

ORIGINAL

Tucson Electric Power Company E-01933A-11-0269

Antonio Gill

From: Chad Waits [chadwaits@netzerosolar.net]
Sent: Wednesday, September 28, 2011 7:04 AM
To: Kennedy-Web; Stump-Web; Pierce-Web; Burns-Web; Newman-Web
Subject: Docket number 11-0269



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Arizona Corporation Commission
DOCKETED

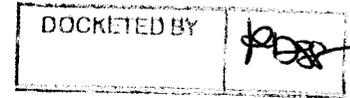
September 28, 2011

Reference Docket #11-0269

AZ CORP COMMISSION
DOCKET CONTROL

OCT 5 2011

Commissioners,



My name is Chad Waits and I own Net Zero Solar, a grass roots solar contracting firm in Tucson. I'm writing to you in hopes that you can help to protect myself, my partners, and our 6 employees' futures by implementing a residential lease differentiator in the 2012 Tucson ElectricPower REST implementation plan. Without this plan in place, our families' livelihoods are in jeopardy.

Exploitation of loopholes in federal tax codes is allowing solar leasing companies to present their product at extremely low prices and sometimes even provide systems for free. Yes, I said free. I've seen the contracts.... The residential carve out of the REST plan was not designed to operate sustainably with lease models as part of the mix. Case in point, TEP received 160 new applications for residential systems the first week of September representing 2.2 million dollars, of which, 80 of them came from one company that was offering "free" systems to customers. It would seem to me that this company is bending the rules and putting ratepayers on the hook to GIVE systems to people. This was not the intention of the REST or the Federal Tax Credit. These funds were not intended to be part of a scheme that completely subsidizes the installation of residential systems, merely only to assist purchases.

Allowing the current structure to continue will only lead to a market that is overheated, and not sustainable. If a 2012 REST plan is approved with equal levels of funding in place for both customers looking to purchase systems, as well as leasing customers, we could potentially deplete all funding by the end of first quarter of 2012. This could lead to our local industry grinding to a halt by third quarter, thus resulting in massive layoffs. Small businesses like mine, not backed by millions of dollars of venture capital, would end up closing their doors all together. Meanwhile, large out of state companies and financiers would just retract from the market, layoff their workers, and focus their efforts on another market. This is obviously bad news for the thousands of workers throughout the state who depend on large and small solar businesses for a paycheck. Unfortunately, these effects are not limited just to people who directly install solar systems. This also affects the local electrical supply houses and other small businesses that have depended on solar companies to keep their doors open in our recent economic downturn.

I want to be very clear; I am not against lease options for solar systems. I got into this business to see renewable technologies proliferate and to help create a cleaner energy dynamic. More solar energy is a good thing, and it's even better when more people have the opportunity to have it on their home. What I am against is creating a market that cannot sustain itself, which is what we currently have.

It is unfortunate that a majority of my own industry, which should be smart enough to recognize a market that is unsustainable, is supporting a plan that threatens it's very existence. If we don't put in the place the proposed differentiator supported by the Southern Arizona Solar Standards Board (SASSB) and the Pima

Association of Governments Solar Partnership, many of us are headed for the unemployment lines. I ask that you help to support Tucson's local small businesses and keep our solar industry healthy and vibrant.

Thank you for your time.

Chad Waits
President
Net Zero Solar
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Tucson, AZ 85705
AZ ROC# 248710(B-), 259521(K-78), 259756 (K-11)
NABCEP Certified PV Installer

Antonio Gill

From: Gary Gietz [gary@greenmonsterusa.com]
Sent: Wednesday, September 28, 2011 3:02 PM
To: Pierce-Web
Subject: Your assistance
Attachments: pastedGraphic.tiff; ATT2436385.txt

Hi Gary,

September 26, 2011

Gary I hope everything is going well for you.

I am writing this letter in response to a notification that we received from Tucson Electric Power. A notification received on September 9, 2010 @ 5:16pm, after close of business. The notification entitled IMPORTANT MESSAGE REGARDING 2011 RESIDENTIAL DISTRIBUTED GENERATION RESERVATION FUNDS was received in our office on Monday, September 12, 2011. The email stated the following:

“ Tucson Electric Power is preparing to stop accepting new applications for residential distributed generation (DG) incentives through the end of 2011. TEP received completed applications for more than \$2.2 million of incentives for residential photovoltaic (PV) systems in the first week of September. This surge far exceeds the pace we've experienced through the rest of 2011, when incentive requests have totaled, on average, about \$1.1 million per month. This rapid influx of completed applications, combined with pending incomplete applications for incentives totaling more than \$1 million, has all but consumed the incentive funds available for 2011. TEP will accept up to an additional 75 complete applications for PV incentives from now through Friday, Sept. 16 at 5 p.m. Arizona time. Once that limit has been reached, we also will stop accepting applications for solar water heating incentives. Any pending applications that remain incomplete after Friday, Sept. 16 will no longer have priority for accessing any remaining funds, and thus will likely NOT gain reservation status. Please remember that completed applications must contain all necessary documents, including a signed assignment of payment, a signed renewable energy credit purchase agreement and a completed W-9 form.”

Given this new information we moved quickly and on September 13, 2011, nine applications were prepared to be placed on line for the incentives and all supporting documentation was mailed to TEP. The option to place a reservation on line was removed by TEP. When an inquiry was made, we were told they were no longer accepting applications. We strongly feel that we were not provided adequate notice to accomplish this task. We were told to petition to the ACC. Hence the reason for reaching out to you.

The notification from Tucson Electric Power was inadequate to prepare documents and was misleading in that we would have until September 16, 2011 to complete and gather all required paperwork. In addition, we had no way of knowing when the 75 complete applications would be received by TEP. We would like to make a petition at this time that the nine outstanding applications that we have prepared are accepted for the incentive offered by TEP, and do not feel that our customers should be penalized.

Gary, can you assist our clients or let me know how best to proceed to get a fair resolution for this matter.