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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

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ARIZONA CORP COMMISSION  
DOCKET CONTROL



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

DOCKET NO. E-00000W-13-0135

**SWEEP RESPONSIVE COMMENTS**

**RESPONSIVE COMMENTS OF THE SOUTHWEST ENERGY EFFICIENCY  
PROJECT (SWEEP) TO QUESTIONS ON RETAIL ELECTRIC COMPETITION**

The Southwest Energy Efficiency Project ("SWEEP") appreciates the opportunity to submit these comments in reply to the stakeholder answers to the Commission's retail electric competition questions. This response supplements SWEEP's earlier comments, which were filed on July 15, 2013.<sup>1</sup>

**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?**

In response to Question 15, a few stakeholders have suggested that the Commission's Energy Efficiency Standard is incompatible with retail competition. SWEEP strongly disagrees. We maintain that any retail competition in Arizona can and should be designed to be compatible with energy efficiency investment and the Commission's Energy Efficiency Rule and Standard.

The objective of retail competition is to lower total costs for customers. As such, any implementation of retail competition should maximize the use of energy efficiency – the least expensive, least risky resource available for meeting Arizona's current and future energy needs, as documented in the 2012 integrated resource plans (IRPs) of the Arizona Public Service Company and the Tucson Electric Power Company.<sup>2</sup>

If retail competition does not support the full investment of all cost-effective energy efficiency – the least expensive energy resource available – customers will be subjected

<sup>1</sup> Please see "Responses of the Southwest Energy Efficiency Project to Questions on Retail Electric Competition" in this docket: <http://images.edocket.azcc.gov/docketpdf/0000146880.pdf>

<sup>2</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>

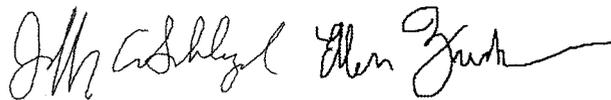
to higher total energy costs and be forced to pay for more expensive investments. As demonstrated in other states with restructured electric markets, retail competition does not deliver or achieve all cost-effective energy efficiency for customers by itself, and many states have implemented policies to achieve energy efficiency savings for customers. Therefore, to ensure bill savings for Arizona customers under a retail competition regime, policy efforts supportive of energy efficiency must continue. In addition, policy efforts in Arizona should at a minimum support the levels of energy efficiency investment in the Commission's Standard, as the 2012 IRPs show that a level of energy efficiency investment higher than the Standard would further reduce customer costs.

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

In response to Question 16, some stakeholders have suggested that resource planning is not necessary under a retail competition regime. SWEEP strongly disagrees. Resource planning offers a transparent and comprehensive framework for evaluating and understanding future investments in energy resources. Because long-term investments in energy resources will continue to be made under a retail competition regime, resource planning remains an essential and valuable tool for helping Arizona to consider, plan, and coordinate its energy decision-making.

Thank you for the opportunity to submit these comments.

Respectfully submitted this 15<sup>th</sup> day of August 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 August 2013, with:

Docket Control  
ARIZONA CORPORATION COMMISSION  
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COPIES of the foregoing sent via email and/or mail this 15<sup>th</sup> day of August 2013, to:

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