

ORIGINAL

OPEN MEETING AGENDA ITEM



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November 2, 2012

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Arizona Corporation Commission
DOCKETED

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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

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In the matter of the Application of Arizona Public Service Company Application to Modify the Residential Incentives

Re: DOCKET NO. E-01345A-II-0264

On October 18, 2012, AriSEIA filed comments supporting the Arizona Public Service (APS) Application to Modify the Residential Incentives. In their Application to Modify the Residential Incentives, APS made the following requests:

- (i) shift \$650,000 from APS's current non-PV incentive budget to the current residential grid-tied PV incentive budget; and
- (ii) offer cash incentives at \$0.10/watt for residential grid-tied PV until this funding is exhausted or the remainder of 2012, whichever occurs sooner.

AriSEIA supported both requests, which will allow unused funds to support a continued residential PV incentive for the remainder of 2012 or until funds run out, while preserving adequate funding for the non-PV technologies, which includes residential solar water heating.

We must take exception to the staff report docketed on 10-18-12 which does the following:

- (i) Allocates half of the \$1.9 Million (i) remain in the non-PV technologies budget to the residential grid tied PV budget.

(ii) Reallocate the remaining non-PV budget according the following schedule:

- 50% of funds go to residential PV UFI's
- 16% of funds go to non- residential UFI's
- 14% of funds go to non-residential PBI's
- 10% of funds go to residential non- PV
- 10% of funds go to School & Government.

We must stress the importance of the ability of the solar water heating industry to continue sales and installations through the end of the year. Unlike the residential PV market, where there is a time delay for installations of systems sold, solar water heating systems can usually be installed in a matter of days.

Additionally, homeowners who wish to install solar water heating systems often wait until the end of the year in order to be able to capture the federal and state tax credits in a timely manner, which makes solar water heating easier for the average family to afford.

Decision number 72737, granted \$1 Million to create a solar water heating budget. The purpose of the amendment was to insure the ability of the solar water heating industry to avoid the difficulties faced in late 2011 where reservation rejection notices were sent to customers who applied for solar DHW reservations. This caused uncertainty in the market place and led to the cancellation of sales.

AriSEIA would also like to point out that the Staff Report not only shifts half of the remaining non-PV budget to residential PV technologies but only allocates 10% of the remaining non-PV budget to non-PV technologies. This severely limits the number of solar water heating systems that will be installed during the busiest time of the year for the many contractors who are in the field. It should be noted that some of these funds will also be used for ground source heat pumps, which is also in this funding category.

We would also like to note that the categories that these funds are shifted to such as non-residential UFI's, non-residential PBI's, and Schools and Government, have significant lead times for project development and the funds will not be required for many months to come.

We believe that the Commission should look at the overall picture and while as often noted, the Commission should not pick winners and losers, we believe the Commission should understand that policies adopted by the Commission could hinder some technologies if not considered thoroughly.

This is certainly the case with the staff report issued on 10-18-12. It will severely constrain the residential solar water heating industry at a time when the industry traditionally does a great deal of business.

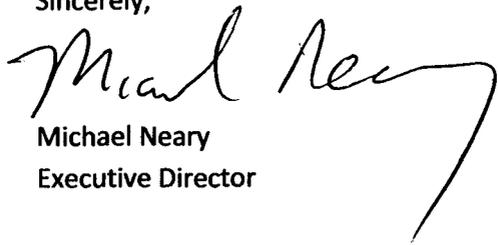
AriSEIA proposes the following:

- Allocate one half of the current remaining Residential Non-PV funds to the residential grid tied budget.
- As of 12-31-12, allocate the remaining Non-PV funds to the Residential PV budget to be used for wait listed customers.

By taking this action, the Commission will allow the solar water heating industry to continue operating and installing systems for customers through 2012 and provide remaining 2012 Residential Non-PV funds to be used for residential PV customers who have been waitlisted.

If you have any questions, please feel free to contact me.

Sincerely,

A handwritten signature in black ink that reads "Michael Neary". The signature is fluid and cursive, with a long, sweeping tail on the "y" that extends downwards and to the right.

Michael Neary
Executive Director