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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

AZ CORP COMMISSION  
DOCKET CONTROL

IN THE MATTER OF THE  
 COMMISSION'S INQUIRY INTO  
 AGGREGATED NET METERING FOR  
 ELECTRIC SERVICES AND POSSIBLE  
 MODIFICATION OF NET METERING  
 RULES

Docket No. E-00000J-10-0202

**SUNEDISON AND SOLARCITY  
REPLY COMMENTS**

Arizona Corporation Commission

**DOCKETED**

DEC 20 2010

DOCKETED BY

SunEdison and SolarCity hereby provide reply comments on Docket Number E-00000J-10-0202. On November 30, 2010, the Utilities Division of the Arizona Corporation Commission (Commission) released a report detailing their recommendation on the Commission's inquiry into aggregated net metering (ANM) for electric services and possible modifications of net metering rules. Staff's overall recommendation is for the Commission to move forward with a pilot program for ANM, requiring participation from Arizona's three IOUs- APS, TEP, and UNS Electric, and permitting voluntary participation by Arizona's cooperatives. Staff's recommendations for the details of the pilot project touch on four categories, which SunEdison and SolarCity will respond to below. The categories include 1) eligibility requirements for participation in ANM; 2) technical requirements for participating customers and utilities; 3) administration of an ANM program; and 4) how to address the costs of ANM, cost

1 shifting in particular.

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3 **Summary**

4 SunEdison and SolarCity support unlimited ANM as suggested by Vote Solar, Pima  
5 County, and the City of Tucson. However, given strong concerns presented by the IOUs, we  
6 understand that an interim period of study may be the most politically palatable and therefore  
7 most practical path forward. Thus, we also support staff's recommendation to move forward  
8 with a pilot project and we encourage the Commission to require that the individual IOU  
9 programs be large enough to provide a meaningful investigation into the effects (costs and  
10 benefits) of ANM. We hope that the pilot program will assuage concerns regarding absorbent  
11 costs of ANM and that the Commission will then allow all interested IOU customers use of  
12 ANM. Below we highlight four objections to the Staff report recommendations.  
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16 **SunEdison and SolarCity Objections to the Staff Report:**

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18 **1. Capacity restrictions**

19 SunEdison and SolarCity support Staff's recommendation that generation capacity  
20 restrictions in the current net metering rules (125 percent of a participating customer's total  
21 connected load) should apply to its pilot ANM program. However, we urge the Commission to  
22 set a floor for cumulative capacity limitations and an ANM system-size limitation for each  
23 utility's particular ANM program, rather than allowing each IOU to propose limits. One possible  
24 suggestion is to limit overall capacity in the pilot project to the capacity in the distributed  
25 generation carve-out in the RES (converting megawatt hours to megawatts of capacity) and to  
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1 limit the overall ANM system-size limitation to 2 megawatts.  
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3 **2. Eligible customer classes**  
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5 SunEdison and SolarCity urge the Commission to expand the pilot program to all  
6 customer classes, including commercial and residential customers. Staff recommends limiting  
7 the pilot program to only governmental and agricultural customers. There is no clear reason for  
8 limiting the pilot project to two types of customer when customers in every class could  
9 potentially benefit from ANM. Many commercial, and to a lesser extent residential, customers  
10 have electricity load in a building without sufficient space for a solar system or with shading  
11 constraints. Such customers may own other buildings or land where a solar system could be  
12 located. We fail to see the justification for limiting participation in this pilot program to only  
13 two customer classes.  
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17 **3. Geographic restrictions**  
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19 SunEdison and SolarCity do not support Staff's recommendation that the distance  
20 between an ANM customer's generation facility and that customer's participating meters be  
21 limited to the same property or contiguous properties. We do not believe that such limits are  
22 necessary and instead urge the Commission to require that the generation facility and  
23 participating meters are within a single utility's service territory. The purpose of ANM is to  
24 allow customers with multiple properties to aggregate their meters to take advantage of  
25 renewable generation sites that are far away from their load centers. For many entities, including  
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1 government customers, properties are often spread across a city or service territory. The  
2 proposed limitation may have the unintended consequence of rendering the pilot program useless  
3 to the very customers it is intending to benefit.

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5 **4. Allocation of excess generation credits to multiple accounts**

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7 SunEdison and SolarCity support Vote Solar and Pima County's suggestion that  
8 customers be able to rank their participating meters or allocate credits in any way they prefer.  
9 Staff recommends that the utilities should be able to decide how to allocate excess generation  
10 credits among a customer's participating meters after allocation to the meter at the generation  
11 facility. In order to most benefit the customer, we believe that it makes sense to give them the  
12 right to allocate their credits themselves.  
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15 This respectively concludes SunEdison and SolarCity's response comments.  
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18 Dated this 20<sup>th</sup> day of December, 2010.  
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1 COMMISSIONERS SIGN HERE

2 Pursuant to A.A.C. R14-3-204,  
3 the Original and 13 copies were filed on  
December 10th, 2010 with:

4 Docket Control  
5 Arizona Corporation Commission  
6 1200 W. Washington Street  
Phoenix, Arizona 85007

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