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PIERCE PROPOSED AMENDMENT # 3

TIME/DATE PREPARED: December 9, 2011

RECEIVED

COMPANY: Arizona Public Service

AGENDA ITEM NO.: U-14

Company 2011 DEC 12 P 4: 02

DOCKET NO.: E-01345A-11-0264 COMMISSION OPEN MEETING: DATE: December 13/14, 2011

DOCKET CONTROL

Page 13, Line 4

INSERT new Finding of Fact:

“Utility ownership of customer-sited solar generation systems continues to create controversy among the solar industry. Tucson Electric Power believes that customer-sited solar generation qualifies as distributed generation whether it is owned by a utility or by a third party. The term “distributed generation” is a defined term under our REST rules, and TEP points out that the definition does not exclude utility ownership. We are aware that APS previously made a similar request to classify utility-owned, customer-sited solar as distributed generation but that we prohibited them from doing so. We now reverse that policy. If stakeholders believe that utility-owned systems should not be counted as distributed generation, they should seek to amend the definition of “distributed generation” in our REST rules to so provide.”

The Solar Alliance recommends that the Commission adopt a cost-containment mechanism for APS-owned assets, similar to the cost-containment mechanisms that Staff recommended for PBIs. The Solar Alliance recommends adopting a \$3.25 per watt cost cap on PV installations for APS-owned distributed generation assets. We agree with the Solar Alliance that the adoption of a cost-containment mechanism for APS-owned assets is appropriate. We also agree that the \$3.25 per watt is a reasonable cost cap and will adopt it. We do not believe that the cost cap should be limited to APS owned distributed generation, however. If \$3.25 per watt is a reasonable cost cap for distributed generation it should, *a fortiori*, also apply to utility scale fixed tilt, flat-plate PV projects that APS’ plans to own as part of its AZ Sun Program. We will therefore require all fixed tilt, flat-plate PV projects that APS plans to purchase to be less than \$3.25 per watt.

Page 35, Line 10

INSERT New Ordering Paragraph:

“IT IS FURTHER ORDERED that Arizona Public Service Company shall not purchase any fixed tilt, flat-plate PV projects that cost more than \$3.25 per watt.”

Conforming changes.

Arizona Corporation Commission

DOCKETED

DEC 12 2011

DOCKETED BY

THIS AMENDMENT:

\_\_\_\_\_ Passed \_\_\_\_\_ Passed as amended by \_\_\_\_\_

\_\_\_\_\_ Failed \_\_\_\_\_ Not Offered \_\_\_\_\_ Withdrawn