

Residential PV incentives

As we have noted in other filings, the residential PV market has been one of the real success stories of Arizona's REST. However we do have concerns with the ability of the market to continue price reductions at the rate that we have seen in the past.

Because of these concerns, we urge the Commission to maintain the residential PV incentive at \$0.20 per watt for 2013 as recommended in the Staff Report. We would also recommend a budget of \$1.68 Million for residential PV, a reduction of more than 30% from 2012. A budget at this level will allow the industry to maintain installations at a level that will better enable us to serve Arizona in future years as the REST continues its climb to 15%. Doing so will enable a more robust residential PV sector to continue providing competition in the market place that will set the stage for a stronger industry to serve Arizona in the coming years. However, we urge the Commission to budget the residential PV incentives in four tranches so that the funding for the program can be spread out throughout the year.

Residential Solar Water Heating

AriSEIA supports continuing the incentive for solar water heating at the existing levels. While residential solar water heating has been making strides, lowering the incentive to \$0.40 would set back the technology at a time when it is beginning to gain greater acceptance. AriSEIA urges the Commission to maintain the residential solar water heating incentive at \$0.50 at this point in time.

AriSEIA disagrees with the Staff Report and believes that solar water heating should have its own funding category with an adequate level of funding. We feel that a funding level of \$300,000 is inadequate and certainly not to the level that solar water heating is funded in the service territories of other regulated utilities. While we understand that there are market differences in different regions of the state, solar water heating still provides benefits to the utility and the ratepayers and should be adequately funded. AriSEIA recommends that at a minimum, \$600,000 budget for residential solar water heating in the TEP Implementation Plan.

Solar water heating is a technology that is more readily affordable to the average homeowner, especially when installed late in the year when tax credits can be quickly monetized. Solar water heating is also a technology that displaces energy consumption that better fits peak demand needs. Most homeowners who use solar water heating use little or no electricity to heat water during the summer months. A separate funding category will make it more likely that funds will be available late in the year when solar water heating purchases are often made.

REC Ownership and REST Compliance

AriSEIA urges the Commission to reject the "Track and Record" proposal for demonstrating REST compliance. We understand that the phase-out of incentives is problematic since the REST Rule requires the acquisition of renewable energy credits ("RECs") from system owners, and that as incentives are phased out the utility will be unable to demonstrate compliance.

We see two primary problems with Track and Record. The Track and Record proposal does not follow the REST Rule, which states that the utilities must acquire REC's to demonstrate compliance. Unless the Commission would grant a waiver from the REST Rule, we don't believe that there is any basis for allowing Track and Record.

1 Also, Track and Record would invalidate the customer's REC's and take private property without
2 compensation. We feel that is inherently unfair to those customers installing solar energy on
3 their homes and businesses. The utility obtains the benefits of the REC without compensation
4 to the system owner. Adopting Track and Record would eliminate any potential for the system
5 owner to be able to sell their RECs in any voluntary market that could develop.

6 We note that the Center for Resource Solutions ("CRS"), administrator of Green-e Energy, the
7 nation's leading independent certification and verification consumer protection program for
8 RECs sold in the voluntary market and the Department of Veterans Affairs (VA) have filed
9 comments opposing the Track and Record proposal and outlining the effects of the Track and
10 Record proposal on their programs.

11 Since Arizona Public Service has called for a series of conferences on Net Metering, we would
12 suggest that the discussion of REC ownership/transfer be incorporated into the discussions at
13 the APS conferences. At this time, all of the various stakeholders can be brought to the table to
14 discuss this issue that will have a significant impact on Arizona's solar market and perhaps even
15 have regional and or national implications if Arizona is prevented from participating in any REC
16 markets that develop.

17 Dated this 17 day of January, 2013

18 By 

19 Michael L. Neary
20 Executive Director
21 Arizona Solar Energy Industries Association (AriSEIA)
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