

OPEN MEETING AGENDA ITEM



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AZ CORP COMMISSION
DOCKET CONTROL

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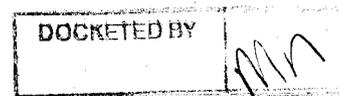
June 24, 2010

Docket Control
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

Arizona Corporation Commission
DOCKETED

JUN 24 2010

Re: **DOCKET NO. E-20690A-09-0346 SolarCity**



Dear Chairperson Mayes and Commissioners:

I am writing on behalf of the Sierra Club's Grand Canyon Chapter and our 12,000 members in Arizona regarding SolarCity and the Administrative Law Judge recommendation and the pending Commission decision relating to whether or not SolarCity should be treated as a public service corporation.

One of the Sierra Club's key conservation priorities is *promoting smart energy solutions to global warming*. We strongly support investing in energy efficiency and renewable energy resources such as solar and believe that these are key components of a balanced energy plan that will help us to reduce greenhouse gas emissions that contribute to global climate change.

Distributed generation of solar plays a critical role in an energy plan that can continue to move us away from polluting fossil fuels and it is especially important to us here in Arizona, where our solar resources are excellent. Distributed generation, along with energy efficiency, conservation, and some larger scale renewable projects, can help Arizona develop a stronger and more sustainable portfolio, as well as reduce carbon emissions and other pollutants.

We are concerned that the recommendation of the Administrative Law Judge to treat SolarCity as a public service corporation will have a chilling effect on at least some aspects of distributed solar generation. To implement this would be inappropriate and would hinder the development of distributed solar electricity generation on schools and public buildings. That is why we encourage the Commission to amend this order and to refrain from regulating SolarCity as a public service corporation.

This type of solar-service agreement should not be considered or treated as a public service corporation, because what SolarCity is doing is designing, installing, maintaining, and financing solar modules on schools, public buildings, and for other tax-exempt organizations. That is not the same as generating and selling electricity as a public service company. Regulating SolarCity and other solar firms as public service corporations would add inappropriate regulation to these entities and hinder solar development in our state.

SolarCity facilitates solar deployment on schools partially by helping them keep their costs down. Arizona schools consume significant amounts of electricity, plus their budgets are tight, which makes them particularly vulnerable to increasing electricity costs. By helping to ensure a steady supply of electricity at lower fixed costs, it helps the schools keep their bills down and frees up those dollars for other uses.

Chairperson Mayes' Proposed Amendment 1 and Commissioner Pierce's Proposed Amendment 1 both appear to address the key concerns we have with the Administrative Law Judge's recommendation as they clarify that Solar City is not operating as a public service corporation, but rather is providing a variety of services to keep energy costs down. These clarifying amendments will serve to advance the development of solar modules on schools and other public buildings in our state. That will be a plus for the students and teachers in the schools, the taxpayers who support them, and for our air, land and water. Ultimately, adoption of either amendment will help to continue the Commission's goal of promoting distributed renewable energy via the Renewable Energy Standard.

Thank you for considering our comments.

Sincerely,

A handwritten signature in cursive script, appearing to read "Sandy Bahr".

Sandy Bahr
Chapter Director
Sierra Club – Grand Canyon Chapter