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I/M/O Commission's Inquiry Into Retail Electric Competition
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Arizona Corporation Commission
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The following comments are submitted on behalf of the Solar Energy Industries Association ("SEIA") in response to the Arizona Corporation Commission's ("Commission") letter dated May 23, 2013 regarding its proposal to introduce retail competition to the Arizona electricity market. In its letter, the Commission requested comments from any and all interested parties, including industry stakeholders and customers, to assist the Commission in evaluating the potential benefits and pitfalls of transitioning Arizona's market to retail competition.

SEIA is the national trade association for the U.S. solar industry and is a broad-based voice of the solar industry in Arizona. SEIA represents an estimated 31 member companies who employ approximately 1500 people in Arizona across all market segments – residential, commercial, and utility-scale. In addition, SEIA member companies provide solar panels and equipment, financing and other services to a large portion of Arizona solar projects. The comments contained in this filing represent the position of SEIA as an organization, but not necessarily the views of any particular member with respect to any issue.

SEIA is not a party to this proceeding, nor does it have a position as to whether retail competition should be introduced to the market. However, because SEIA member companies which do business in Arizona have a specific interest and expertise in Arizona's Renewable Energy Standard ("RES") and net metering, SEIA submits a response to the following questions proposed by the Commission on these issues:

14) Is retail electric competition compatible with the Commission's Renewable Energy Standard that requires Arizona's utilities serve at least 15% of their retail loads with renewable energy by 2025? (See A.A.C. R14-2-1801 et seq.)

16) How should the Commission address net metering rates in a competitive market?

I. The Introduction of Retail Competition Should Do No Harm to the Renewable Energy Standard and Net Metering

Arizona has worked hard to create one of the most robust solar markets in the country. This is largely because of well-crafted policies such as the Renewable Energy Standard, the distributed generation carve-out, and Arizona's net metering policies. Should the Commission decide to move forward with retail competition, SEIA strongly urges the Commission to do so in a manner that protects and encourages Arizona's robust solar market. This means implementing retail competition in a manner that is compatible and does not undermine current market

mechanisms such as the Renewable Energy Standard, the distributed generation carve-out, and net metering.

II. Retail Electric Competition Is Compatible With The Commission's Renewable Energy Standard

Retail electric competition is compatible with renewable energy standards. This has been proven time and again in states around the country. SEIA urges the Commission to consider models in other states that have successfully implemented retail electric competition alongside a renewable energy standard. The following are a few examples:

New Jersey: New Jersey's RPS is one of the most aggressive in the U.S. The RPS requires each electricity supplier serving retail electricity customers in the State to procure 22.5% of the electricity it sells in New Jersey from qualified renewable energy resources by 2021.¹ A New Jersey Solar Renewable Energy Certificate ("SREC") is a tradeable market commodity that suppliers and providers of retail electricity can use to satisfy their RPS obligations. If retail electric suppliers and providers cannot meet their RPS obligations via SRECs, they are required to pay the Solar Alternative Compliance Payment.

New York: New York uses a centralized procurement mechanism called NYSERDA.² NYSERDA receives funds collected from ratepayers by the State's major privately-owned electric utilities such as National Grid or New York State Electric and Gas. These funds, collected as part of a transparent "System Benefits/RPS Charge," on the delivery portion of electricity bills help to pay for energy efficiency, low income assistance, and the RPS.

Massachusetts: In Massachusetts, the RPS applies to both utilities and competitive suppliers.³ The Massachusetts Renewable Energy Portfolio Standard (RPS) is a statutory obligation that suppliers (both regulated distribution utilities and competitive suppliers) obtain a percentage of electricity from qualifying Units for their retail customers. In addition, the electricity has to be qualified by the Department of Energy Resources and any seller of retail electricity has to file a compliance report showing that it has met the requirements.

These are just a few models that show the ways in which retail competition is compatible with a renewable energy standard. SEIA encourages the Commission to review these and other states when determining how to best implement retail electric competition in a way that is compatible with its renewable energy standard.

¹ New Jersey Energy Master Plan, available at http://nj.gov/emp/docs/pdf/2011_Final_Energy_Master_Plan.pdf.

² Renewable Portfolio Frequently Asked Questions, available at <http://www.nyserda.ny.gov/Energy-Data-and-Prices-Planning-and-Policy/Program-Planning/Renewable-Portfolio-Standard/Main-Tier/FAQs.aspx>.

³ RPS and APS Program Summaries, available at <http://www.mass.gov/eea/energy-utilities-clean-tech/renewable-energy/rps-aps/rps-and-aps-program-summaries.html>.

III. The Commission Should Apply the Following Principles When Addressing Net Metering in a Competitive Market

SEIA strongly encourages the Commission to implement the following principles when addressing net metering in a competitive market:

1. Applicability: All Arizona ratepayers have a right to net metering. SEIA encourages the Commission to ensure that all customers continue to have access to net metering in a competitive market.
2. Enforceability: To ensure full and equal access to net metering, the Commission should require electricity suppliers to file detailed reports with the Commission showing that they have met their net metering requirements. Suppliers should be subject to a penalty should they fail to file.
3. Transferability: To encourage customer participation, customers that switch suppliers should not be dropped from their net metering program. Instead, their net metering status and any credits they have allotted should migrate with the customer.
4. Simplicity: The Commission should ensure that access to net metering programs is simple and straightforward for customers.
5. Education: All suppliers should be required to educate their customers or potential customers about their net metering program. This will ensure that customers are fully aware of their options in a competitive market, and will promote the principle of customer choice upon which retail competition is based.
6. Best Practices: SEIA encourages the Commission to adopt a set of net metering best practices for a competitive market that it recommends to suppliers to help add clarity for customers and limit the Commission's administrative burden.

SEIA does not have a position on whether the Commission should implement electric competition. However, should the Commission decide to move Arizona to a competitive market, the Commission should do so in a way that does no harm to Arizona's renewable energy standard and current net metering policies.

Thank You.

Respectfully Submitted,

X 

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person identified on the Commission's official service list.

Dated at Washington, D.C. this 15th day of July, 2013.


Rick Umoff