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BEFORE THE ARIZONA CORPORATION COMMISSION

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**COMMISSIONERS**

BOB STUMP- Chairman  
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AZ CORP COMMISSION  
DOCKET CONTROL

IN THE MATTER OF ARIZONA PUBLIC SERVICE COMPANY REQUEST FOR APPROVAL OF UPDATED GREEN POWER RATE SCHEDULE 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

**STAFF'S NOTICE OF FILING RESPONSIVE TESTIMONY**

Staff of the Arizona Corporation Commission ("Staff") hereby files the Responsive Testimony of Robert G. Gray in the above docket.

RESPECTFULLY SUBMITTED this 17<sup>th</sup> day of June, 2013.

Arizona Corporation Commission

DOCKETED

JUN 17 2013

DOCKETED BY [initials]

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1 Original and thirteen (13) copies  
of the foregoing filed this  
2 17<sup>th</sup> day of June, 2013 with:

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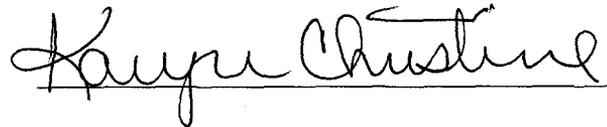
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**BEFORE THE ARIZONA CORPORATION COMMISSION**

BOB STUMP  
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GARY PIERCE  
Commissioner  
BRENDA BURNS  
Commissioner  
BOB BURNS  
Commissioner  
SUSAN BITTER SMITH  
Commissioner

IN THE MATTER OF ARIZONA PUBLIC )	DOCKET NO. E-01345A-10-0394
SERVICE COMPANY REQUEST FOR )	
APPROVAL OF UPDATED GREEN POWER )	
<u>RATE SCHEDULE GPS-1, GPS-2, AND GPS-3</u> )	
IN THE MATTER OF THE APPLICATION OF )	DOCKET NO. E-01345A-12-0290
ARIZONA PUBLIC SERVICE COMPANY FOR )	
APPROVAL OF ITS 2013 RENEWABLE )	
ENERGY STANDARD IMPLEMETATION FOR )	
<u>RESET OF RENEWABLE ENERGY ADJUSTOR</u> )	
IN THE MATTER OF THE APPLICATION OF )	DOCKET NO. E-01933A-12-0296
TUCSON ELECTRIC POWER COMPANY FOR )	
APPROVAL OF ITS 2013 RENEWABLE )	
ENERGY STANDAR IMPLEMENTATION )	
PLAN AND DISTRIBUTED ENERGY )	
ADMINISTRATIVE PLAN AND REQUEST FOR )	
RESET OF ITS RENEWABLE ENERGY )	
<u>ADJUSTOR</u> )	
IN THE MATTER OF THE APPLICATION OF )	DOCKET NO. E-04204A-12-0297
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 )	
<u>ENERGY ADJUSTOR</u> )	

RESPONSIVE  
TESTIMONY  
OF  
ROBERT G. GRAY  
EXECUTIVE CONSULTANT III  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION

JUNE 17, 2013

**EXECUTIVE SUMMARY  
ARIZONA PUBLIC SERVICE COMPANY, ET AL  
DOCKET NOS. E-01345A-10-0394, ET AL**

My responsive testimony in this proceeding provides Staff's response to the June 10, 2013 direct testimony of Residential Utility Consumer Office Witness Jennifer Martin.

1 **INTRODUCTION**

2 **Q. Please state your name, occupation, and business address.**

3 A. My name is Robert G. Gray. I am an Executive Consultant III employed by the Arizona  
4 Corporation Commission (“ACC” or “Commission”) in the Utilities Division (“Staff”).  
5 My business address is 1200 West Washington Street, Phoenix, Arizona 85007.

6  
7 **Q. Are you the same Robert G. Gray that filed Direct Testimony on behalf of Staff in  
8 this proceeding on April 24, 2013, Rebuttal Testimony on behalf of Staff in this  
9 proceeding on May 8, 2013, and Surrebuttal Testimony on behalf of Staff in this  
10 proceeding on May 22, 2013?**

11 A. Yes.

12  
13 **Q. What is the scope of this testimony?**

14 A. My responsive testimony in this proceeding provides Staff’s response to the direct  
15 testimony of Residential Utility Consumer Office (“RUCO”) witness Jennifer Martin, with  
16 the Center for Resource Solutions (“CRS”).

17  
18 **Q. Having reviewed Ms. Martin’s June 10, 2013 direct testimony is Staff changing its  
19 position in this proceeding regarding its recommendation to adopt the Track and  
20 Monitor proposal and whether this proposal would result in double counting?**

21 A. No.

22  
23 **Q. Is it clear to you whether CRS would consider Staff’s Track and Monitor proposal  
24 double counting?**

25 A. It is unclear. For example, on page 13, lines 9-11 of Ms. Martin’s testimony she asks the  
26 question “Do you think that Staff’s proposal of Track and Monitor **could** result in double

1 counting?” and answers with “Yes, the problem of double counting **could** arise.”  
2 (emphasis added)

3  
4 **Q. Is there also uncertainty regarding other proposals, based on Ms. Martin’s direct**  
5 **testimony?**

6 A. Yes, uncertainty is also expressed regarding RUCO’s baseline proposal and waiver  
7 proposals.

8  
9 **Q. Ms. Martin has a discussion on pages 7-13 of her testimony regarding what double**  
10 **counting is from a variety of perspectives. Please explain how Staff’s Track and**  
11 **Monitor proposal is not double counting according to a number of criteria listed by**  
12 **Ms. Martin.**

13 A. I believe Ms. Martin may not fully understand Staff’s proposal. Because under Staff’s  
14 proposal the Commission would issue an order establishing a new, lower Renewable  
15 Energy Standard and Tariff (“REST”) requirement, and utilities would only acquire kWh  
16 (and associated renewable energy credits (“RECs”)) to comply up to that lower  
17 Commission mandate, there would be no double counting under Staff’s proposal. All  
18 renewable energy generated in Arizona by customers that do not take an incentive from a  
19 utility for their DG systems and do not sell their RECs to the utility, those customers  
20 would be free to use their RECs as they see fit. Those RECs would not be used to meet  
21 any Commission REST standard, mandate, or requirement in Arizona. It is key to  
22 understand that the only standard utilities would be meeting under Staff’s proposal, if  
23 adopted by the Commission, would be the lower mandate ordered by the Commission, not  
24 15 percent.

25

1 For example, on page 7, lines 16 – page 8, line 4, Ms. Martin indicates CRS would not  
2 certify RECs that are being used simultaneously to meet state or other standards and that  
3 can be legitimately claimed by another party. Staff’s Track and Monitor proposal violates  
4 neither of these conditions, as no Arizona utility would be using RECs or electricity from  
5 installations that did not take an incentive to meet any ACC standard and such RECs  
6 would not be claimed by anyone other than the installation owner under Staff’s proposal.  
7 Similarly, Staff’s proposal does not violate the Code of Conduct provisions Ms. Martin  
8 references on page 8, lines 6-12.

9  
10 Again, on page 8, line 12 – page 9, line 4, Staff does not believe its proposal would violate  
11 WREGIS’ declaration requirements, as RECs derived from installations which did not  
12 take an incentive in Arizona, under Staff’s proposal, would not be used to meet any ACC  
13 ordered REST standard, mandate or requirement.

14  
15 Also, as described on page 9, line 19 – Page 10, line 5, Staff’s proposal would not run  
16 afoul of the Environmental Protection Agency’s Green Power Partnership program  
17 requirements, as under Staff’s proposal, the renewable energy and RECs under question  
18 would be incremental to mandatory requirements, in this case the lower REST level  
19 ordered by the Commission.

1 **Q. On page 15, lines 1-3 of Ms. Martin's Direct Testimony, she indicates that in regard**  
2 **to RUCO's baseline proposal, and presumably in evaluating other proposals, the**  
3 **critical factor is whether the proposal disconnects kWh generated from**  
4 **determination of REST compliance. Please comment.**

5 A. This perspective is inconsistent with how Arizona's current REST rules function and how  
6 Staff's Track and Monitor proposal would work. When a state commission sets a  
7 renewable energy standard based upon meeting a percentage of retail sales, there is no  
8 way to accurately measure compliance with such a standard without measuring kWh  
9 production (or at least an inexact proxy such as RECs). CRS seems to suggest that it is a  
10 problem when "the numbers add up" as under the current REST rules or Staff's Track and  
11 Monitor proposal.

12  
13 **Q. Is it your understanding that CRS both advocates for the advancement of renewable**  
14 **energy and serves as an arbitrator of what is certified as a REC or not?**

15 A. Yes. And unfortunately, it is not entirely clear to Staff from documents CRS has put forth  
16 in regard to the track and record issue when CRS is advocating for certain policy  
17 outcomes and when it is presenting its perspective on what can be certified as a REC or  
18 not.

19  
20 **Q. Does this conclude your responsive testimony?**

21 A. Yes, it does.