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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONER

BOB STUMP
COMMISSIONER

SANDRA D. KENNEDY
COMMISSIONER

BRENDA BURNS
COMMISSIONER

IN THE MATTER OF THE)
APPLICATION OF TUCSON)
ELECTRIC POWER COMPANY)
FOR APPROVAL OF ITS 2013)
RENEWABLE ENERGY)
STANDARD IMPLEMENTATION)
PLAN AND DISTRIBUTED)
ENERGY ADMINISTRATIVE)
PLAN AND REQUEST FOR)
RESET OF ITS RENEWABLE)
ENERGY ADJUSTOR.)

DOCKET NO. E-01933A-12-0296

COMMENTS OF SOLAR ENERGY
INDUSTRIES ASSOCIATION (SEIA)

Please find attached hereto the comments of the Solar Energy Industries Association ("SEIA") in the above referenced docket.

Respectfully submitted this 24th day of September, 2012.

Court S. Rich
Rose Law Group pc
Attorney for Applicant SEIA

1 **Original and 13 copies filed on**
2 **this 24th day of September, 2012 with:**

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

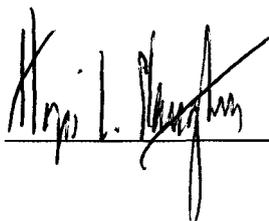
7 *I hereby certify that I have this day served the foregoing documents on all parties of record in*
8 *this proceeding by sending a copy via electronic or regular U.S. mail to:*

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September 24, 2012

DOCKET NO.: E-01933A-12-0296

I. Introduction

SEIA greatly appreciates TEP's very open and transparent community stakeholder meetings. In particular, SEIA applauds the process TEP directed, including the company's sincere incorporation of stakeholder comments and suggestions. Some ideas offered by interested parties were even acted upon and completed before the 2013 plan was submitted. Although SEIA does not agree with every recommendation or policy ultimately included in the 2013 plan, the submittal in its entirety outweighs any drawback. Consequently, SEIA's comments will be brief.

II. Comments

A. Solar Customers Should Pay the Average REST Surcharge and Not the Maximum to Avoid Unintended Consequences

SEIA would like to underscore support for TEP's alternative proposal to the policy that requires customers with solar to pay the fixed cost of the monthly REST cap. SEIA supports the proposal to have the solar customer pay the average REST surcharge per customer category instead of the rate class cap. For example, in 2013, if a small commercial customer uses 5,000 kWh a month, the business will be contributing \$40 to the REST through the surcharge. If the same customer obtains a small PV system or solar hot water system, the business will now have to pay \$195 through the surcharge. In order to offset that 80% increase, the customer would need 6 kW of additional solar panels. This result clearly is unfair and certainly was not intended when the new policy was implemented. While linking to the average REST surcharge per customer category helps mitigate the impact, a small business may still see a doubling or tripling of its REST surcharge. Other proposals to mitigate this inequitable impact could be to match the surcharge to system size or to use the surcharge amount the customer last paid before obtaining a solar energy system as the fixed amount of that customer's surcharge going forward.

B. There is Broad Support for Solar in TEP's Service Territory

SEIA appreciates TEP's genuine stakeholder engagement. TEP even went as far as to survey the community to see what the general public wants to see in a REST program. The results were clear - there is overwhelming support for renewable energy, particularly solar energy. In fact, only 9% of the surveyed population strongly disagree or disagree to supporting a renewable energy resource mix, with primarily solar energy. Moreover, the respondents showed a willingness to pay a reasonable amount on their monthly electric bills even though they were generally unfamiliar with both the Renewable Energy Standard (RES) and the RES Implementation Plan process. This is important to note because only approximately 40% of residential users hit the surcharge cap. The average residential customer will only pay around \$3.75 - \$4.00 dollars.

In closing, SEIA thanks the Commission in advance for considering SEIA comments and looks forward to continued dialogue around the 2013 implementation plans.