

ORIGINAL

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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

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MAR 22 2012

AZ CORP COMMISSION
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IN THE MATTER OF THE APPLICATION OF)
TRICO ELECTRIC COOPERATIVE, INC. FOR)
APPROVAL OF ITS 2012 RENEWABLE)
ENERGY STANDARD TARIFF)
IMPLEMENTATION PLAN.)
)
)
)

DOCKET NO. E-01461A-11-0266

**TRICO ELECTRIC
COOPERATIVE, INC.'S
EXCEPTIONS**

Trico Electric Cooperative, Inc. ("Trico" or the "Company"), through undersigned counsel, hereby submits its Exceptions to the Proposed Order in this docket. In light of several recent developments, Trico is requesting three slight modifications to its 2012 REST Plan that Trico believes will provide more effective and appropriate use of the REST funds. Specifically, Trico requests that the Proposed Order be amended as follows:

1. The Up-Front Incentive ("UFI") for both residential and non-residential should be reduced from \$0.75/watt to \$0.60/watt.
2. If the 2013 UFI budgets are exhausted, Trico will begin accepting applications for 2013 but without any commitment as to what the 2013 UFI incentive will be. As currently drafted, the Proposed Order would require Trico to commit to a \$0.60/watt incentive, thus effectively setting the 2013 UFI in this docket.
3. \$90,000 should be moved from the budget for Rebate Backlog to the budget for Non- Residential PV PBI Rebates. Trico has the opportunity to receive approximately \$200,000 in additional Stimulus grant funds to help pay down the existing rebate backlog. Moving \$90,000 to the Non-Residential PV PBI Rebate budget will provide Trico the potential to fund a project for a Member School District in the 2012 REST Plan year.

1 Trico also requests that the Proposed Order be amended to clarify that the solar hot water
2 heating incentive will remain at \$0.40 per kWh saved during a system's first year of operation.
3 The Proposed order has conflicting language on this incentive.

4 Trico has provided proposed amendment language in Attachment A.

5 **SPECIFIC EXCEPTIONS**

6 **A. Reduce the UFI Incentive to \$0.60/watt.**

7 Trico requests that its 2012 UFI be set at \$0.60/watt. This reduction is supported by
8 several reasons.

9 First, Trico filed its first supplement to its 2012 Plan on November 1, 2011, requesting that
10 the UFI be reduced to \$0.75/watt. The reduced UFI reflected the reduction to Trico's UFI in
11 Decision No. 72639 (October 18, 2011). Since that time, Trico has seen continued demand for
12 UFIs at this lower incentive. Moreover, the Commission approved a \$0.75/watt UFI for TEP in
13 December 2011 with several triggers to reduce that incentive further. According to TEP's
14 website, the first trigger was met on January 27, 2012 and TEP's UFI is now \$0.60.

15 Second, Trico has slightly higher electric rates than TEP, which makes solar PV more
16 attractive in the Trico service area than the TEP service area. Moreover, given the proximity of
17 Trico to TEP, the same solar installers serve both service areas. A 15 cent difference in UFI
18 would result in an incentive that is almost \$1000 higher for an 8 kW system in Trico's area. A
19 greater bill impact combined with a higher incentive may result in even higher demand in Trico's
20 service area.

21 Third, Trico already has a significant rebate backlog that it has been diligently reducing.
22 Trico would prefer to err on the side of caution in setting its UFI for 2012 so that its backlog is not
23 exacerbated.

24 Therefore, Trico requests that its 2012 UFI for both residential and non-residential systems
25 be set at \$0.60/watt.

1 **B. Eliminate 2013 Rebate Reservations at a set UFI.**

2 Staff's Proposed Order recommends that if the 2012 UFI budget is exhausted, then Trico
3 should begin taking reservations for its 2013 REST Plan at \$0.60/watt. This recommendation
4 effectively sets the 2013 UFI at \$0.60/watt. Trico believes that recommendation prematurely sets
5 the 2013 UFI and creates potential issues for Trico. Solar installers may press to lock in the
6 \$0.60/watt UFI to avoid being subject to a lower UFI when the 2013 REST Plan is approved.

7 Trico requests that this reservation recommendation be eliminated. Trico is willing to
8 accept applications for the 2013 REST Plan but without committing to a specific UFI. Rather, the
9 commitment would be at a UFI level to be determined by the Commission when it approves the
10 2013 REST Plan.

11 **C. Shift \$90,000 to the Non-Residential PV PBI Rebate Budget.**

12 Trico recently learned that it has access to an additional Stimulus funds to assist in
13 reducing its rebate backlog. Trico also understands that a School District is now moving forward
14 on a large scale solar project that would be eligible for performance-based incentives ("PBIs")
15 under Trico's Residential and Commercial Rebate Program for systems over 10 kW but under 1
16 MW.. Trico is in the process of reviewing a Feasibility Study provided to the School District to
17 determine if the project will result in a sufficient cost savings to the School District warranting the
18 investment of REST funds in PBIs associated with the project.

19 The current budget proposed by Staff does not include a sufficient amount of Non-
20 Residential PBI Rebate funding for 2012 to allow for the School District project. Trico requests
21 that \$90,000 be moved from the Rebate Backlog budget to the Non-Residential PV PBI Rebate
22 budget. Trico's ability to reduce its rebate backlog will not be unduly compromised due to the
23 additional Stimulus funds.

24 **D. Clarify that the Solar Hot Water Incentive is \$0.40/kWh.**

25 The Proposed Order contains conflicting language regarding UFIs for solar hot water
26 heaters. First, it states (at page 3, lines 20-21), that "For solar water heating systems, Trico would
27

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1 continue to provide a UFI of \$0.40 per kWh of energy saved during the system's first year of
2 operation." This is accurate and is what Trico requested regarding solar hot water heaters.

3 However, the Proposed Order also states (at page 9, lines 12-13 and page 10, lines 6-7) that
4 "the UFI for Residential PV systems, Non-residential PV systems, and Residential solar water
5 heaters remain at \$0.75 per watt." That is not accurate with respect to solar hot water heaters and
6 conflicts with Trico's current UFI.

7 Trico requests that the ordering paragraph be revised to reflect that the UFI for solar hot
8 water heaters be set at \$0.40 per kWh of energy saved during the system's first year of operation.

9 **RELIEF REQUESTED**

10 Trico requests that the Proposed Order be amended as set forth above. Trico has submitted
11 proposed amendment language in Attachment A.

12 RESPECTFULLY SUBMITTED this 22nd day of March 2012.

13 TRICO ELECTRIC COOPERATIVE, INC.

14
15 By 

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22 Attorneys for Trico Electric Cooperative, Inc.

23 Original and 13 copies of the foregoing
24 filed this 22nd day of March 2012 with:

25 Docket Control
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1 Copy of the foregoing hand-delivered/mailed
this 22nd day of March 2012 to:

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27 By 

ATTACHMENT

"A"

Attachment A

Proposed Amendment Language

At page 9, line 20, **INSERT:**

Trico's Exceptions

29. On March 23, 2012, Trico filed exceptions to Staff's Proposed Order. In those exceptions, Trico requested that: (i) the UFI for residential and non-residential PV systems be set at \$0.60/watt; (ii) upon exhaustion of the 2012 REST budget for UFI programs, Trico discontinue accepting applications under the 2012 REST Plan and begin accepting applications for 2013 at a UFI to be determined by the Commission in connection with the 2013 REST Plan; and (iii) shift \$90,000 from the Rebate Backlog budget to the Non-Residential PV PBI Rebate budget. Trico also requested that the Proposed Order be clarified to state that the UFI for solar hot water heaters be set at \$0.40 per kWh of energy saved during a system's first year of operation.

30. Trico's exceptions are well-taken and we will modify Staff's recommendations as follows:

- a. The UFI for residential and non-residential PV systems will be set at \$0.60/watt for the 2012 REST Plan.
- b. The UFI for solar hot water heaters be set at \$0.40 per kWh of energy saved during a system's first year of operation, based on the OG-300 ratings of the Solar Rating and Certification Corporation.
- c. Upon exhaustion of the budget for a UFI program, Trico will accept applications for the 2013 REST Plan at a UFI to be determined by the Commission in connection with the 2013 REST Plan.
- d. The budget for the 2012 REST Plan will be revised so that the Non-Residential PV PBI Rebate budget is increased by \$90,000 for a total budget of \$365,794 and the Rebate Backlog budget is decreased to \$733,202. The overall 2012 REST budget remains unchanged."

DELETE Page 10, lines 6-10 and **INSERT:**

"IT IS FURTHER ORDERED that the UFI for Residential PV systems and Non-Residential PV systems be set at \$0.60/watt and that the UFI for solar hot water heaters be set at \$0.40 per kWh of energy saved during a system's first year of operation, based on the OG-300

ratings of the Solar Rating and Certification Corporation. However, should the UFI budget for a UFI program be exhausted before the end of 2012, Trico Electric Cooperative, Inc. shall discontinue accepting applications for that program under the 2012 REST Plan and begin accepting applications for the program under 2013 REST Plan at a UFI to be determined by the Commission in connection with the 2013 REST Plan.”