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**2013 MAY -8 P 1:17**

**AZ CORP COMMISSION  
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**BEFORE THE ARIZONA CORPORATION COMMISSION**

**BOB STUMP  
CHAIRMAN**

**GARY PIERCE  
COMMISSIONER**

**BRENDA BURNS  
COMMISSIONER**

**SUSAN BITTER SMITH  
COMMISSIONER**

**BOB BURNS  
COMMISSIONER**

IN THE MATTER OF THE APPLICATION  
OF ARIZONA PUBLIC SERVICE  
COMPANY FOR APPROVAL OF  
UPDATED GREEN POWER RATE  
SCHEDULES GPS-1, GPS-2 AND GPS-3.

DOCKET NO. E-01345A-10-0394

IN THE MATTER OF THE  
APPLICATION OF ARIZONA PUBLIC  
SERVICE COMPANY FOR APPROVAL OF  
ITS 2013 RENEWABLE ENERGY  
STANDARD IMPLEMENTATION FOR  
RESET OF RENEWABLE ENERGY  
ADJUSTOR

DOCKET NO. E-01345A-12-0290

IN THE MATTER OF THE APPLICATION  
OF TUCSON ELECTRIC POWER  
COMPANY FOR APPROVAL OF ITS 2013  
RENEWABLE ENERGY STANDARD  
IMPLEMENTATION PLAN AND  
DISTRIBUTED ENERGY  
ADMINISTRATIVE PLAN AND REQUEST  
FOR RESET OF ITS RENEWABLE  
ENERGY ADJUSTOR.

DOCKET NO. E-01933A-12-0296

IN THE MATTER OF THE APPLICATION  
OF UNS ELECTRIC, INC. FOR APPROVAL  
OF ITS 2013 RENEWABLE ENERGY  
STANDARD IMPLEMENTATION PLAN  
AND DISTRIBUTED ENERGY  
ADMINISTRATIVE PLAN AND REQUEST  
FOR RESET OF ITS RENEWABLE  
ENERGY ADJUSTOR.

DOCKET NO. E-04204A-12-0297

**REBUTTAL TESTIMONY OF  
CARRIE CULLEN HITT**

Arizona Corporation Commission

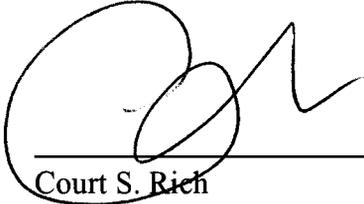
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**MAY 08 2013**

DOCKETED BY

1 Solar Energy Industries Association ("SEIA"), by and through its undersigned counsel  
2 hereby submits the Rebuttal Testimony of Carrie Cullen Hitt.

3  
4 **Respectfully submitted** this 8<sup>th</sup> day of May, 2013.

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1 **Original and 13 copies filed on**  
2 **This 8<sup>th</sup> day of May, 2013 with:**

3 Docket Control, Arizona Corporation Commission  
4 1200 W. Washington Street  
5 Phoenix, Arizona 85007

6 *I hereby certify that I have this day served the foregoing documents on all parties of record in*  
7 *this proceeding by sending a copy via electronic and/or regular U.S. mail to:*

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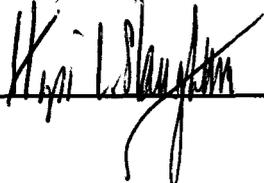
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**DOCKET NO. E-01345A-10-0394**

**DOCKET NO. E-01345A-12-0290**

**DOCKET NO. E-01933A-12-0296**

**DOCKET NO. E-04204A-12-0297**

**REBUTTAL TESTIMONY**  
**OF**  
**CARRIE CULLEN HITT**  
**ON BEHALF OF**  
**SOLAR ENERGY INDUSTRIES ASSOCIATION**

**MAY 8, 2013**

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**SOLAR ENERGY INDUSTRY ASSOCIATION**

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1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Carrie Cullen Hitt. My business address is PO Box 534 North Scituate MA  
4 02066.

5 **Q. PLEASE STATE YOUR EMPLOYER AND TITLE.**

6 A. I am employed by the Solar Energy Industries Association (SEIA) as Senior Vice  
7 President of State Affairs. SEIA is the national trade association for the U.S. solar  
8 industry and is a broad-based voice of the solar industry in Arizona. SEIA represents an  
9 estimated 31 member companies who employ approximately 1500 people in Arizona  
10 across all market segments – residential, commercial, and utility-scale. In addition, SEIA  
11 member companies provide solar panels and equipment, financing and other services to a  
12 large portion of Arizona solar projects.

13 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING?**

14 A. I am testifying on behalf of SEIA. This testimony represents the views of SEIA and not  
15 any individual member company.

16 **Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS PROCEEDING ON  
17 BEHALF OF SEIA?**

18 A. Yes. I filed direct intervenor testimony on behalf of SEIA.<sup>1</sup>

19 **Q. PLEASE SUMMARIZE THE PURPOSE OF YOUR TESTIMONY.**

20 A. SEIA is concerned that the Track and Monitor solution proposed by Staff in the direct  
21 testimony of Robert Gray on April 24, 2013 may be considered double counting by  
22 Renewable Energy Credit (“REC”) market participants.<sup>2</sup> If this were the case, Track and  
23 Monitor would likely devalue Arizona RECs and deprive REC owners of their property  
24 rights. We do not believe this to be the Arizona Corporation Commission’s  
25 (“Commission”) intent in this proceeding, and strongly urge the Commission to proceed  
26 with caution before implementing new policy that will impact Arizona RECs.

27 <sup>1</sup> See Intervenor Testimony of Carrie Cullen Hitt on Behalf of Solar Energy Industries Association, April 24, 2013

28 <sup>2</sup> See Direct Testimony of Robert G. Gray Executive Consultant III Utilities Division Arizona Corporation  
Commission, April 24, 2013 at p. 7

1 **II. RESPONSE TO STAFF’S “TRACK AND MONITOR” PROPOSAL**

2 **Q. PLEASE STATE STAFF’S TRACK AND MONITOR PROPOSAL.**

3 A. Under Track and Monitor, the Renewable Energy Standard and Tariff (“REST”)  
4 requirement for each utility would be reduced on a kWh per kWh basis, for all  
5 Distributed Energy (“DE”) that is produced in their service territory where no transfer of  
6 RECs takes place.<sup>3</sup>

7 **Q. PLEASE STATE YOUR RESPONSE TO STAFF’S PROPOSAL.**

8 A. The Commission should not adopt Track and Monitor at this time because it is unclear  
9 how Track and Monitor would affect the value of RECs, REC property rights, and  
10 Arizona’s renewable energy market.

11 **Q. WILL TRACK AND MONITOR ADDRESS THE CONCERNS PUT FORTH BY**  
12 **PARTIES THAT WERE OPPOSED TO ARIZONA PUBLIC SERVICE**  
13 **COMPANY’S ORIGINAL TRACK AND RECORD PROPOSAL?**

14 A. It is unclear. Several parties, including SEIA, opposed the original Track and Record  
15 proposal that gave rise to this proceeding because it constituted double counting.<sup>4</sup>  
16 Similarly, it is possible that Track and Monitor would be considered double counting  
17 because it reduces the utilities’ REST requirement for all DE production where no  
18 transfer of RECs takes place. If Track and Monitor is viewed as double counting by REC  
19 market participants, the value of Arizona RECs and the property rights of Arizona REC  
20 holders will be threatened.<sup>5</sup>

21  
22 Therefore, SEIA strongly urges the Commission to grant the utilities a one year waiver  
23 from the DE carve-out to allow for sufficient time to address how the various policy  
24 options will impact the value of RECs, REC property rights, and Arizona’s renewable  
25 energy market. During the waiver period, the utilities would track the energy produced

26 <sup>3</sup> *Id.*

27 <sup>4</sup> *See* ACC Decision 73636 at p. 5

28 <sup>5</sup> There are several entities engaged in the REC market that have expressed concern over the integrity of RECs in this proceeding, including the Department of Defense, Walmart, the Center for Resource Solutions, and the Renewable Energy Markets Association.

1 by DE installations through the continued deployment of DE production meters and  
2 regularly report the amount of energy produced to the Commission. However, this  
3 information would not count towards the utilities' REST requirements.

4 **Q. IS IT SEIA'S POSITION THAT A PROPOSAL SIMILAR TO TRACK AND  
5 MONITOR SHOULD NEVER BE IMPLEMENTED?**

6 A. No. SEIA's position is that the Commission does not have enough information at this  
7 time to implement Track and Monitor or a similar policy because it does not know what  
8 impact such a program would have on RECs and renewable energy development.

9 **Q. DOES YOUR TESTIMONY PERTAIN TO OTHER ISSUES?**

10 A. No it does not. This testimony is only focused on Staff's Track and Monitor proposal.

11  
12 **III. CONCLUSION**

13 **Q. PLEASE SUMMARIZE YOUR RESPONSE TO STAFF'S PROPOSAL AND  
14 SEIA'S RECOMMENDATION TO THE COMMISSION.**

15 A. Track and Monitor should not be adopted at this time because it may have negative  
16 unintended consequences on RECs, the renewable energy market, and Arizona  
17 ratepayers. Instead, the Commission should grant the utilities a one year waiver from the  
18 DE carve-out. During the waiver period, the utilities would track the energy produced by  
19 DE installations through the continued deployment of DE production meters and  
20 regularly report the amount of energy produced to the Commission. However, this  
21 information would not count towards the utilities' REST requirements. This will give the  
22 Commission the opportunity to consult with renewable energy stakeholders affected by  
23 these policy changes, and ensure that its policy solution does not negatively impact  
24 Arizona's renewable energy market, RECs, and ratepayers.

25 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

26 A. Yes.