

OPEN MEETING AGENDA ITEM



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October 7, 2011

ORIGINAL

Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

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

AZ CORP COMMISSION
DOCKET CONTROL

Dear Commissioners:

Please accept our response to the TEP request for reallocation of the remaining 2011 REST funds. These comments represent the consensus agreement of the Southern Arizona ARISEA members. A list of the companies represented is at the end of this letter.

1. To provide financial equitability between the residential leasing and purchase options there must be an incentive differential between the options. This can be accomplished by two methods. First, by lowering the incentive for third party owned systems to a value less than the purchase incentive amount. We recommend the differential to be between \$0.50 and \$0.75 per watt. An alternative method is to recognize that the third party lease provides the residential consumer benefits previously available to commercial consumers. The benefits of depreciation, 1603 offsets and increase state tax credits reduce the overall cost of residential installations. As such the residential lease options should be considered as commercial and fall within the commercial incentive programs.
2. We recommend reallocation as TEP suggested from the 2011 Commercial PBI to Residential UFI. This will provide a nominal amount of funds to continue to expand residential solar installations as well as maintaining the current installer base.

Specifically, we recommend that the Residential UFI incentive for customer owned systems be **\$1.25 per watt and third party owned systems at \$0.75**. These amounts allow for equitable incentive levels in Southern Arizona. The staff recommendation of \$0.75 is considered too aggressive and will likely result in excessively cooling an over heated residential market. If the incentive differential is not put in place it is predicted that only lease contracts will be fulfilled with the reallocated funds. With the reallocation of the Commercial PBI funds, the Commission has an opportunity to test a lower incentive with an incentive differential prior to the review and adoption of the TEP 2012 REST.

A representative of our coalition will attend the hearing next week to answer questions of the Commission. Thank you in advance to your consideration. Our group is represented by the following companies listed in alphabetical order.

Customer Solar and Leisure, LLC, Jeff Shoemaker
Expert Solar, Jerry Sameniego
GeoInnovation, George Vilec
Net Zero Solar, Chad Waits
Progressive Solar, Jim Cooley
Technicians for Sustainability, Kevin Koch
The Solar Store, Katharine Kent

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