

OPEN MEETING AGENDA ITEM



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ARIZONA CORPORATION COMMISSION  
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Arizona Corporation Commission

**DOCKETED**

SEP 13 2010

September 10, 2010

Chairman Mayes  
Commissioners Pierce, Stump, Kennedy and Newman  
Arizona Corporation Commission  
1200 W. Washington St., 2nd Floor  
Phoenix, AZ 85007

DOCKETED BY *RDSK*

RE: Response to APS Request for Clarification and Modification of Residential Incentive  
Docket No. E-01345A-09-0338

Dear Commissioners:

Suntech appreciates the opportunity to address the Arizona Corporation Commission (ACC) regarding Arizona Public Service (APS) Company's Request for Clarification and Modification of Residential Incentive filed in the above docket on August 2, 2010.

First, we appreciate the challenges inherent in designing and implementing a market-driven incentive program, and we appreciate the efforts of both the Commission and APS to improve the stability and transparency of incentives for the solar industry and our customers. The constant improvements to this program in transparency, particularly of real-time information on demand for the programs and their expenditures, allow for better industry feedback to the Commission.

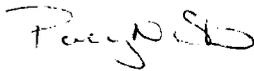
We and our customers seek stable, transparent, and predictable incentive programs in order to grow and to provide the best value for ratepayers. Two areas in the request may inadvertently reduce progress towards those goals, and may merit further consideration by the Arizona Corporation Commission:

- Capping program demand by number of applications: while we appreciate APS's aim to improve sustainability of the program via a cap, a cap by MW, rather than by number of applications, might be better for ratepayer interests. Should APS' assumptions on the average system size or cost prove for reasons beyond their control to be inaccurate, ratepayers might have reaped more capacity and the resulting benefits in the quarter than via measuring by number of applications.
- Modifying incentive levels: We respectfully request that the ACC wait on APS's proposed incentive reduction to \$1.75 until the 2011 REST plan is approved. The ACC has only just sent a signal to the industry to expect an incentive level of \$1.95/watt, which is still being implemented via sales and contracts through backlogged projects, and this new proposed change could confuse the market. Moreover, APS will file more helpful information in a

supplementary filing in the Fall for the Commission and parties determine the latest pace and cost of the residential applications, which will help gauge the request.

In conclusion, we appreciate the chance to provide comments on this request. We are moreover grateful for the efforts of all the Commissioners and APS to find new measures and tools that will improve stability, predictability, and transparency for the incentive programs and, in so doing, continue to build upon Arizona's terrific solar resources.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Polly Shaw". The signature is written in a cursive, flowing style.

Polly Shaw  
Director of External Relations