

**ORIGINAL**

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

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Arizona Corporation Commission

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IN THE MATTER OF THE APPLICATION OF ARIZONA PUBLIC SERVICE COMPANY FOR APPROVAL OF ITS 2013 RENEWABLE ENERGY STANDARD IMPLEMENTATION FOR RESET OF ITS RENEWABLE ENERGY ADJUSTOR.

DOCKET NOS. E-01345A-12-0290 AND E-01345A-10-0394

**COMMENTS OF THE VOTE SOLAR INITIATIVE**

IN THE MATTER OF ARIZONA PUBLIC SERVICE COMPANY REQUEST FOR APPROVAL OF UPDATED GREEN POWER RATE SCHEDULE GPS-1, GPS-2, AND GPS-3.

The Vote Solar Initiative ("VSI") appreciates the opportunity to submit comments to the Arizona Corporation Commission ("Commission") on Arizona Public Service Company's ("APS") 2013 Renewable Energy Standard and Tariff ("REST") Implementation Plan ("Plan"). Our comments focus a proposal laid out on pages 2 and 11 of the APS Plan.

The Vote Solar Initiative is a non-profit grassroots organization working to foster economic opportunity, promote energy independence and fight climate change by making solar a mainstream energy resource across the United States. Since 2002 Vote Solar has engaged in state, local and federal advocacy campaigns to remove regulatory barriers and implement the key policies needed to bring solar to scale.

On pages 2 and 11 of the APS REST Plan, APS requests authorization to demonstrate compliance with the DE portion of the RES requirement by tracking and recording DE production. Under APS's proposed track and record system, any new DE production interconnected within the Company's service territory would be counted towards the requirement independent of Renewable Energy Credit (REC) ownership.

VSI respectfully opposes this approach, as it likely runs afoul of double counting practices in REC tracking (see REMA's comments in Tucson Electric Power's (TEP) REST Plan on the same issue).

As REMA notes in their comments on the similar proposal put forward in TEP's REST Plan: *Furthermore, residential and commercial entities that generate RECs must agree to relinquish or sell their RECs. A government agency that allows a utility to claim the inherent value of the REC, even though the utility hasn't purchased the REC, strips the REC value from the rightful REC owner. This constitutes a government taking of private property. To accurately track, trade, and sell renewable energy, the*

*environmental claims of RECs must not be simultaneously claimed by multiple parties. It does not matter whether TEP attempts to demonstrate DG compliance through other means (i.e. metered data), as any implicit or explicit TEP claim to renewable generation without REC ownership would infringe upon the property rights of REC owners. (REMA comments in docket E-01933A-12-0296, submitted 7/27/2012).*

Instead, we suggest an alternative proposal. Our proposal is a simple market-based solution that will allow APS to continue to meet its REST obligations. Our approach is legal, and importantly, preserves DG solar owners property rights. And, we believe this approach represents a very low-cost compliance option for APS in a 'post-incentives' world.

We propose the following Market-based Mechanism: **Issue a periodic standard offer for Residential RECs.** We believe the utility and Commission will be able to craft an appropriate standard offer, and we suggest the Commission take into account the following guidelines:

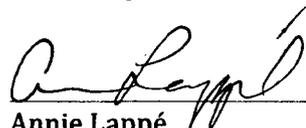
- Offer issued annually or semi-annually via website (with notification through the monthly newsletter included in each bill) and remains open for a few days or weeks depending on market response
- Utility sets an initial price at low rate and ratchets up the price, if necessary, to gather sufficient RECs for compliance (at utility's discretion to pay as-bid or set a market-clearing price)
- Offer open to system owners and third party aggregators who acquire RECs and/or bid them on customer's behalf.

This is certainly not a new approach. In fact, utilities and load-serving entities are actively conducting market-based solicitations to obtain RECs in the following states: California, Colorado, Connecticut, Delaware Illinois, Maryland, Massachusetts, New Jersey, New York, Ohio and Pennsylvania.

In summary, this approach meets all of the following goals:

- Provide the utilities a solution consistent with Arizona law and ACC requirements that doesn't require special consideration, work-arounds or on-going waivers
- Respect the property rights of solar system owners
- Avoid unnecessary complexity, administrative or regulatory burdens
- Harness simple market mechanisms to enable REST compliance at lowest reasonable cost.

VSI appreciates the opportunity to provide these comments on this important policy decision. Respectfully submitted this 9<sup>th</sup> day of October 2012 by:

  
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