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BEFORE THE ARIZONA CORPORATION COMMISSION

GARY PIERCE CHAIRMAN	PAUL NEWMAN COMMISSIONER	BOB STUMP COMMISSIONER
SANDRA D. KENNEDY COMMISSIONER	BRENDA BURNS COMMISSIONER	

IN THE MATTER OF THE APPLICATION OF ARIZONA PUBLIC SERVICE COMPANY FOR APPROVAL OF ITS 2013 RENEWABLE ENERGY STANDARD IMPLEMENTATION FOR RESET OF RENEWABLE ENERGY ADJUSTOR	**DOCKET NO. E-01345A-12-0290** **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

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

Docket Control
Arizona Corporation Commission
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I hereby certify that I have this day served the foregoing documents on all parties of record in this proceeding by sending a copy via electronic and regular U.S. mail to:

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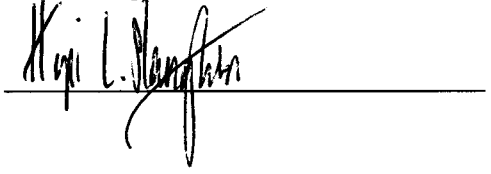

SEIA Solar Energy Industries Association®

September 24, 2012

Docket No.: E-01345A-12-0290

I. Introduction

SEIA appreciates the opportunity to comment on the variety of options APS presents in its 2013 RES Implementation Plan (the "REST Plan"). SEIA believes it to be in the best interest of APS, ratepayers and the solar industry to keep the solar market at its current level of market activity. Maintaining stable levels of capacity and installation rates will allow the industry to continue to scale and drive down costs that will ultimately allow the industry to transition away from incentives and contribute to saving ratepayer dollars. A healthy and robust solar market in Arizona will also continue to contribute to job creation and economic development in the state.

II. Discussion

A. Options Only Address a Small Percentage of Total Budget

It is important to note that the options APS presents in its 2013 REST Plan pertain only to DG programs which account for approximately only 9% of the total 2013 budget. In other words, APS' REST Plan does not propose any changes or any examination of 91% of the REST budget. It is also important to note that a disproportionally high percentage the jobs in renewable energy in Arizona can be found in this 9% of the budget. If various options are to be presented, APS should also include options detailing the utility scale procurement that dominates current and future REST budgets. Options and budget impacts should be examined more closely within programs such as AZ Sun, APS' community solar proposals, and the now indefinitely postponed Small Generator program. Singling out distributed generation programs, which account for only a small fraction of the overall budget and proposing an option to end commercial solar incentives sends a signal that Arizona is not open for business to companies looking to invest capital and hire employees.

SEIA also encourages the Commission to consider the residential and commercial programs independently since they are very different and unique markets. While it may be the case that one market will be prepared for reduced or no incentives at some point in 2013, the same does not necessarily hold true for the other market.

B. Solar Customers Should Pay Average Surcharge; Not Maximum

With regards to the recent policy change that requires solar customers who draw funds from the REST to pay the customer cap, SEIA recommends instead having solar customers pay the average surcharge per customer class as a more appropriate methodology for calculating participant's contribution. If a small commercial customer uses 5,000 kWh a month, they will be contributing $48 a month to the REST through the surcharge. If that customer obtains a small PV system or solar hot water system, they will then have to pay $142 per

month for the surcharge. In order to offset that 70% increase in their bill, the customer would need 5.5 kW of additional solar panels. It is also important to keep in mind that even if a policy of paying the average surcharge is implemented, it may be that a business could still see a doubling or tripling of their REST surcharge. Other options for mitigating this inequitable impact could be to match the surcharge to system size or use the amount the customer last paid before obtaining a solar energy system as their new fixed amount.

C. Explore Community Solar for Third Party Providers

As a complimentary offering to APS' proposed 25 MW UOG Community Solar Program, SEIA recommends the ACC direct APS to engage in a collaborative exploration of additional non-UOG community solar offerings. The collaborative process should include representation from the solar industry, customers, APS, and third-party experts in community solar so that a consensus-built program offering to be proposed in the APS 2014 RES Implementation Plan. Such a process could be facilitated by the Interstate Renewable Energy Council (IREC), for example. It is SEIA's understanding that IREC has resources available to assist state policy makers in developing community renewables programs. IREC assisted in the development of Colorado and Delaware's developer-led programs in collaborative processes including workshops and formal dockets before the state's respective Commissions. SEIA believes such a collaborative process can be effectively used in Arizona to design third-party community solar offerings that have the potential to reach underserved customer segments with a zero impact on the 2014 and beyond REST budgets.

D. Customers' Property Rights to RECs Must be Protected

Arizona's progress in gradually reducing the role of direct incentives for the residential market has been remarkable. This occurrence should be celebrated and not used as a vehicle for infringing on the property rights of past and future solar system owners. APS' proposal to "track and record" Renewable Energy Credits (RECs) would invalidate the integrity of the REC, according to REC-market operators. It is unclear whether or not this is APS' intent but great care should be taken to protect customers from infringement on their property rights whether such infringement is intentional or unintentional.

Some companies have their own renewable energy objectives they have to meet which require them to keep possession of their own RECs. Some businesses and organizations have chosen not to take an incentive, which comes with a 20 year REC transfer contract for that very reason. If APS counts the RECs owned by these companies without engaging in a contractual exchange, that entity's RECs will be void and could comprise an unauthorized taking of property without just compensation. Moreover, APS is invalidating RECs that could become an export for Arizona residents and businesses in future years. Arizona clearly has a competitive advantage when it comes to solar energy and the state could conceivably sell RECs to other entities outside the state at some point in the future. It is probable that Arizona could be the first state to specialize in selling extremely affordable DG solar RECs. Other proposals that link REC exchange to interconnection or rate riders would have an equally negative impact because it would force transfer or change the economics of a system if the owner already sold their RECs. Therefore, SEIA will file a REC exchange policy that maintains REC value, costs ratepayers nothing, and accomplishes the same objective that APS' policy is aimed at achieving.

Again, SEIA appreciates the consideration of these comments. As data requests are returned and SEIA gains a better understanding of certain program details, additional comments will follow.