

ORIGINAL



0000140865

OPEN MEETING AGENDA ITEM

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

DEC 05 2012



IN THE MATTER OF THE APPLICATION OF)
 NAVOPACHE ELECTRIC COOPERATIVE, INC.)
 FOR APPROVAL OF RENEWABLE ENERGY)
 STANDARD PLAN AND TARIFFS)

DOCKET NO. E-01787A-11-0398

EXCEPTIONS TO ROO

Navopache Electric Cooperative, Inc. ("NEC") hereby files its exceptions to the Staff Memorandum and Recommended Opinion and Order ("ROO") for NEC's 2012 REST Plan that was filed on November 28, 2012. NEC further requests that this application be pulled from the December Open Meeting agenda to give both Staff and NEC time to resolve the issues raised in the Staff Memorandum and ROO.

As of January 1, 2012, NEC was no longer buying Renewable Energy Credits ("RECs") from Abengoa Solar, Inc. due to the expiration of the purchase agreement on December 31, 2012. NEC continually worked with PDM Solar, Inc. in 2011 in an attempt to receive RECs but due to lack of funding and product development, PDM Solar, Inc. could not perform. Therefore, on November 17, 2011 NEC terminated the agreement with PDM Solar, Inc. During 2011 NEC was in negotiations with SOLID USA, Inc. in purchasing RECs but the project has never materialized therefore, NEC will not be purchasing RECs in the future from SOLID USA, Inc. In an attempt to obtain RECs, NEC issued a Request for Proposal (RFP) to purchase RECs in December 2011 and selected a project in March 2012. NEC has been in ongoing negotiations

1 to secure a source of long-term, renewable kWh and RECs with the project developer since May
2 2012. These negotiations have taken considerably longer than NEC has anticipated and resulted
3 in delays in NEC being able to finalize REST budgets, plans and applications. In hindsight,
4 when contacted by Staff in February of 2012, NEC should have insisted that Staff continue
5 processing its 2012 REST application with the information available rather than accepting the
6 Staff suggestion to delay its application until this negotiation was completed. The negotiations
7 on this project have still not been completed. As a result, in October 2012, NEC abandoned its
8 efforts to update its existing REST application for 2012 because 2012 had just about expired and
9 concentrate its efforts on its 2013-2014 REST Plan which was filed on October 30, 2012.

10
11 Concerning the Staff recommendation that NEC should cease collection of its
12 REST Tariff, NEC believes this recommendation is not in the best interest of its members who
13 are waiting to receive REST rebates and incentives or wanting to install renewable systems.
14 NEC had not provided the current REST fund balance or fund details to Staff before its
15 Memorandum and ROO were filed on November 28. When NEC realized it had not provided
16 this information to Staff on December 4, 2012, NEC immediately provided Staff with this
17 information. NEC's REST fund balance and fund details that have been provided to Staff
18 clearly indicate that NEC's REST fund is not in excess of \$1.2 million but is currently closer to
19 \$324,000 due to an unprecedented demand and installation of renewable energy systems on
20 members' rooftops that began in July 2012. In fact, NEC's budget for rebates and incentives has
21 been exceeded and will be negative in first quarter of 2013. Staff's recommendation to cease
22 collection of the REST Rebates will exacerbate this problem and should be rejected.

23
24 Concerning the Staff recommendation that the Commission not approve NEC's
25 2012 REST Plan, NEC believes that not approving NEC's 2012 REST Plan will also be
26 detrimental to NEC's ability to continue its REST programs and incentives given its current

1 REST fund dilemma. In its 2012 and 2013-2014 REST Plans, NEC has proposed substantial
2 reductions in incentive levels and maximum renewable energy system payments to address the
3 unprecedented demand for these programs and resulting budget issues. If the Staff
4 recommendation to deny approval of NEC's 2012 REST Plan is adopted then this will only
5 make a bad situation even worse because the current high incentive levels stay in place. For
6 these reasons, NEC requests that this Staff recommendation be rejected by the Commission.

7
8 Finally, given the fact that the Commission will be considering NEC's 2012 REST
9 Plan in December of 2012, NEC believes this matter should be addressed as a part of NEC's
10 2013-2014 REST Plan application. NEC believes that any further efforts by Staff, NEC or the
11 Commission on its 2012 REST Plan are a waste of time and effort. Staff can make
12 recommendations on NEC's 2013-2014 REST Plan that will be more relevant to NEC's current
13 REST fund programs and funds. Staff can certainly carry over any recommendations it made on
14 the 2012 REST Plan to the 2013-2014 REST Plan. This approach will allow all NEC and Staff
15 time to resolve any outstanding issues and to move forward with NEC's 2013-2014 REST Plan.

16
17
18 RESPECTFULLY SUBMITTED this 5th day of December, 2012.

19 By 

20
21 Charles R. Moore, CEO
22 Navopache Electric Cooperative, Inc.

23 **Original** and thirteen (13) copies filed this
24 5th day of December, 2012, with:

25 Docket Control
26 Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007