



0000132493

ORIGINAL RECEIVED

Court S. Rich AZ Bar No. 021290  
Rose Law Group pc  
6613 N. Scottsdale Road, Suite 200  
Scottsdale, Arizona 85250  
Direct: (480) 505-3937  
Fax: (480) 505-3925  
Attorney for SolarCity Corporation

2011 NOV 30 P 3:09

AZ CORP COMMISSION  
DOCKET CONTROL

BEFORE THE ARIZONA CORPORATION COMMISSION

GARY PIERCE  
CHAIRMAN

SANDRA D. KENNEDY  
COMMISSIONER

PAUL NEWMAN  
COMMISSIONER

BRENDA BURNS  
COMMISSIONER

BOB STUMP  
COMMISSIONER

IN THE MATTER OF THE )  
APPLICATION OF ARIZONA )  
PUBLIC SERVICE COMPANY FOR )  
APPROVAL OF ITS 2012 )  
RENEWABLE ENERGY STANDARD )  
IMPLEMENTATION PLAN AND )  
REQUEST FOR RESET OF )  
RENEWABLE ENERGY ADJUSTOR )

DOCKET NO. E-01345A-11-0264

SOLARCITY'S PROPOSED  
AMENDMENTS TO STAFF'S  
RECOMMENDED ORDER

SolarCity Corporation ("SolarCity"), by and through its undersigned counsel, hereby files its Proposed Amendments to Staff's Recommended Order issued in the above referenced matter.

RESPECTFULLY SUBMITTED this 30<sup>th</sup> day of November, 2011.

Arizona Corporation Commission  
DOCKETED

NOV 30 2011

DOCKETED BY [Signature]

[Signature]

Court S. Rich  
Rose Law Group pc  
6613 N. Scottsdale Road, Suite 200  
Scottsdale, Arizona 85250  
Attorney for SolarCity Corporation

1 **Original plus 13 copies of the foregoing**  
2 **filed this 5<sup>th</sup> day of November 2011:**

3 Docket Control  
4 Arizona Corporation Commission  
5 1200 W. Washington Street  
6 Phoenix, Arizona 85007

7 *I hereby certify that I have this day served the foregoing documents on all parties of record in  
8 this proceeding by sending a copy via electronic mail to:*

8 Steven M. Olea  
9 Director, Utilities Division  
10 Arizona Corporation Commission  
11 1200 W. Washington Street  
12 Phoenix, Arizona 85007  
13 *solea@azcc.gov*

Deborah Scott  
Pinnacle West Capital Corporation  
400 N. 5th Street  
Post Office Box 53999, MS 8695  
Phoenix, Arizona 85072  
*deb.scott@pinnaclewest.com*

12 Janice M. Alward  
13 Chief Counsel, Legal Division  
14 Arizona Corporation Commission  
15 1200 W. Washington Street  
16 Phoenix, Arizona 85007  
17 *jalward@azcc.gov*

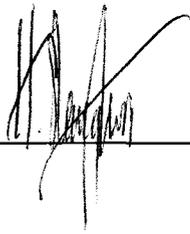
Scott Wakefield  
Ridenour Hienton & Lewis LLC  
Chase Tower  
201 N. Central Avenue, Suite 3300  
Phoenix, Arizona 85004-1052  
*sswakefield@rhkl-law.com*

16 Lynn Farmer  
17 Chief Administrative Law Judge  
18 Hearing Division  
19 Arizona Corporation Commission  
20 1200 W. Washington Street  
21 Phoenix, Arizona 85007  
22 *lfarmer@azcc.gov*

Daniel Pozefsky  
RUCO  
1110 W. Washington Street, Suite 220  
Phoenix, Arizona 85007  
*dpozefsky@azruco.gov*

21 Scott Wakefield  
22 Ridenour Hienton & Lewis PLLC  
23 Chase Tower  
24 201 N. Central Avenue, Suite 3300  
25 Phoenix, Arizona 85004-1052  
26 *isswakefield@rhkl-law.com*

C. Webb Crockett  
Fennemore Craig PC  
3003 N. Central Avenue, Suite 2600  
Phoenix, Arizona 85012-2913  
*wcrocket@fclaw.com*

27   
28 \_\_\_\_\_

1 **Introduction**

2 This filing is a supplement to SolarCity’s Comments and Exceptions in Response to Staff’s  
3 Recommended Order (the “Exceptions”) docketed in this matter on November 4, 2011.  
4 After further analysis of the Staff’s Recommended Order (the “RO”), discussions with  
5 stakeholders, and additional review, SolarCity has made some modifications to the  
6 Amendments it seeks to the RO. The attached proposed Amendments to the RO are intended  
7 to supersede and clarify SolarCity’s previously filed Exceptions.  
8

9 **I. The Amendments**

10 SolarCity proposes six Amendments to the RO. Each of these Amendments and the reasons  
11 why they are needed was described in more detail in the Exceptions. The Amendments are  
12 each attached as Exhibits hereto and are titled as follows:  
13

14 **Exhibit A:** “Amendment to retain 50% cap on incentive payments for residential DG  
15 systems.”  
16

17 **Exhibit B:** “Amendment to promote regulatory certainty in the homebuilder incentive  
18 program.”  
19

20 **Exhibit C:** “Amendment to remove conflict between PBI cap and market realities.”  
21

22 **Exhibit D:** “Amendment to account for manner of refund of amounts deposited for  
23 commercial reservations.”  
24

25 **Exhibit E:** “Amendment preserving access to solar for the neediest Arizona schools.”  
26

27 **Exhibit F:** “Amendment to uphold the Commission’s already approved \$40 million  
28 residential budget.”

**EXHIBIT A**

**Amendment to retain 50% cap on incentive payments for residential DG systems**

The downward trend in residential upfront incentives since the program's inception has been significant. As a result of the already reduced incentives, we believe that the current 50% cap on incentives is sufficient to protect ratepayers.

**AMENDMENT**

Page 37, Line 5;

After the word "a" INSERT "residential"

Page 37, Line 6;

DELETE the number "40" and INSERT the number "50"

After the word "percent" INSERT "and the maximum percentage of a non-commercial project that can be paid for with utility incentives is 40 percent."

**EXHIBIT B**

**Amendment to promote regulatory certainty in the homebuilder incentive program**

Because the planning timeline for solar installations on new homes is significantly longer than the planning timeline in the retrofit market, we believe the Commission should continue to support the already approved rate of \$1.45/watt. Any derivation from this incentive would freeze the availability of solar on new homes and negatively impact the new home market in the state of Arizona. We also support lowering the rate 30% to \$1/watt for 2013.

**AMENDMENT**

Page 33, Line 5;

DELETE "\$0.85 and REPLACE with "\$1.45"

And

Page 33, Line 6;

At the end of the sentence INSERT "and begin 2013 at \$1 per watt."

**EXHIBIT C**

**Amendment to remove conflict between PBI cap and market realities**

We find that the dramatic drop in performance based incentives since 2009 is evidence that competition within the reverse auction is adequately driving down incentives. At the same time, we believe that the market should not be artificially constrained by an excessively low incentive cap, especially given that financing for commercial projects may get more difficult in 2012 with the probable expiration of the Section 1603 Grant Program. The proposed cap is below the current market rate for RECs. We believe the current cap should be significantly lowered but that the proposed cap conflicts unnecessarily with the free market.

**AMENDMENT**

Page 33, Lines 10 and 11;

DELETE references to "\$0.084" "\$0.082" and "\$0.08" and REPLACE with "\$0.134" "\$0.123" and "\$0.118" respectively.

**EXHIBIT D**

**Amendment to account for manner of refund of amounts deposited for commercial reservations**

Staff's recommended proposal regarding the commercial deposit requirement is lacking information regarding a process for returning the deposit to developers. We believe that once the construction of a project has commenced, the deposit has served its purpose and should be refunded, with accumulated interest, back to the developer who provided the deposit.

**AMENDMENT**

Page 33, Line 19;

INSERT the following at the end of the existing sentence:

“...except that APS shall promptly refund the full amount of any deposit to the party that made the deposit upon receipt of a written notice that construction of the project has commenced or that the project has been abandoned. Such written notice must include a reference to an active building permit or similar and equivalent permit allowing the construction of the project. In addition, no deposit will be required for any project that has already provided written notice to APS that it has commenced construction prior to the date that such deposit is due. All deposits shall be deposited and held in an interest bearing account with all interest accruing to the benefit of the party making the deposit and payable to such party upon disbursement of the deposit.”

**EXHIBIT E**

**Amendment preserving access to solar for the neediest Arizona schools**

We believe that the Schools and Government Program must preserve access to solar for financially troubled schools and find that the reverse auction process will effectively preclude the neediest schools from getting the benefits of solar. All Schools may participate in the standard PBI auction program and we expect that more affluent schools will continue to do this with success as they have in past. The Schools and Government Program must provide the neediest schools with the opportunities to save money that solar provides. As a result we believe that all third-party owned systems in the School and Government Program must be offered a fixed incentive amount that must be awarded in accordance with APS's ranking system to favor the neediest of schools.

**AMENDMENT**

Page 33, Lines 27 and 28, Page 34, Lines 1 and 2;

DELETE the entire ordering paragraph and INSERT the following:

“IT IS FURTHER ORDERED that the incentives for the Schools and Government Program be awarded at a set rate of \$0.131 per kilowatt hour for 15 year contracts and \$0.119 per kilowatt hour for 20 year contracts. Total incentives per project shall be capped at 40% of the total system installed cost.”

**EXHIBIT F**

**Amendment to uphold the Commission's already approved \$40 million residential budget**

We believe that regulatory certainty is important for businesses. This Commission has twice voted to approve a \$40 million budget for residential incentives for 2012 and believes that it is important that this still scaling industry be able to rely on the Commission's Orders.

**AMENDMENT**

Page 34, Line 13;

After the word "approved" INSERT "except that, consistent with Decision No. 72022, the residential incentive budget shall be set at \$40 million."

Make all conforming changes and adjustments to budget amounts throughout.