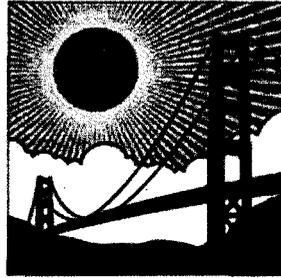


OPEN MEETING AGENDA ITEM



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

November 30, 2011

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

Dear Commissioners:

The Vote Solar Initiative (Vote Solar) hereby submits comments on the Report and Recommended Order proposed by the Utilities Division ("Staff") regarding Arizona Public Service's (APS's) 2012 Renewable Energy Standard (RES) Implementation Plan.

Vote Solar appreciates Staff's consideration of the different proposals developed by APS and stakeholders, as well as Staff's efforts to determine an appropriate path for APS renewables procurement in 2012. A number of solar industry stakeholders have submitted comments¹ since the docketing of the Staff Report, noting that Staff's recommended Option A represents the bare minimum needed for Arizona's distributed generation solar industry to continue to thrive in 2012.

Vote Solar urges the Commission to aim higher than the bare minimum in order to maintain the state's trajectory as a solar leader, approving more substantial solar programs that will result in the growth in solar installations needed to meet the aggressive incentive declines proposed by Staff. Specifically, the Commission should improve on Staff Option A by following through on Decision No. 72022, providing \$40 million for residential funding in 2012, and by ensuring that each of APS's solar programs supports at least as much new solar capacity in 2012 as in 2011.

¹ Note for example AriSEIA's and Solar Alliance's comments, both docketed on November 4.

Aside from the obvious importance of maintaining regulatory certainty for the Arizona solar industry, Vote Solar urges the Commission to go beyond Staff Option A for the following reasons:

- Solar costs have decreased dramatically in recent years, but as markets in Europe cool, US demand will be critical for fueling the continued economies of scale in PV module manufacturing that will keep costs dropping. Maintaining robust demand is also crucial for reducing non-module (installation) costs; ACC staff are proposing relatively low solar incentives in 2012, and Arizona solar companies will need to serve a large number of customers to drive down per-customer costs and continue to turn a profit given those low incentives.
- The federal tax credit allowing customers to recover up to 30% of the cost of their system expires in 2016, and prospects for its renewal are uncertain. Those APS customers who go solar before 2016 will therefore get a significantly better deal, while also reducing the substantial increase in solar capacity required by the RES starting around 2016.
- The estimated residential surcharge associated with the Staff Option A is around \$5.00 with the inclusion of the \$12 million in 2011 unspent funds. As noted in Vote Solar's September 19 comments summarizing willingness to pay via recent Arizona polls, data indicates that the majority of Arizonans are willing to go *significantly beyond* this level of spending to further the development of renewables, indicating an average willingness to pay of between \$3.75 and \$10 more per month on top of their current power bills. In addition, APS has indicated that the residential RES surcharge will decrease by additional \$1.92 if all utility-owned-assets are approved for inclusion in base rates pursuant to the company's pending rate case.

As the Solar Foundation's 2011 Solar Jobs Census² found, Arizona is currently third in the nation in direct solar employment, benefitting from more than 4,700 direct solar jobs this year. Smart policy decisions are required to maintain that leadership position, with all its related benefits for Arizonans. Vote Solar respectfully requests that the Commission approve a robust solar program for APS in 2012.

Sincerely,



Susannah Churchill, Solar Policy Advocate
The Vote Solar Initiative
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San Francisco, CA 94107

² See a summary of the Jobs Census at http://thesolarfoundation.org/sites/thesolarfoundation.org/files/TSF_Census2011_FactSheet.pdf