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Tucson Electric Power
88 East Broadway Blvd., P.O. Box 711
Tucson, Arizona 85702

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AZ CORP COMMISSION
DOCKET CONTROL

2013 MAY 6 PM 1 14

May 6, 2013

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Re: Notice of Filing Amended Tucson Electric Power Company's 2013 REST Compliance Report, Docket No. E-01933A-11-0269

Pursuant to Arizona Administrative Code R14-2-1812, on April 1, 2013 Tucson Electric Power Company ("TEP") filed with Docket Control a report ("TEP 2013 REST Compliance Report" or "Report") that describes its compliance with the requirements of the Renewable Energy Standard and Tariff ("REST") Rules. TEP has learned of an error in the Report and through this filing submits a corrected version.

The revisions made to the Report include the following: Note 3 to Table 1b was changed to reflect that TEP retired *actual* production RECs, not annualized production RECs; the subtotals on Table 1a for Non-Distributed Energy ("DE"), Residential DE and Non-residential DE, now reflect *actual* production, including solar hot water, wholesale DE, manufacturing credits, and if applicable extra credits; and the last paragraph on page 2 was changed to reflect the use of *actual* production for the DE REC retirements.

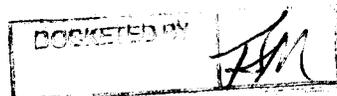
Please find enclosed TEP's redacted 2013 REST Compliance Report for year-end 2012. The report contains confidential information that is being provided directly to Commission Staff pursuant to the terms of the Protective Agreement executed in Docket No. E-01933A-11-0269.

If you have questions or comments please contact me at (520) 884-3680.

Arizona Corporation Commission

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MAY 9 2013



Sincerely,

Jessica Bryne
Regulatory Services

cc: Compliance Section, ACC



Tucson Electric Power

**Response to R14-2-1812 Utility Reporting Requirements
of the
Arizona Corporation Commission**

**RENEWABLES DATA
FOR
YEAR-END 2012**

Executive Summary

I. Standardized Reporting Format

Arizona Corporation Commission (“Commission”) Decision No. 72736, January 18, 2012, required Tucson Electric Power Company (“TEP”) to submit a report for Commission Staff approval on the Company’s joint RES plan formatting efforts with Arizona Public Service Company (“APS”) and in consultation with other state utility representatives and industry stakeholders. On February 19, 2013, Staff docketed its formal approval of the group’s standardized reporting format for use in subsequent RES Compliance Reports and Implementation Plans.

II. 2012 Renewable Energy Standard (RES) Results

Compliance with RES Requirements

For calendar year 2012, the Commission established an annual RES requirement of 3.5 percent of the utility’s 2012 retail kilowatt-hour (“kWh”) sales, with 30 percent of the total requirement to be fulfilled with energy produced from Distributed Energy (“DE”) resources. This separate DE carve-out provision requires half of the total DE requirement to come from residential resources and half from non-residential resources. A summary of TEP’s 2012 compliance requirements is shown in Table 1a. For the purposes of RES compliance tracking, a Renewable Energy Credit (“REC”) is defined as a kWh or kWh equivalent of eligible renewable resources; however, throughout the Compliance Report TEP discloses its production in MWh. See Arizona Administrative Code §R14-2-1801(N) (2007).

Table 1b (see page 5) shows TEP compliance and total RES resources. In 2012, the Company’s total RES resources, including Annualized Production and Reservations, were 481,464 MWh, which is 5.2 percent of TEP’s total 2012 retail sales requirement. Total DE resources for the year reached 156,849 MWh. Total Residential performance was 118 percent of the requirement for 2012 and Non-Residential was 205 percent of the Non-Residential requirement. TEP will retire 315,353,000 RECs for 2012 (Actual production of Residential DE of 42,860,000; Non-Residential DE of 45,505,000; and Non-DE of 302,150,000).

Table 1a - Renewable Resources

Resource	Install Year	Technology	Ownership	Mwac	MWdc	Production (Actual) kWh	+	Production (Annualized)2 kWh	+	Multiplier Credits ³	=	Total kWh or Equivalent
GENERATION:												
Springerville 1	2001-2004	Fixed Axis	TEP		4.600	5,507,113				1.50		8,260,670
Springerville 2		Fixed Axis	TEP		1.800	2,154,957				1.00		2,154,957
Solon Tech Park 1		Single Axis	TEP		1.600	3,043,343				1.00		3,043,343
Solon Tech Park 2		Fixed Axis	TEP		5.000	7,991,886				1.00		7,991,886
HQ		Fixed Axis	TEP		0.060	99,154				1.00		99,154
Warehouse OH		Fixed Axis	TEP		0.560	996,251				1.00		996,251
Prairie Fire		Fixed Axis	TEP		5.000	50,123		9,000,000		1.00		9,000,000
DeMoss-Petrie	2001-2004	Fixed Axis	TEP		0.216	111,288				1.50		166,932
Amonix		Dual Axis	PPA		2.000	4,148,769		4,400,000		1.00		4,400,000
Astrosol		Fixed Axis	PPA		6.000	393,000		10,800,000		1.00		10,800,000
NRG		Single Axis	PPA		34.000	10,576,364		68,000,000		1.00		68,000,000
Picture Rock		Single Axis	PPA		25.000	2,993,000		50,000,000		1.00		50,000,000
E. ON UASTP		Single Axis	PPA		6.000	59,000		12,000,000		1.00		12,000,000
Macho Springs		Wind	PPA	50.400		126,073,000				1.00		126,073,000
Los Reales Landfill		Landfill Gas	PPA	5.000		21,146,908				1.06		22,415,722
Manufacturing Credit		PV	Global Solar		4.302					2,190.00		9,421,958
<i>Gross Total (if needed)</i>												334,823,873
<i>Adjustments 10% wholesale DG applied to Non-Res requirement</i>												(9,728,059)
Subtotal Generation				55	96	189,116,071						325,095,814 (A)
DISTRIBUTED ENERGY (DE):												
<i>Residential:</i>												
Installed:												
Total PV		PV			23.885	36,114,561		41,798,750		1.0		41,798,750
PV		PV	Customer Owned		15.811			27,669,250				
PV		PV	Leased		8.074			14,129,500				
Thermal		Thermal	Customer Owned					5,997,750		1.0		5,997,750
Reserved:												
PV		PV			4.714			8,249,500		1.0		8,249,500
Thermal		Thermal						436,299		1.0		436,299
<i>Gross Total (if needed)</i>												56,482,299
<i>Adjustments (if needed)</i>												
<i>Extra Credits</i>												
<i>In-State Manufacturing and Installation Content</i>												97,470
<i>In-State Power Plant Installation Credit</i>												324,901
<i>Distributed Generation Credit</i>												324,901
Subtotal Residential				29		42,859,583		56,482,299				57,229,571 (B)

Resource	Install Year	Technology	Ownership	Mwac	MWdc	Production (Actual) kWh	Production + (Annualized) ² kWh	Multiplier Credits ³	=	Total kWh or Equivalent
Non-Residential:										
Installed										
UFI										
PV		PV	Customer Owned		5.067	6,134,208	8,867,250	1.0		8,867,250
Thermal		Thermal	Customer Owned				2,968,698	1.0		2,968,698
Wind		Wind	Customer Owned		0.012	5,624		1.0		5,624
Daylighting		Daylighting	Customer Owned				44,000	1.0		44,000
PBI										
PV		PV	Customer Owned		15.447	24,887,428	27,032,250	1.0		27,032,250
Chilling		Chilling	Customer Owned			1,531,394		1.0		1,531,394
Reserved										
UFI										
PV		PV	Customer Owned		0.607		1,062,250	1.0		1,062,250
Thermal		Thermal	Customer Owned				2,661,070	1.0		2,661,070
Daylighting		Daylighting	Customer Owned				98,039	1.0		98,039
PBI										
PV		PV	Customer Owned		25.952		45,416,000	1.0		45,416,000
Wholesale (10% of DG Req.)										
										9,728,059
Gross Total (if needed)										99,414,634
Adjustments (if needed)										
Extra Credits										
In-State Manufacturing and Installation Content										38,992
In-State Power Plant Installation Credit										83,096
Distributed Generation Credit										83,096
Subtotal Non-Residential										99,619,818 (C)
Subtotal Distributed Energy (B + C)										156,849,389 (D)
Total Annualized RES Resources (A + D)				55	172	277,480,249	144,631,856			481,945,203 (E)
Total 2012 RES Resources Available for Retirement⁴				-	-	-	-			277,480,249 (F)
Total MWac equivalent²				201						

Notes to Table 1:

¹ Assumes the following kWh per installed kW:
 Residential and Non-Residential: 1750 kWh/kW
 Utility Generation, Fixed Tilt: 1800 kWh/kW
 Utility Generation, Single-Axis Tracker: 2000 kWh/kW
 Utility Generation, Dual-Axis Tracker: 2200 kWh/kW

² Represents the total RES portfolio energy in kWhac. An 85% dc-ac conversion factor is applied to all dc capacity.

³ Extra Credit Multipliers

Early Installation Extra Credit: Installed and Began Operating in	
2001	0.3
2002	0.2
2003	0.1
In-State Power Plant Extra Credit (1997-2005)	0.5
In-State Manufacturing and Installation Content (1997-2005)	0.5 X (% in-state content in installed plant)
DE Solar Electric Generator and Solar Incentive Program (1997-20	0.5

⁴ Does not include Annualized Production or Reservations

Table 1b - Compliance Summary

Category	Metric	%	Compliance Measure (MWh)	RES Resources (MWh or Equivalent)
Retail Sales	Actual MWh Sales for 2012		9,264,818	
Prior year carrying balance ¹				113,034 (F)
2012 Total RES Resources [From (E) in Table 1a]				481,464 (E)
2012 Actual Production (G + H + I) from (F) in Table 1a				277,481 (E)
2012 Total RES Requirement	% of Retail Sales	3.5%	324,269	
DE Requirement	% of RES Requirement	30%	97,281	
<i>DE Sub-Requirements:</i>				
Residential DE ²	% of DE Requirement	50%	48,640	57,230
Annualized Production				48,544
Reserved				8,686
Actual Production				42,860 (G)
Non-Residential DE ²	% of DE Requirement	50%	48,640	99,620 (H)
Annualized Production				50,382
Reserved				49,237
Actual Production				45,505 (H)
Non-DE Target	% of RES Requirement	70%	226,988 (K)	438,130 (I)
Annualized Production				325,096
Actual Production				189,116 (I)
Carrying Balance				113,034
Actual Production Resources Used for 2012 REC Retirement (G + H + K) ³				315,353 (J)
End 2012 carrying balance (F + E - J)				75,163
Residential Carrying Balance				-
Non-Residential Carrying Balance				-
Non-DE Carrying Balance				75,163

Notes to Table 1b:

¹ Carrying Balance only applies to Non-DE RECs

² Including Annualized Production for DE TEP would have been over-compliant with 98,926,000 RECs

³ On March 31, 2013 Tucson Electric Power (TEP) retired 315,353,000 Renewable Energy Credits towards meeting its 2012 RES requirements.

REDACTED

Table 2b - RES Cash Incentive Costs Tucson Electric Power Company

2012 Distributed Energy Cash Incentive Program Costs

	Up-Front Incentives				Incentives Paid (\$)
	MW	MWh	(\$/MW) ¹	(\$/MWh) ¹	
Residential:					
PV Leased	3.079	5,542	\$ 1,062,160.00	\$ 590.11	\$ 3,270,491
PV Customer Owned	3.601	6,482	910,395.00	505.77	3,278,326
Thermal		910		522.02	475,237
<i>Subtotal: Residential</i>					\$ 7,024,054

	Up-Front Incentives				Production-Based Incentives		2012 Total Incentives Paid (\$)
	MW	MWh	(\$/MW) ¹	(\$/MWh) ¹	(\$/MW)	(\$/MWh)	
Non-Residential:							
UFI							
PV	2.584	4,652	\$ 1,514,942.99	\$ 841.63			\$ 3,914,981
Thermal		1,842		453.11			834,622
Daylighting		44		900.00			39,600
PBI							
PV	4.350	7,830		113.73	\$ 204,708	\$ 113.73	890,437
PBI Legacy							
PV		20,169				149.67	3,018,673
Solar Chilling		1,531				100.00	153,139
<i>Subtotal: Non-Residential</i>							8,851,454
Total DE Incentive Costs							\$ 15,875,508

Notes to Table:

¹ Based on expected annual system production.

Other Reports

Tucson Electric Power Company	2012 Budget	2012 Budget
	REST Collections (\$)	Expenditures (\$)
To Be Recovered Through REST Charges	\$ (29,976,305)	
Carryover of REST Funds from 2010	(4,875,000)	
Total Available Funds	(34,851,305)	
REST Expenditures		
Purchased Renewable Energy		
Above Market Cost of Conventional Generation		\$ 12,377,000
Purchased Sun Edison RECs		1,045,500
TEP Owned		4,228,918
Total Purchased Renewable Energy		17,651,418
Customer Sited Distributed Renewable Energy		
Up-Front Payments to Customers		5,000,000
Production Based Payments to Customers		5,753,375
Consumer Education and Outreach		100,000
Legacy Costs		3,000,000
Meter Reading		19,531
Total Customer Sited Distributed Renewable Energy		13,872,906
Information Systems Integration Costs		500,000
Technical Training		
Schools Programs		350,000
Internal and Contractor Training		75,000
Total Technical Training		425,000
Net Metering		227,982
Outside Coordination, Support and R&D		
Labor and Administration		
Internal and External Labor		1,573,637
Materials, Fees and Supplies		71,362
AZ Solar Website		4,000
Total Labor and Administration		1,648,999
Support to University Research		250,000
Technology Development Projects		275,000
Total Renewable Energy Balancing, Integration and Field Test		525,000
Grand Total	\$ (34,851,305)	\$ 34,851,305

Tucson Electric Power Company	2012 Actual REST Collections (\$)	2012 Actual Expenditures (\$)
<i>To Be Recovered Through REST Charges</i>	\$ (30,294,347)	
<i>Carryover of REST Funds from 2010</i>	(4,875,000)	
Total Available Funds	(35,169,347)	
REST Expenditures		
Purchased Renewable Energy		
<i>Above Market Cost of Conventional Generation</i>		\$ 9,264,820
<i>Purchased Sun Edison RECs</i>		-
<i>TEP Owned</i>		4,193,814
Total Purchased Renewable Energy		13,458,634
Customer Sited Distributed Renewable Energy		
<i>Up-Front Payments to Customers Reserved</i>		5,000,203
<i>Production Based Payments to Customers</i>		4,837,461
<i>Consumer Education and Outreach</i>		101,378
<i>Legacy Costs</i>		2,196,225
<i>Meter Reading</i>		7,600
Total Customer Sited Distributed Renewable Energy		12,142,867
Information Systems Integration Costs		497,221
Technical Training		
<i>Schools Programs</i>		348,197
<i>Internal and Contractor Training</i>		71,975
Total Technical Training		420,172
Net Metering		226,681
Outside Coordination, Support and R&D		
Labor and Administration		
<i>Internal and External Labor and Administration</i>		1,343,765
<i>Materials, Fees and Supplies</i>		69,608
Total Labor and Administration		1,413,373
<i>Support to University Research</i>		250,000
<i>Technology Development Projects</i>		238,969
Total Renewable Energy Balancing, Integration and Field Test		488,969
Grand Total	\$ (35,169,347)	\$ 28,647,917