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May 13, 1999

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IN THE MATTER OF THE COMPETITION IN THE PROVISION OF ELECTRIC SERVICES  
THROUGHOUT THE STATE OF ARIZONA: DOCKET NO. RE-00000C-94-0165

COMMENTS OF ROBERT H. ANNAN REGARDING THE PROPOSED RULES  
GOVERNING ELECTRIC SUPPLY COMPETITION.

Pursuant to the Commission's Procedural Order dated April 21, 1999, I hereby submit my comments on the above captioned matter. I am an Arizona resident. I live at 6605 East Evening Glow Dr. Scottsdale, 85262. During the period 1982-1996, I served as Director of Solar Electric and Photovoltaic Research and Development for the U. S. Department of Energy.

In reviewing the 1997 Report of the Solar Portfolio Standard Subcommittee, it is clear that the standard will cause economic development, stimulate cost reduction and be a positive response to customer choice. Experience in other states supports such findings.

One has only to look at California's the Sacramento Municipal Utility District's (SMUD) Program over the past six years and contrast that effort with Arizona Public Service's 400kW research and development program to see how one utility, with the same resources at its disposal but with the support of management, realizes the very vision set forth in the portfolio standard. To date, SMUD has installed 6MW of PV systems including 450 roof top systems, and 30 commercial rooftop and parking lot systems. With its commitment through long-term contracts for a full 10MW's of PV during the period 1998-2003, SMUD has stimulated a new module manufacturing plant in Sacramento and the creation of close to one hundred jobs. When the plant initiates production at the end of 1999, it will be capable of producing modules for about 50% less than current costs. SMUD has also created additional economic development with its long-term purchase of inverters, balance of system components, and its long term construction and installation contracts. In addition to the State of California and hundreds of customers participating in the roof top system program there are another 5000 customer (1.5% of all residential customer) willing to support solar energy development by paying a 12% monthly premium. All of this was accomplished with a cost to SMUD of about .5% of revenues; probably less than that spent by Arizona utilities on public relation and related image-building projects.

Because the standard serves to stimulate solar energy commercialization, state economic development, and responds to our need for a cleaner environment it reflects the perfect public-private partnership. The solar portfolio standard R14-2-1609 should be retained together with all of its provisions including net metering as part of the retail competition rules. It should be implemented with the start of competition.

Sincerely,

Robert H. Annan