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TECHNICIANS FOR SUSTAINABILITY, LLC

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AZ CORP COMMISSION
DOCKET CONTROL

September 14, 2011

Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

RE: Docket NO. E-01933A-10-0266

Dear Commissioners:

With respect to the recent suspension of the residential Up Front Incentive Program of TEP's 2011 REST implementation plan, we would like to offer the following comments:

1) In the event that the commission wishes to de-fund the currently frozen large commercial Performance Based Incentive program, we would request that the remaining budget from September through the end of the year be reallocated. We have several projects which were submitted in August, BEFORE the rapid depletion of the residential budget, and we would like these projects to have the chance to compete for the August funding allocation.
2) In the event of the reallocation of the PBI funds, we would request that the commission consider saving these funds to help pay for the compliance floor which was suggested by the Southern Arizona Solar Standards Board in the 2012 TEP implementation plan docket. The approximately 100 additional systems which would be funded by this reallocation are likely to go largely to the same companies which have submitted the lion's share of the September applications, and therefore may not protect companies with less than 3 month work backlogs. In contrast, the projected reduction in required systems in 2013 – 2015 will cause a much more significant strain on all of the businesses installing solar systems in TEP service territory. In the interest of full disclosure, our company has contracts extending into next year, and will not be adversely affected by this suspension.
3) Lastly, we feel that the events described in TEP's filing underscore the need to address the incentive levels for leased systems. Tax payers and Rate payers were never meant to bear the entire cost of solar installations, and while the cash purchase model still requires a reasonable proportion of private contribution, the lease model is entirely or almost entirely publicly funded at the $2 incentive level. While $1/watt is more appropriate for some leases, it pushes the cash purchase payback to well over the 10 year mark. The lease model is likely to change significantly next year due to the expiration of the US treasury grant, and to put all the residential DG compliance requirements in the lease basket may jeopardize achieving the goals of the REST.

Thank you for your consideration of these matters. I feel that the long term health of the solar industry in southern Arizona is in jeopardy, and requires your thoughtful consideration this fall.

Sincerely,

Kevin M Koch
Technicians For Sustainability

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ARIZONA CORP. COMM
400 W CONGRESS STE 218 TUCSON AZ 8570*

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