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Green Choice Solar

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November 17, 2010

AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

NOV 18 2010

Chairman Kristin Mayes
 Commissioner Gary Pierce
 Commissioner Sandra Kennedy
 Commissioner Paul Newman
 Commissioner Bob Stump

DOCKETED BY

Re: Staff Report and ROO on APS 2011 REST Implementation Plan
 (Docket Nos. E-01345A-10-0166 and E-01345A-10-0262)

Dear Madam Chair and Commissioners:

I have reviewed the Staff Report and Recommended Order and Opinion (ROO) on APS' 2011 REST Implementation Plan. I was surprised to read that Commission Staff did not take a definitive position on the necessity of requiring a reservation fee or security deposit for non-residential PBI projects. Several stakeholders (including me, the Solar Alliance, and Solar City) recently submitted comments advocating the imposition of a refundable reservation fee or security deposit to weed out speculative or nonviable solar PV projects. Moreover, several stakeholders at the November 10, 2010 RES Workshop voiced similar support.

Based on the comments from the solar PV industry and APS' own non-residential DE installation data for 2009 and 2010, a considerable number of projects slated for PBI funding are not coming to fruition. Yet the PBI application queue exceeds available funding capacity because no basic requirements have been implemented for the reservation process. The results have been telling and instructive. Many of those nominated projects have fallen by the wayside because 1) the projects were unable to secure the requisite financing, 2) no firm contracts between the customer and solar developer ever materialized, or 3) the projects were not viable from the outset.

As you know, I have submitted a prior letter outlining my suggestions to improve APS' reservation and nomination process for PBI funding. However, I would like to concentrate on just two aspects of the reservation process that would greatly enhance the probability that feasible projects will be completed.

- First, the Commission should require a refundable reservation fee or security deposit when an application is filed. The amount could be based on a small

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percentage of the total project cost (at least 2%) and would be refunded once the nomination is awarded PBI funding.

- Second, the Commission should require that all PBI applications include an executed contract between the customer and solar installer/developer, as well as technical specifications for the project.

For your convenience, I have also provided recommended language for potential amendments to the ROO authorizing APS' 2011 Implementation Plan.

Thank you for your consideration in this matter.

Sincerely Yours,



Herbert Abel
CEO

Attachment

Suggested Amendment Language

On Page 21 of the ROO, between lines 20 and 22, INSERT:

“The issue of speculative projects crowding out viable and financeable projects has partially resulted in APS failing to meet its non-residential DE compliance targets in 2009 and likely in 2010. The Commission believes APS’ reservation process can be strengthened to ensure greater project success. Green Choice Solar, SolarCity and the Solar Alliance recently filed comments requesting that the Commission adopt various measures to improve APS’ PBI reservation process. Among them, we believe the following hold merit and would weed out speculative projects that have little chance of coming to fruition: 1) the imposition of a refundable reservation fee or security deposit, and 2) the requirement that submitted applications include technical specifications for the project and an executed contract between the customer and solar installer. Therefore, we believe that APS should institute a refundable reservation fee or security deposit for applications for its non-residential PBI program. APS shall set the reservation fee or security deposit at 2% of the total project cost and determine the method by which the reservation fee or security deposit shall be refunded. In addition, we believe that APS should require PBI applications to include 1) an executed contract between the customer solar installer/developer and 2) technical specifications for the project. APS should monitor how these measures affect participation in the PBI reservation and nomination process and provide an evaluation in its 2012 REST Implementation Plan.”

On Page 22 of the ROO, on line 28, INSERT:

“IT IS FURTHER ORDERED that Arizona Public Service Company institute a refundable reservation fee or security deposit for its non-residential PBI program.”

“IT IS FURTHER ORDERED that Arizona Public Service require that all applications for its non-residential PBI program include an executed contract between the customer and solar installer/developer and technical specifications for the project.”

Renumber to conform