

**E-01575A-10-0308**  
**SSVEC REST Tariff**

**ORIGINAL**



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Antonio Gill

**From:** Thursday, May 19, 2011 1:01 AM  
**Sent:** Newman-Web  
**To:** Newman-Web  
**Cc:** Burns-Web; Pierce-Web; Stump-Web; Kennedy-Web; dbane@ssvec.com; jblair@ssvec.com  
**Subject:** Docket E-01575A-10-0308, SSVEC Proposed 2011 REST Plan  
**Attachments:** Butler\_comment2\_E-1575A-10-0308.pdf

**OPEN MEETING AGENDA ITEM**

Commissioner Newman,

Please see my attached response to your May 12 letter soliciting feedback on the impact of demand charges on C&I net metering customers (Docket E-01575A-10-0308).

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David Butler  
Optimal Building Systems, LLC  
[optimalbuilding.com](http://optimalbuilding.com)

Arizona Corporation Commission  
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# Optimal Building Systems, LLC

www.optimalbuilding.com

Arizona Corporation Commission  
Docket E-01575A-10-0308, Proposed 2011 REST Plan  
Sulphur Springs Valley Electric Cooperative

May 19, 2011

Dear Commissioner Newman,

I read with great interest your May 12 letter in the above-referenced docket on the impact of demand charges on commercial net metering customers. As a building systems engineer, I have professional experience with this issue. Although I've not done an exhaustive survey, I'm unaware of any utility that has restructured its commercial tariffs for the benefit of net metering customers.

It is well known among energy professionals that customers who pay a demand charge (kW) derive less benefit from a net metered PV system than customers who only pay an energy charge (kWh). This is certainly not unique to SSVEC. I find it hard to believe that anyone selling C&I PV systems would not understand this. Furthermore, the solar dealer should have advised customer that he was at high risk for being moved to a demand tariff, and what impact that would have on the economics of the proposed solar system.

Splitting the electric rate into an energy charge and a demand charge is the fairest way to allocate the cost of providing service to commercial customers since their service requirements can and do vary dramatically depending on their load profile. For example, if a customer requires 100 kVA a couple of hours each day, the utility must design the service infrastructure to accommodate this load. If that customer has small loads during the remaining hours, the kWh charges will not nearly cover the cost of service. Thus, a tariff developed to reduce or eliminate the demand charge for net metering customers would provide a windfall for customers with asymmetric loads while penalizing customers with relatively flat load profiles. Not only would this be unfair from the customer's perspective, but it would send exactly the wrong price signal.

This docket is not the appropriate venue for rate making. But I felt compelled to dispel the notion that a new pricing structure is needed for commercial PV customers, as suggested by Mr. Rowley in his May 5<sup>th</sup> email attached to your letter.

Respectfully submitted,

David Butler, President  
Optimal Building Systems, LLC