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DEPARTMENT OF DEFENSE  
REGIONAL ENVIRONMENTAL COORDINATOR,  
937 N. Harbor Drive, Box 81  
San Diego, California 92132-0058

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DOCKET 001

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January 17, 2013

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Chairman Pierce and Commissioners  
State of Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, AZ 85007

Subject: COMMENT LETTER - MATTER OF THE TUCSON ELECTRIC POWER  
COMPANY APPLICATION FOR APPROVAL OF ITS 2013 RENEWABLE  
ENERGY STANDARD TARIFF IMPLEMENTATION PLAN (DOCKET No.  
E-01933A-12-0296)

On behalf of the Department of Defense (DoD) Regional  
Environmental Coordinator for EPA Region 9, and the Military  
Services in Arizona, I respectfully submit these comments on  
Tucson Electric Power's (TEP) application for approval of its  
2013 Renewable Energy Standard Tariff (REST) Implementation Plan.

Energy security is critical to our national security.  
Renewable energy, when combined with smart micro-grid and  
storage technologies, can significantly enhance the energy  
security and reduce the energy costs at DoD installations. In  
addition, DoD has numerous Congressional and Executive mandates  
and goals for producing or procuring renewable energy (EPAct  
2005, National Defense Authorization Act (NDAA) of 2007, and EO  
13423). DoD in Arizona has developed or is in the process of  
developing renewable energy projects on their installations and  
in some cases considering utility scale size projects (>10MW).  
The ability to count the renewable energy credits (RECs) towards  
compliance with these mandates and goals, is an important  
element of these utility scale renewable energy projects. Also,  
RECs play a significant role in the financial viability of the  
project and the ability to attract private developers and  
project funding.

The DoD respectfully requests that the Arizona Corporation  
Commission (ACC) reject the ACC Utility Division staff's  
recommendation to approve the "Track and Record" proposal that  
was requested by Arizona Public Service (APS) in its Renewable  
Energy Standard (RES) Implementation Plan (Docket No. E-01345A-  
12-0290) and recommended for inclusion in Tucson Electric  
Power Corporation's Renewable Energy Standard and Tariff (REST) (Docket  
No. E-01933A-12-0296). The "Track and Record" proposal allows

JAN 22 2013

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Subject: COMMENT LETTER - MATTER OF THE TUCSON ELECTRIC POWER COMPANY APPLICATION FOR APPROVAL OF ITS 2013 RENEWABLE ENERGY STANDARD TARIFF IMPLEMENTATION PLAN (DOCKET No. E-01933A-12-0296)

TEP to count towards their distributed energy (DE) requirements, any new DE installation interconnected within its service territory, **independent of REC ownership** (emphasis added). Allowing TEP to meet its RPS distributed energy requirements using "Track and Record" may be considered as double counting of RECs.

The Department of Energy's (DoE) "Renewable Energy Requirement Guidance for EAct 2005 and Executive Order 13423" precludes a federal agency from using double counted RECs toward compliance with EAct 2005 and EO13423 requirements. The double counting definition includes the situation where the renewable energy counted toward the agency's goal is also used to meet a renewable portfolio standard or other federal, state, or local regulatory requirement. (See DoE Guidance p.7)

Senior DoD leadership is committed to a future where its use of energy is more sustainable, secure, and affordable. A key component of DoD's energy program is the increased use of renewable energy. Arizona plays a significant role in DoD meeting its federal mandates and achieving energy security. TEP's proposed "Track and Record" may negatively impact the DoD's ability to achieve energy security and meet renewable energy mandates and goals in Arizona.

The DoD requests that you consider these comments in your review of TEP's application for 2013 REST. My point of contact for this issue is Mr. Park Haney, at [park.haney@us.army.mil](mailto:park.haney@us.army.mil) or 303-844-0957.

Sincerely,



C. L. STATHOS

By direction