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Arizona Corporation Commission
DOCKETED
 JUN 18 2010

DOCKETED BY	<i>MM</i>
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8 Dear Madam Chairman and Commissioners:

9 The ramifications of the decision that will be made in this case will have a far
10 reaching impact on the progress and growth of Arizona's solar industry.

11 In establishing the Renewable Energy Standard in 2006, the Arizona Corporation
12 Commission mandated Arizona's migration from carbon-based fuels to renewable
13 energy, which was in the best interests of Arizona's citizens.

14 As a result of creating incentive programs to encourage Arizonans to adopt renewable
15 energy, a new industry was born to serve that purpose. The industry that has grown
16 from less than fifty companies back in 2008 to well over 300 solar installation
17 companies.

18 The solar industry is Arizona's only bright spot for economic development and has
19 literally created thousands of construction, sales, engineering and finance jobs for
20 workers that otherwise would have remained unemployed.

21 As with any new industry, the cost of materials and providing the financing to pay for
22 energy efficient retrofits and solar upgrades has been a challenge. The combination
23 of utility rebates, state tax credits and federal tax credits/grants has been a godsend
24 for families seeking to reduce their carbon footprint and these programs have resulted
25 in the desired mass adoption by Arizona citizens.

26 Unfortunately, these programs discriminate against many of the institutions that
27 would benefit from them the most. Schools, churches, government and other types of
28 non-profit organizations do not incur a tax liability and thus do not qualify for federal
29 tax credit incentives.

30 SolarCity has created a business model that has successfully addressed this hurdle
31 through the use of Power Purchase Agreements (PPAs) also known as Solar Service
32 Agreements (SSAs). On the surface these agreements do not seem to provide the best
33 terms for installing solar power arrays. But after careful consideration by some of the
34 most intelligent legal minds in Arizona, these agreements represent the only method
35 possible to finance solar installations that will literally save non-profits millions of
36 dollars by fixing electricity prices for the term of their contract. Hundreds of solar
37 installation companies are now using PPAs to provide financing to low-income



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46 families and non-profit organizations that otherwise would not be able to afford solar
47 power installations. It is imperative that the solar industry be allowed to continue this
48 practice.

49
50 PPAs and SSAs are directly responsible for achieving the goals and objectives that
51 the Arizona Corporation Commission set out to achieve when they put in place their
52 Renewable Energy Standard. Preventing the use of this finance tool will undermine
53 the Arizona Corporation Commission's own prime directive to deploy renewable
54 energy power generation systems.

55
56 SolarCity utilizes PPAs/SSAs to provide financing for the installation of solar power
57 arrays. A solar power array is specifically built to produce electricity that is sold to a
58 private customer. It is not sold to the general public in the same traditional manner as
59 a regulated Arizona Public Service Company. Electricity is only sold to the customer
60 in this manner because the customer cannot legally own the system due to federal tax
61 law. Otherwise, this system would indeed be owned by the customer and only
62 utilized to produce electricity for its own internal use.

63
64 SolarCity is nothing more than a solar installation company. Their business model is
65 similar to hundreds of solar installation companies throughout Arizona. Solar
66 installation companies build solar power arrays one rooftop at a time with the sole
67 purpose of furnishing clean electricity to the building's tenants. These solar power
68 arrays do not produce or furnish electricity for the sole purpose of mass distribution.
69 The solar power array is producing electricity on the customer's side of the meter for
70 its own internal use. Any excess solar electricity that is generated and fed back into
71 the grid is purchased by a regulated utility company.

72
73 According to the Arizona Corporation Commission Staff's Finding of Facts, point 34,
74 in the May 28, 2010 Recommended Rule of Opinion and Order under this docket, the
75 Commission does not assert jurisdiction over entities that have purchased or leased
76 rooftop solar panels to produce electricity for their own use on their own property.

77
78 There is absolutely no reason or rational for the Commission to consider that
79 SolarCity's or any other solar installation company' rooftop solar power arrays
80 should be classified as an Arizona Public Service Company.

81
82 Doing so would have a detrimental effect on the solar industry and would require the
83 Commission to require a Certificate of Convenience and Necessity (CCN) for every
84 solar power array in Arizona. APS alone has more than 3,000 commissioned solar
85 power arrays. The state of Arizona has tens of thousands of signs, signal lights, signs
86 and structures that are powered by solar power arrays. The Commission simply does
87 not have the personnel to implement or manage the process of establishing a CCN for
88 every single one of these locations. The sole purpose for each is to generate power
89 for each location's own use, not to feed the grid with power for public consumption.

90



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91 It would defy common sense and logic to require every solar power array in Arizona
92 to incur the costs associated with filing and managing the required CCN paperwork.
93 Solar power arrays are already cost-prohibitive for the majority of the population.
94 Adding yet another layer of regulation and costs to the solar installation process is
95 unnecessary and will be detrimental to the Commission's own goal of wide-spread
96 renewable energy deployments.

97
98 To provide the Commission with solar industry feedback, we conducted a survey of
99 more than 800+ Arizona Solar Power Society members who are heavily involved in
100 every aspect of the solar installation business.

101
102 According to our survey respondents, 62% consider Solar Service Agreements as
103 good for the solar industry and 68% feel that SolarCity should not be regulated as an
104 Arizona Public Service Company. Over 80% agree that establishing a solar feed-in
105 tariff would be a much better way to solve the complicated problems of financing
106 solar power arrays that are being considered in this case.

107
108 In our humble opinion, rooftop solar power arrays **should be not be regulated** by the
109 Arizona Corporation Commission as Arizona Public Service Companies. They do
110 not serve a public interest nor do they utilize the public infrastructure of Arizona's
111 electricity grids. They do furnish electricity, but solely for the use of the individual
112 customer within their own property lines. There is absolutely no public interest
113 served by the production of solar electricity other than the property owner.

114
115 Any excess electricity that is generated and fed back into public grid is done so
116 through a regulated Arizona Public Service Company's infrastructure. Each of these
117 companies maintains strict power guidelines and adheres to the Commission's
118 regulatory authority, thus protecting the safety of all Arizona citizens.

119
120 If APS or SSVEC had installed this system on a school to produce electricity to sell to
121 the school as well as to sell to other public customers, then they should be regulated.
122 But this is not the case with individual rooftop solar arrays that are built specifically
123 to serve a single customer's needs, regardless of how the contract is worded.

124
125 In closing, it is obvious beyond the shadow of reasonable doubt that SolarCity is
126 clearly not a public service company nor does the Company meet the requirements or
127 classifications necessary to be regulated as an Arizona Public Service Company.

128
129 Respectfully submitted on this 25th day of June 2010.

130
131
132 By _____

A handwritten signature in black ink, appearing to read "Robert Hoskins", written over a horizontal line.

133
134 Robert Hoskins
135 Executive Director
136 Arizona Solar Power Society