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BEFORE THE ARIZONA CORPORATION COMMISSION

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IN THE MATTER OF THE COMMISSIONS'  
INQUIRY INTO RETAIL ELECTRIC  
COMPETITION

DOCKET NO. E-00000W-13-0135

**SWEEP RESPONSES**

**RESPONSES OF THE SOUTHWEST ENERGY EFFICIENCY PROJECT TO  
QUESTIONS ON RETAIL ELECTRIC COMPETITION**

The Southwest Energy Efficiency Project ("SWEEP") appreciates the opportunity to submit these comments in response to the electric retail competition questions posed by the Commission in the letter dated May 23, 2013.

**Question 15: Is retail electric competition compatible with the Commission's Energy Efficiency Standard that requires Arizona's electric utilities to achieve a 22% reduction in retail energy sales by consumption by 2020?**

Retail electric competition can and should be designed to be compatible with energy efficiency investment and the Commission's Electric Energy Efficiency Standard. The stated goals of retail competition and energy efficiency investment are aligned: Both seek to lower customer energy bills. Notably, as documented in the 2012 integrated resource plans of the Arizona Public Service Company and the Tucson Electric Power Company, energy efficiency is the least expensive energy resource available to meet customer needs over the next fifteen years, and energy efficiency is expected to provide significant energy and capacity resources to meet customer needs now and in the future.<sup>1</sup> Consequently, if retail competition does not support the full investment of energy efficiency – the least expensive energy resource available – customers will be forced to pay for more expensive energy resources and will be subjected to higher total energy costs.

In some states with retail electric competition, the energy efficiency programs implemented to achieve the energy savings goals or requirements are administered by the electric distribution companies (the "wires companies") or a single, non-utility administrator. The ratepayer funding for the energy efficiency programs is provided through a non-bypassable volumetric charge on

<sup>1</sup> For a more detailed analysis, see SWEEP's comments on the "Analysis of the Role of Energy Efficiency in Meeting Future Resource Needs" in Docket E-00000A-11-0113 (In the Matter of Resource Planning and Procurement for 2011 and 2012): <http://images.edocket.azcc.gov/docketpdf/0000142899.pdf>

the utility bill regardless of whether the supplier of generation service is an incumbent utility or a competitive supplier.

**Question 16: What impact will retail competition have on resource planning?**

The advent of retail electric competition does not eliminate the need for resource planning. Indeed, resource planning remains essential for planning and coordination among multiple market actors, multiple energy resources, and changes in customer demand, and for ensuring market transparency. For example, resource planning is critical for the coordination of market activities so that electric resource supply (including energy efficiency as a resource) matches electric demand and reliable service is not compromised.

As part of any resource planning framework, energy efficiency must be treated as a resource and be adequately considered in the planning process. This means that energy efficiency impacts must be accurately quantified and aligned with energy forecasts so that planners sufficiently count on the cost-effective energy efficiency resource to meet customer needs, thereby ensuring lower total energy costs for customers.

Thank you for the opportunity to submit these comments.

Respectfully submitted this 15<sup>th</sup> day of July 2013 by:



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Jeff Schlegel & Ellen Zuckerman  
Southwest Energy Efficiency Project

ORIGINAL and thirteen (13) copies filed this 15<sup>th</sup> day of July 2013, with:

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