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Renewable Energy Markets Association  
Before the Arizona Corporation Commission

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Arizona Corporation Commission

DOCKETED

APR 29 2013

COMMISSIONERS

BOB STUMP, Chairman  
GARY PIERCE  
BRENDA BURNS  
BOB BURNS  
SUSAN BITTER SMITH

DOCKETED BY

In the matter of the applications of Arizona Public Service Company and Tucson Electric Power for approval Track and Record for compliance with the state's REST rules.

Docket No: E-01345A-10-0394  
Docket No: E-01345A-12-0290  
Docket No: E-00933A-12-0296

The Renewable Energy Markets Association (REMA) appreciates the opportunity to submit comments to the testimony of the Arizona Public Service Company (APS) and Tucson Electric Power (TEP) regarding their Green Power Rate Schedules (Docket No: E-01345A-10-0394).

Of continued concern to REMA and its membership of utilities, green power marketers, and wind and solar manufacturers are APS and TEP's proposed recommendations for complying with the REST Distributed Generation (DG) requirement. Both APS and TEP have described proposals in the March 29 testimony that continue to promote the double counting of Renewable Energy Credits (RECs) and ignore the market value for renewable energy, respectively. The following comments address these two significant, unresolved issues surrounding the property rights of REC generators and the value of RECs in the energy markets.

***APS's Proposal Continues to Deprive Customers of their REC Property Rights***

Contrary to APS's testimony, RECs have existed in Arizona before the enactment of the REST. RECs were created in the late 1990's to capture the value and track clean, renewable energy generation. RECs have been traded in compliance and voluntary markets ever since. While the Commission's experience with RECs is limited to the passage of the REST, RECs have been generated, bought, and sold by Arizonans for years. The implications for the Commission's decision on the DG provision will have far reaching impacts on the existing markets for renewable energy within and outside the state.

Additionally, the testimony from APS continues to promote a version of "Track and Record" that claims renewable energy generation without acquiring the REC. In its latest iteration, APS calls for waiving the DG requirement and for the informational reporting of DG to the Commission, including DG without the associated RECs. APS's proposal—if enacted—would allow the utility to describe its generation as renewable without REC acquisition, thus meeting the Federal Trade Commission's (FTC) definition of deceptive marketing. As the FTC has published in its 2012 "Green Guides,"

"If a marketer generates renewable electricity but sells renewable energy certificates for all of that electricity, it would be deceptive for the marketer to represent, directly or by implication, that it uses renewable energy."<sup>1</sup>

As REMA has described in previous submissions, the "Track and Record" policy, even for informational purposes, would run contrary to the overwhelming prevailing practice offered by the federal Council on Environmental Quality that federal agencies own RECs to meet renewable energy and greenhouse gas reduction goals, regardless of the generator's location or federal affiliation.<sup>2</sup> It does not matter whether RECs are used for compliance with state or federal mandates or voluntary renewable energy goals; two parties cannot have a simultaneous claim to a REC. APS's proposal would continue this practice, depriving the generator the ability to market and sell his or her REC, and satisfy the FTC's definition of deceptive marketing.

***TEP's Position Does Not Recognize the Value of RECs and the Voluntary Markets***

REMA's recommended market based mechanism for complying with the DG requirement would maintain REC property rights and allow cost-effective REST compliance. A market based mechanism takes advantage of the robust national and regional voluntary and compliance REC markets. The U.S. National Renewable Energy Laboratory has estimated that in 2010, the voluntary and compliance markets for renewable energy exceeded 90 million MWh,<sup>3</sup> and that total is projected to reach 200 million MWh by 2015.<sup>4</sup> RECs are environmental commodities with monetary worth, and when generators are offered the opportunity to realize this value, they will respond favorably. Contrary to TEP's statement that this mechanism would create an artificial floor, the market mechanism would apply supply and demand principles. Such market based mechanisms are in place in nearly a dozen states, including Colorado, Connecticut, Massachusetts, Illinois, and California.

**Conclusion**

Again, REMA wishes to thank the ACC for consideration of its comments in response to Docket No: E-01345A-10-0394. Should a member of the commission have questions, please do not hesitate to contact us with the information seen below.

Sincerely,



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<sup>1</sup> U.S. Federal Trade Commission, "PART 260- GUIDES FOR THE USE OF ENVIRONMENTAL MARKETING CLAIMS," Sec. 260.15 (d), page 33, 1 Oct. 2012

<sup>2</sup> U.S. Government, White House Council on Environmental Quality, "Federal Greenhouse Gas Accounting and Reporting Guidance," [http://www.whitehouse.gov/sites/default/files/microsites/ceq/revised\\_federal\\_greenhouse\\_gas\\_accounting\\_and\\_reporting\\_guidance\\_060412.pdf](http://www.whitehouse.gov/sites/default/files/microsites/ceq/revised_federal_greenhouse_gas_accounting_and_reporting_guidance_060412.pdf), 4 Jun. 2012

<sup>3</sup> L. Bird, J. Heeter, "Status and Trends in U.S. Compliance and Voluntary Renewable Energy Certificate Markets (2010 Data)," Golden, CO: National Renewable Energy Laboratory, pg. 5, Oct. 2011

<sup>4</sup> U.S. Department of Energy, National Renewable Energy Laboratory, "An Examination of the Regional Supply and Demand Balance for Renewable Electricity in the United States through 2015," [http://renewablemarketers.org/pdf/resources/NREL\\_projection\\_2015.pdf](http://renewablemarketers.org/pdf/resources/NREL_projection_2015.pdf), pg. 23