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AZ CORP COMMISSION  
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Energy

David Ozment, Director Energy

August 8, 2011

Arizona Corporation Commission  
**DOCKETED**

AUG 9 2011

Utilities Division  
Arizona Corporation Division  
1200 West Washington St.  
Phoenix, AZ 85007-2996

DOCKETED BY

E-01345A-11-0264

Re: 2012 APS REST Implementation Plan; Docket No. 11-0264

Dear Chairman Pierce and Members of the Commission;

I am writing to you on behalf of Wal-Mart Stores, Inc. and Sam's West, Inc. (collectively "Walmart") in order to express our strong opposition to portions of the proposed Arizona Public Service ("APS") 2012 Renewable Energy Standard Implementation Plan. Specifically, we are concerned about the proposal to eliminate its commercial distributed solar energy program for the next five years and the proposal to limit the development of new solar resources from 2012 to 2015 to utility-scale projects.

The APS proposal to eliminate the commercial distributed solar energy program is unfair to commercial utility ratepayers. This proposal would be contrary to the matching principle – that benefits should match the burdens placed on customers – as it would exclude commercial customers from participation in new solar installation at the same time that it would require those same commercial customers to pay for that program. It is important that commercial customers be provided equitable access to participation in new solar installation in order to ensure, from a ratemaking and economic perspective, that the matching principle is satisfied, and also because such exclusion ignores the short-term and long-term cost benefits of the economies of scale that commercial installations, particularly large commercial installations, can provide.

It is also important that the solar development provided for by the proposed program include opportunities for third parties to continue their distributed solar energy activities and that the program revenues not be allocated mostly to the utility-scale development activities of APS.

<sup>1</sup> *Three-Year Assessment of the Solar Incentive Program*, Rocky Mountain Power, 12/13/10, p 9. Docket No. 07-035-T14 – In the Matter of Approval of Rocky Mountain Power's Tariff P.S.C.U. No. 47, Re: Schedule 107 – Solar Incentive Program

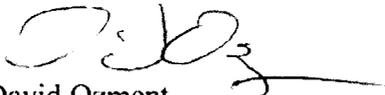
Third party developers compete for the rebate dollars which allow customers a fair chance to acquire the highest quality service at the lowest possible price.

In recent years the free market competition for the limited commercial solar rebates in the APS service territory has caused the cost of the rebate to plummet from around \$0.30/watt to near \$0.09/watt. The rebates are working and the industry is growing while driving prices down. If the industry is permitted to continue to grow, ultimately the need for the rebate will disappear, further reducing ratepayer costs. The APS proposal to limit the opportunities for third party solar developers can slow this economic progress. Additionally, excluding commercial customers from participation in APS' solar program could possibly increase the need for more costly fossil fuel generation.

In whole, limiting the robust commercial solar market is simply detrimental for Arizona's ratepayers and solar industry. The distributed sector of the solar industry in particular is one that is providing long term job security for thousands of workers in Arizona.

For the forgoing reasons we ask that you reject the proposal to eliminate the commercial distributed generation budget for the next five years and instead fully support the continued scaling of the market at a level at least equal to last year's budget. Thank you for considering these comments during your deliberations on this topic.

Sincerely,



David Ozment  
Director of Energy  
Walmart Stores, Inc.