

ORIGINAL

OPEN MEETING AGENDA ITI



0000140233

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

GARY PIERCE, Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

REC-1000
AZ CORP COMMISSION
DOCKET CONTROL
2012 OCT 29 AM 9 59

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

**WESTERN RESOURCE ADVOCATES
COMMENTS ON STAFF'S
RECOMMENDATIONS**

Arizona Corporation Commission
DOCKETED
OCT 29 2012

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

DOCKETED IN
JPM

On October 18, 2012, Staff filed its recommendations concerning Arizona Public Service Company's (APS's) 2013 Renewable Energy Standard Implementation Plan. One of the issues in this matter is how APS would meet the distributed energy component of the Renewable Energy Standard if incentives are no longer offered to customers to install distributed photovoltaic facilities. Staff states: "Without incentives in future years, APS proposes a 'Track and Record' method for meeting the REST requirements. This would allow APS to track the renewable [energy] output of customers and use the recorded results to meet REST compliance. Staff recommends that the Commission approve [the] 'Track and Record' method proposed by APS for the residential PV market segment, to be effective for 2013 and beyond for compliance reporting beginning April 1, 2014" (p. 4).

Western Resource Advocates (WRA) believes Staff's recommendation is not viable. While Staff reviewed the comments of other parties on how to address this issue (pp. 15-16), Staff did not support its recommendation with an analysis of its consequences nor did it compare the advantages and disadvantages of alternatives. We believe that Staff's recommendation is flawed because it *implicitly* counts renewable energy credits (RECs) to meet the requirements of the Renewable Energy Standard. Thus, the owner of the RECs would not be compensated by APS nor could the RECs be sold by the PV owner or other REC owner to a third party because they would be double counted.¹ The RECs would thus lose their value.

On October 11, 2012, WRA filed comments on the regulatory treatment of RECs in the event the Commission discontinues APS's incentives for distributed photovoltaic (PV) projects installed pursuant to the Renewable Energy Standard. In those comments, we presented five options and discussed their merits and deficiencies.

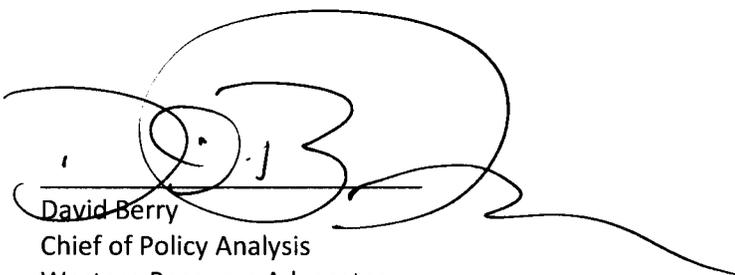
¹ See Center for Resource Solutions, Green-e Energy, National Standard Version 2.1, pp. 8-9, 22.

We believe that there are two viable options for meeting the distributed generation requirement if no incentive has been paid. One is to purchase RECs associated with distributed PV generation located in a regulated utility's Arizona service area using an auction or similar process to meet RES distributed generation requirements; the Commission may set a price cap. More detail is provided in our previous comments.

The other viable option is to waive the distributed generation requirement for one year at a time but only if the Commission finds that APS will otherwise likely meet the RES distributed generation kWh requirement for that year. This option removes the regulatory requirement to meet the distributed generation portion of the RES for a given year while seeking to ensure that the Renewable Energy Standard goals are not undermined. Thus, APS would not need to acquire RECs for that year and the RECs would stay with their current owner such as the owner of the photovoltaic system. This option provides the Commission with flexibility and does not lock the Commission into a long term policy where there are uncertainties.²

We urge the Commission to adopt either the auction option or the temporary waiver option in lieu of Staff's recommended track and record method.

WRA appreciates the opportunity to provide these comments. Respectfully submitted this 26th day of October 2012 by:



David Berry
Chief of Policy Analysis
Western Resource Advocates
PO Box 1064
Scottsdale, AZ 85252-1064
david.berry@westernresources.org

Original and 13 copies submitted to Docket Control, Arizona Corporation Commission, 1200 W. Washington St., Phoenix, AZ 85007. Electronic copies sent to parties of record.

² The Commission could require APS to report, for informational purposes, the kWh generated by all distributed residential PV systems including those for which no incentive was provided. This information would be useful in determining whether to grant a waiver in subsequent years.