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Tucson Electric Power Company

One South Church, PO Box 711
Tucson, Arizona 85702

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December 30, 2010

AZ CORP COMMISSION
DOCKET CONTROL

Docket Control
Arizona Corporation Commission
1200 West Washington St.
Phoenix, Arizona 85007

Re: Docket No. E-01933A-10-0340
Tucson Electric Power Company vs. Viktor Polivka, Complainant

Attached please find a letter recently sent from Tucson Electric Power Company to Viktor Polivka, regarding his complaint.

If you have any questions, please call me at (520) 884-3664.

Sincerely,

Melody Gilkey
Regulatory Counsel

cc: Belinda Martin, ACC
Jenny Gomez, ACC
Scott Hesla, ACC

Arizona Corporation Commission
DOCKETED

JAN 3 2011

DOCKETED BY

TUCSON ELECTRIC POWER COMPANY

P. O. Box 711, DS502
Tucson, AZ 85702

Chris Lindsey
Energy Services Engineer

TEL. 520-918-8304
FAX 520-918-8350

December 29, 2010

Viktor Peter Polivka
4675 S. Harrison Rd. Lot #82
Tucson, AZ 85730

Re: Complaint #86554

Dear Mr. Polivka:

On November 10, 2010, Tucson Electric Power Company (TEP or Company) attended a Procedural Conference regarding your complaint (#86554). During the Procedural Conference, you requested a written explanation of the reasons for disqualification of your On-Grid Sunshare application, which was received by TEP in February 2010. TEP believes that the reasons for disqualifying your system were explained in emails and phone calls between you and TEP. However, the Company is happy to provide you with the written explanation you requested.

Both your On-Grid and Off-Grid Sunshare Applications for your existing 5.04 kilowatt (kW) roof-mounted photovoltaic (PV) system were reviewed by the Energy Services Engineering Department at TEP. Your On-Grid Application was not approved because of two outstanding conflicts with the Company's Arizona Corporation Commission approved 2010 Renewable Energy Credit Purchase Program (RECPP) requirements.

First, the PV system as installed does not meet Installation Requirement #10 of the 2010 RECPP. Requirement #10 states, "Storage Batteries are not allowed as part of the Customer System unless the inverter is a separate component and TEP can locate the Solar Meter at the inverter's output. If configured otherwise, battery losses will adversely reflect in the annual AC metered energy output. Customer's solar energy generation and energy storage system must meet the requirements of 2 and 3 of this Attachment A."

As discussed before, the issue is not with the Xantrex equipment, but rather how the battery backup system is configured. The Xantrex battery backup system as installed integrates the battery bank on the DC side of the system. The power created by the panels is either stored in the battery bank via a charge controller (DC-DC converter in this case) or sent on to the DC side of the inverter. This inverter then inverts DC to AC. Since TEP can only meter the output of the system on the AC side, there is no way to eliminate the losses associated with the battery bank from the metered values. TEP cannot pay a full incentive for a system like this because the Company would never realize the Renewable Energy Credits (REC) paid for; this is not a reasonable use of ratepayer funds. Moreover, as batteries age they become less efficient, requiring more and more energy from the solar system to keep them charged. With the battery bank located before the kilowatt hour (kWh) production meter, an unknown amount of energy will be produced by the system and never registered by the production meter because the energy will be going straight to the batteries.

Second, the PV system as installed does not meet Equipment Standard #7 in the 2010 RECPP. Equipment Standard #7 states "The Customer System and installation must meet the requirements of all federal, state and local building codes and have been successfully inspected by the building official having jurisdiction. Accordingly, the installation must be completed in accordance with the requirements of the latest edition of National Electric Code in effect in the jurisdiction where the installation is being completed (NEC), including, without limitation, Sections 200-6, 210-6, 230-70, 240-3, 250-26, 250-50, 250-112, all of Article 690 pertaining to Solar Photovoltaic Systems, thereof, all as amended and superseded."

To date, no final inspection and clearance from the City of Tucson has been conducted. While meeting this requirement will not cause your On-Grid Application to be approved, it would be required for finalization of your Off-Grid Application should you choose to pursue it. TEP is still willing to approve your Off-Grid Application as discussed earlier. Additionally, the Company is happy to work with you to resolve the existing issues outlined above should you wish to pursue your On-Grid Application.

Regards,



Chris Lindsey
Energy Services Engineer
Tucson Electric Power Co.
clindsey@tep.com

cc: Belinda Martin
Jenny Gomez
Scott Hesla