

ORIGINAL

OPEN MEETING AGENDA I



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AZ CORPORATION COMMISSION
DOCKET COMMISSION

**BEFORE THE ARIZONA CORPORATION COMMISSION
OPEN MEETING ITEM**

2012 OCT 30 PM 3 16

Arizona Corporation Commission
DOCKETED

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

**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**

**ARIZONA COMPETITIVE POWER
ALLIANCE COMMENTS ON THE
PROPOSED RECOMMENDED OPINION
AND ORDER**

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

In the Draft Recommended Opinion and Order (“ROO”), submitted by staff of the Arizona Corporation Commission (“Commission”) to the Commission on October 18, 2012, Staff made the following suggestion.

In the past years of REST Implementation Plan proposals, the driving force for allocation of the budgets has been the need to meet specific REST requirements both for DE resources and for the overall REST portfolio. Now, looking at the 2013 REST Plans, particularly for the largest utilities, including APS, the focus of the budget allocation should, in Staffs opinion, shift to placing the emphasis on obtaining the least-cost renewable kWh to meet the REST requirement.¹

The Arizona Competitive Power Alliance (“AzCPA”) supports staff’s recommended paradigm shift that the REST requirement should be met with the “least-cost renewable kwh.” AzCPA believes that renewable energy industry has advanced to the point that there is little need to “carve out” special niches and subsidies for specific technologies, but rather that competitive procurement practices should be applied to all types of technologies..

¹ See ROO, page 8-9.

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The ACC has extensive procedures for ensuring that the next KWH of conventional generation is procured at the least cost and we believe that the renewable industry has matured enough that those same procedures should be applied to renewable technologies in order to ensure that the REST standards are met at the least cost to the ratepayer. Least-cost procurement not only saves rate payers money, but it also allows existing funds to incentivize additional renewable generation.

The ACC should apply the conventional bidding protocols that are contained within the ACC's Rules--such as Least Cost RFPs—to renewable procurement to ensure that the utilities' RFPs for renewable resources contain clear and uniform bidding rules and evaluation criteria. The evaluation criteria should specifically include viability metrics so that projects with a higher likelihood of actually being constructed are identified. These viability metrics should look specifically at the current stage of each project—permitted, under construction, built out, in service—in order to ensure that the renewable resources will be available when they are needed. Such carefully designed RFPs will help to ensure maximum participation in the RFP process, a competitive outcome that will serve to put the most downward pressure on price – to the benefit of all ratepayers.

Staff's proposed paradigm shift will allow the most efficient renewable technology to prevail while at the same time protecting consumers and ensuring that the maximum amount of renewable capacity is constructed. AzCPA appreciates staff's suggestion and encourage the commission to recognize that the renewable industry has matured to the point that the REST requirements can and should be met using the most cost-effective technology available.

RESPECTFULLY SUBMITTED this 30th day of October 2012

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