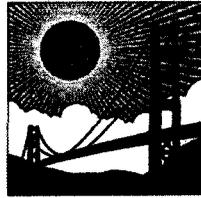


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Commissioners & Docket Control  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, AZ 85007-2996

October 4, 2011

Re: Comments regarding APS 2012 RES Implementation Plan, Docket No. E-01345A-11-0264

Dear Commissioners:

The Vote Solar Initiative (Vote Solar) submits these comments in support of the proposal regarding Arizona Public Service's (APS's) 2012 Renewable Energy Standard (RES) Implementation Plan submitted in comments by the Solar Alliance on September 23, 2011<sup>1</sup>. We believe Solar Alliance's proposal (the 'SA Option') improves on the three options provided in APS's 2012 RES plan, supporting the continued growth of solar in Arizona while maintaining a focus on keeping ratepayer costs low.

Below is a summary of how the SA Option compares with APS's Option 3, copied from the Alliance's September 23 comments:

Solar Alliance Alternative Proposal - APS 2012 REST Plan		
Program	APS Option 3 New Capacity (MW)	SA Option New Capacity (MW) 2012-2013
AZ Sun Program – Utility Owned	100	100
TBD - Utility Owned	25	0
3 <sup>rd</sup> Party PPAs & Small Generator Standard Offer Program	100	140
Schools and Government Program APS Owned	25	6.25
Schools and Government Program Private Party Owned	0	18.75
Small Commercial UFI	~12	5
Commercial PBI (medium and large programs)	~38	30

<sup>1</sup> "The Solar Alliance's Proposed Recommendations on APS 2012 RES Plan," filed in this docket on September 23, 2011.

<b>TOTAL</b>	<b>300</b>	<b>300</b>
Residential DE Incentive Program	<b>40-35</b>	<b>30</b>
Residential Surcharge Cap (\$)	<b>\$6.41</b>	<b>\$5.92<sup>2</sup></b>

Vote Solar notes that the SA Option is likely to result in the following benefits when compared with APS's options:

- The SA Option maintains stable growth in APS's commercial DG programs, allowing capacity increases at 2011-level rates; by contrast, APS's options 1 and 2 would significantly curb market activity in the medium and/or large commercial DG markets. The SA Option would avoid job losses and business closures in an already difficult economic environment, preventing a harmful downturn in the solar industry and all its supplier industries.
- By setting a two-year commercial DG program goal of 30 MW, the SA Option provides greater near-term market certainty than that provided in APS's options, which list megawatt goals without clear explanations of how many years would be included in that goal. For example, Option 2 on p. 6 of APS's 2012 Plan lists a non-residential DE goal of 30 MW, but APS notes elsewhere that this 30 MW goal is for 2012, 2013 and 2014 combined.
- The SA Option maintains the existing ratio of third-party owned systems to utility-owned systems in APS's Schools and Government program in future years (75% to 25%). APS has proposed that beyond the Schools and Government funding already approved in its 2011 RES Plan – for which the Commission required a 75%/25% split – an additional 25 MW of only utility-owned generation be approved for the 2012 Schools and Government program. We see no reason that the Commission revise its previous determination that 75% of capacity in the Schools and Government program be third-party owned. When greater competition among companies to build and own this capacity is encouraged, lower costs to customers will be a likely result.
- The Solar Alliance estimates, using the formula described by APS in its 2012 RES Plan, that the SA Option would result in a residential RES surcharge cap of \$5.92 per month, a lower cost than APS's Option 2 and 3. As noted in Vote Solar's September 19 comments in this docket summarizing willingness to pay via recent Arizona polls, polling data indicates that the majority of Arizonans are willing to go significantly beyond that level of spending to further the development of renewables in Arizona.

For the reasons noted above, we encourage the Commission to adopt the SA Option as a very appropriate path for APS renewables procurement in 2012 and 2013.

Sincerely,



Susannah Churchill, Solar Policy Advocate  
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<sup>2</sup> Approximate surcharge cap based on formula derived from APS table 1. Assumes a \$0.10/Watt trigger decline after 15 MWs of capacity is reached in the residential market.