

ORIGINAL



0000116069

RECEIVED

VERLAND E. BEHRENS
CHERI M. WHEELER

2010 SEP - 1 1 P 4: 33

AZ CORP COMMISSION
DOCKET CONTROL

LAW OFFICES OF

BEHRENS, TAYLOR, WHEELER & CHAMBERLAIN
AN ASSOCIATION INCLUDING A PROFESSIONAL CORPORATION

SIX NORTHEAST 63rd STREET
SUITE 400 - SANTA FE NORTH BUILDING
OKLAHOMA CITY, OKLAHOMA 73105
TELEPHONE (405) 848-1014 - FAX (405) 848-3155

RICK D. CHAMBERLAIN, J.D., C.P.A.
RAYGAN PIERCE CHAIN

August 31, 2010,

Arizona Corporation Commission
Docket Control
1200 West Washington Street, Room 108
Phoenix, AZ 85007

RE: *In the Matter of the Commission's Inquiry into Aggregated Net Metering ("ANM") for Electric Services and Possible Modification of Net Metering Rules, Docket No. E-00000J-10-0202*

Dear Sir or Madam:

Enclosed please find the following:

1. The original Initial Comments of Wal-Mart Stores, Inc., and Sam's West, Inc.
2. Thirteen copies of the initial Comments of Wal-Mart Stores, Inc., and Sam's West, Inc. in the referenced docket.
3. A stamped, self-addressed envelope.

Please accept these dockets for filing and return two file-stamped copies to me in the enclosed envelope. If you have questions or need additional information, please do not hesitate to contact me.

Sincerely,

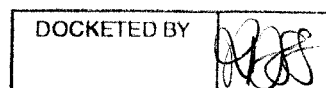
RICK D. CHAMBERLAIN

Enclosures

Arizona Corporation Commission

DOCKETED

SEP 1 2010



RECEIVED
BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

KRISTIN K. MAYES – CHAIRMAN
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

2010 SEP - 11 P 4: 33
AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE COMMISSION'S) DOCKET NO. E-00000J-10-0202
INQUIRY INTO AGGREGATED NET)
METERING ("ANM") FOR ELECTRIC)
SERVICES AND POSSIBLE MODIFICATION)
OF NET METERING RULES.)

**INITIAL COMMENTS OF
WAL-MART STORES, INC., AND SAM'S WEST, INC.**

COMES NOW Wal-Mart Stores, Inc., ("Wal-Mart") and Sam's West, Inc., ("Sam's") and respectfully submit this statement of position and reservation of rights in lieu of initial comments.

1) Wal-Mart and Sam's appreciate the efforts of the Commission and the Commission's Utilities Division in initiating this inquiry. Wal-Mart and Sam's support the concept of net metering and the development of specific rules that will expand net metering opportunities in the State of Arizona.

2) Wal-Mart and Sam's intervened in this cause on June 21, 2010. A Memorandum was issued herein on August 24, 2010, giving notice of a workshop on September 1, 2010, and requesting comments to be filed by that same date.

3) Notice of the Memorandum was not received by Wal-Mart and Sam's in time to specifically respond to the questions therein. In addition, a previously scheduled hearing in another jurisdiction – also on September 1, 2010 – prevented attendance at the Aggregated Net Metering workshop. Wal-Mart and Sam's file these general

comments in order to advise the Commission and the various stakeholders of their position on the issues in this docket. Wal-Mart and Sam's reserve their rights to participate further in this cause.

4) Wal-Mart Stores, Inc., is a Delaware corporation authorized to do business in the State of Arizona. Sam's West, Inc., is an Arkansas corporation also authorized to do business in the State of Arizona. As of July 2010, Wal-Mart and Sam's presence in the State of Arizona include 67 Supercenters, 7 Discount Stores, 18 Neighborhood Markets, 15 Sam's Clubs and 3 distribution centers. Wal-Mart and Sam's are large consumers of electric energy in the State of Arizona.

5) Wal-Mart and Sam's believe that a significant opportunity may exist in the future to benefit from renewable on-site generation (e.g., photovoltaics) to reduce their overall energy costs, while simultaneously delivering broader societal benefits. These benefits include assisting the State of Arizona in achieving its renewable energy and greenhouse gas emissions reduction objectives.

6) A fundamental consideration for customers, such as Wal-Mart and Sam's, in assessing to deployment renewable on-site generation is the availability of, and the rules and the regulations attendant to net metering. These rules are critical to analyzing the cost-effectiveness of possible investments. Net metering of on-site generation enables customers to directly offset their otherwise applicable energy costs through the production of energy at their facilities, while also providing them with the ability to more easily sell any excess generation into the grid. These features of net metering provide essential cost benefits to customers to help: (a) offset the cost of deploying renewable on-site generation; and (b) justify the cost-effectiveness of such investments, which can

be very challenging. Absent appropriate net metering rules that incent investment in renewable on-site generation, Arizona will fail to capture the full potential of the benefits associated with large scale deployment of such projects.

7) Specifically, Wal-Mart and Sam's respectfully request that the Commission: (a) clarify that competitive metering applies to net metering, thereby ensuring that customers which elect to deploy on-site generation eligible for net metering have the option to install their own, qualifying metering; (b) ensure that the prices paid by utilities to customers for excess generation produced by net metered facilities accurately reflects the applicable hourly wholesale locational based marginal prices.

8) Competitive metering will not only expand customer choice, but will also offer customers numerous additional services including, for example, real-time energy management for appliance load control customer with the aggregator of choice. The mere fact that certain required metering infrastructure may be necessitated by implementation of net metering should not deprive a customer of an otherwise applicable option to elect competitive metering. Such competitive service may provide greater benefits to the customer than utility-provided metering services including more granular consumption data and/or interfacing with energy management or other systems deployed by a customer relating to energy consumption at its facilities.

9) For customers such as Wal-Mart and Sam's, the cost-effectiveness of deploying on-site generation is a fundamental consideration in assessing whether to make such investments. A critical component in assessing cost-effectiveness is analyzing the cost savings that may be derived, inclusive of the payments that will be

realized by the customer during periods when such facility produces energy in excess of the customer's requirements. Accordingly, the Commission should ensure that the appropriate economic signals are provided to customers to incent further deployment of on-site generation. Such appropriate economic signals include ensuring that all customers with net metering eligible generation facilities are paid on the basis of the applicable hourly locational based marginal prices during the hours in which any such facility produces excess generation.

10) Ensuring that the prices paid for excess generation accurately reflect the applicable hourly wholesale market price is essential to ensuring that the customer is compensated at a level commensurate with the revenues it would receive if such generation were sold directly into the wholesale energy markets. Moreover, such compensation ensures that the payments made by the utilities for excess generation are equal to benefits received by them for purchasing excess generation. Additionally, when purchasing the energy, the REC's that accompany the net-metered energy will usually follow the utility purchaser, thereby giving the utility even more benefit. When a net metering customer produces excess generation, such excess generation effectively insulates electric utilities from having to purchase an equal amount of electricity from the wholesale markets to fulfill their load obligations for other customers, thereby providing the utility with a benefit equal to the product of the amount of such excess generation and the applicable hourly locational based marginal prices at the time such excess generation occurs.

Dated this 31st day of August, 2010.

Respectfully submitted,

By Rick Chamberlain / WO
Rick D. Chamberlain, Okla. Bar Assoc. # 11255
BEHRENS, TAYLOR, WHEELER
& CHAMBERLAIN
6 N.E. 63rd Street, Suite 400
Oklahoma City, OK 73105-1401
Tel.: (405) 848-1014
Fax: (405) 848-3155
rdc_law@swbell.net

ATTORNEY FOR WAL-MART STORES, INC.,
AND SAM'S WEST, INC.

CERTIFICATE OF SERVICE

I hereby certify that on the 31st day of August, 2010, a true and correct copy of the foregoing instrument has been furnished by electronic mail and/or U.S. mail, postage prepaid, to the following:

Janice Alward
Chief Counsel. Legal Division
1200 W. Washington
Phoenix, AZ 85007

Steve Olea
1200 W. Washington St.
Phoenix, AZ 85007

Arizona Corporation Commission
Lyn Farmer
1200 W. Washington
Phoenix, AZ 85007-2927

Terry Finefrock
Chief Contracts & Procurement Mgr.
Pima County
130 W. Congress Street, 3rd Floor
Tucson, AZ 85701-1317

Philip J. Dion
Tucson Electric Power Company
One South Church, Ste. 2030
Tucson, AZ 85702

Kevin T. Fox,
Keyes & Fox LLP
436 14th Street, Suite 1305
Oakland, CA 94612

Gary G. Hayes
Executive Director
Pima Association of Governments
177 N. Church Ave, Suite 405
Tucson, AZ 85701

Colleen Crowninshield
Manager Solar Partnership
177 N. Church Ave, Suite 405
Tucson, AZ 85701

**INITIAL COMMENTS OF
WAL-MART AND SAM'S
DOCKET NO. E-00000J-10-0202**

Michael W. Pattern
Roshka, DeWulf, & Pattern, PLC
400 East Van Buren Street, Suite 800
Phoenix, AZ 85004

Dave Couture
UniSource Energy Corporation
One South Church Ave,
Suite 200
Tucson, AZ 85701

Patrick J. Black
Fennemore Craig, P.C.
3003 North Central Ave., Suite 2600
Phoenix, AZ 85012

Melody Gilkey, Esq.
UniSource Energy Corporation
One South Church Ave.
Suite 200
Tucson, AZ 85701

C. Webb Crockett
Fennemore Craig, P.C.
3003 North Central Ave., Suite 2600
Phoenix, AZ 85012

A handwritten signature in black ink, reading "Whitney Daley". The signature is written in a cursive style and is positioned above a horizontal line.