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AZ CORP COMMISSION  
DOCKET CONTROL

January 19, 2011

Arizona Corporation Commission

**DOCKETED**

JAN 20 2011

Arizona Corporation Commission  
Gary Pierce Chairman  
Bob Stump  
Sandra D. Kennedy  
Brenda Burns

DOCKETED BY

Subj: Annan Group comments related to Commissions proposed reopening of Decision No 72022 pursuant to A.R.S. 40-252 Docket NO. E-01345A-10-0166, and E-01345A-10-0262

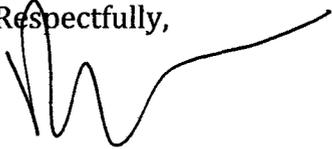
The purpose of this letter to the docket is two fold: First, to oppose reopening Decision NO 72022 for the purposes of... "reallocating the entire research development commercialization and integration budget not allocated to Flagstaff Solar Integration study toward increasing its budget for residential distributed generation..." Second, to recommend the Commission initiate a generic docket on renewable energy research and development as planned and implemented by Arizona regulated utilities allowing all stakeholders the ability to participate.

The opposition for reallocation of Research and Development Funds goes to the rational level of funding and the purpose of research and development. Starting with the staff recommended Research Development, Commercialization, and Integration (RDCI) budget of \$1.5M and subtracting those costs that apply to Flagstaff project results in a RDCI budget totaling \$475,000. This reduced budget supports Commercialization and Integration efforts totally \$225,000 and Research and Development efforts totaling \$250,000. Much of the RDCI effort is centered on insuring a successful rollout of solar energy infrastructure in Arizona and in developing the required grid technology to enable that infrastructure. It is critical that work be done now to accelerate integration of renewable into utility options and to demonstrate the value of these technologies to customers that lead to overall cost reduction. These long-range efforts stand in contrast to the yearly Incentive Program budget totaling \$39,000,000.

A review of research and development programs is overdue. APS as well as TEP and SRP have a long history of excellence in solar energy research and development including the development and testing of components and working prototype systems. These programs by the regulated utilities have enjoyed the continuing

support of the ACC first as a system benefits charge and now as an element of the yearly implementation plans. They have also attracted the funding support of the U. S. Department of Energy. Many of the projects involve collaboration with Science Foundation Arizona and carried out at our research universities keeping funding and jobs in the state. These efforts should not be allowed to terminate prematurely. The proposed research and development docket should look at the infrastructure changes needed to achieve REST goals and beyond, the barriers to achieving these changes and the R/D efforts needed to overcome the barriers.

Respectfully,

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

R. H. Annan