) Renewable Energy Surcharges; 1MW typically subsidized at \$0.16 to \$0.18/kwh; Sustained & phased demand will enable future PPA Price/kwh decreases and eliminate need for subsidy within a few years
- **Leverage/Use of prior investments in Public lands/"wastelands" to site solar projects**  
Adjacent/within Distribution grid; avoid transmission infrastructure costs and associated energy loss
- **Avoid/Mitigate Use of Precious Water resources and associated costs to Taxpayers/Ratepayers**  
AZ Utilities use BILLIONS of gallons of water per year to generate Brown Power (1/2 to 3/4 gallon/kwh);  
Photovoltaic's use none/little, to wash module surface; TEP 5 to 7 Billion gallons for 2010 Sales plan; Demand higher than supply will increase costs & price; Not desirable to have to compete energy with other use
- **Avoid/Mitigate Brown Power air pollution, fines, remediation and respiratory healthcare costs**
- **Rapid & Efficient Implementation and Sustained Demand by few high use Utility Customers**  
Sustained demand will support component cost reduction and development of efficient system contracting, permitting, local installation services, and processes; will significantly reduce cost of and enable expanded deployment of Residential systems; accelerate achievement of ACC RE goal and elimination of need for local subsidies

### NECESSARY ENABLING ACTIONS

Approve requested revisions to Arizona Corporation Net Metering & Renewable Energy Surcharge hard allocation rules.

- **Net Metering:(ACC Docket#07-0608) Allow Local Governments to utilize public land to establish large scale facilities remote from their multiple loads (meters) and credit that power to their many meters/account(s). The desired *Aggregated Net Metering* functionality is described by Pima County/C. Huckelberry letters to the Arizona Corporation Commission dated 2/18/2009 and 11/5/2009 attached to Net Metering Docket #07-0608.**
- **Provide priority regarding the award/use of local RES subsidies for large scale solar electric projects to local governments**