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BEFORE THE ARIZONA CORPORATION COMMISSION

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CORP COMMISSION DOCKET CONTROL

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Bob Stump, Chairman
Gary Pierce, Commissioner
Brenda Burns, Commissioner
Bob Burns, Commissioner
Susan Bitter Smith, Commissioner

IN THE MATTER OF THE APPLICATION
OF ARIZONA PUBLIC SERVICE
COMPANY FOR APPROVAL OF NET
METERING COST SHIFT SOLUTION.

Docket No. E-01345A-13-0248

TASC NOTICE OF FILING COMMENT LETTER IN RESPONSE TO
APS AUGUST 1, 2013 DATA RESPONSE

The Alliance for Solar Choice ("TASC"), through undersigned counsel, respectfully
submits the attached letter prepared by Anne Smart, the Executive Director of TASC, in response
to the Arizona Public Service August 1, 2013, Data Response.

RESPECTFULLY SUBMITTED this 27th day of September, 2013.

By

Hugh L. Hallman
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480-424-3900
Bar No. 12164

Attorney for The Alliance for Solar Choice

Arizona Corporation Commission

DOCKETED

SEP 27 2013

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CERTIFICATE OF SERVICE

I hereby certify I have this day sent via hand delivery an original and thirteen copies of the foregoing **NOTICE OF FILING COMMENT LETTER IN RESPONSE TO APS AUGUST 1, 2013 DATA RESPONSE** on this 27th day of September, 2013 with:

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

I hereby certify that I have this day served the foregoing documents via regular mail on all parties of record and all persons listed on the official service list for Docket No. E-01345A-13-0248 on the Arizona Corporation Commission's website:

Arizona Corporation Commission	Janice Alward	1200 W. Washington St. Phoenix, Arizona 85007
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Dated this 27th day of September, 2013.

By



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September 27, 2013

Arizona Corporation Commission
Docket Control
1200 W. Washington St
Phoenix, AZ 85007

Re: Public Comment Letter of The Alliance for Solar Choice re Application of Arizona Public Service Company for Approval of Net Metering Cost Shift Solutions, Docket No. E-01345A-13-0248

Dear Commissioners,

The Alliance for Solar Choice (“TASC”) submits this letter to point out the unreasonable and misleading claim by Arizona Public Service Company (“APS”) in its August 1, 2013 data response in Docket No. E-01345A-13-0248 (“Data Response”). APS relies on power purchase agreements (“PPAs”) signed by Riverside Public Utilities (“Riverside”) to demonstrate the proposition that APS can develop utility-scale projects and interconnect them to the distribution system for all-in costs between 7-9 cents/kWh.¹ This claim is built on a straw foundation. As discussed below, the Riverside projects exclude normal development costs, are connected to the transmission system, not the distribution system, and are part of an established 100 MW project already in the advanced stages of development. The Commission should require APS to demonstrate how it could possibly replicate the prices in these outlier projects from California on the distribution system in Arizona.

Staff’s question 1.32 in the Data Response states:

APS asserts that it could build equivalent sized solar resources at a lower cost than a similar-sized aggregation of customer-owned and sited DG. Please provide documentation (actual RFP proposals or service offers) to support this assertion.²

APS’s response points to the Riverside PPA’s “all-in fixed kWh prices below 7.0 cents/kWh” as support for the claim that APS can install utility scale-resources “interconnected at the *distribution* level in the range of 7 to 9 cents/kWh.”³

This response is highly misleading and fails to consider the cost realities of interconnecting to APS’s distribution system. The 35 MW Riverside project is part of a 100 MW project.⁴ The

¹ Data Response at 1.

² *Id.*

³ *Id.*

Board Memorandum attached to the Data Response attributes the “very competitively priced offer” in Riverside to the fact that the 35 MW project is being tacked on to a “much larger solar PV project site, most of which is in advanced stages of development ... Moreover, the Riverside projects are being interconnected to the *transmission* system, not the distribution system.⁵ This is a key distinction because network upgrade costs for transmission-interconnected projects are reimbursed to the developer through transmission credits and thus do not need to be recovered in PPA prices. By comparison, distribution upgrades are paid by the developer, are not reimbursed and therefore must be recovered in PPA prices. Thus, it appears APS has cherry picked a project with a near-perfect development environment in California upon which to base its claim of development costs in Arizona. APS’s Data Response uses a central station project interconnected to the transmission system in California to make claims about prices the utility can obtain for distributed projects interconnected to the distribution system in Arizona.

The Commission should not give any weight to this claim as supporting APS’s “estimate” of the market price for utility-scale resources interconnected to the distribution system. Indeed, the Commission should require APS to demonstrate how and where a project between 35-100 MW can be interconnected to utility’s distribution system for 7-9 cents/kWh, including the cost of distribution system upgrades.

Sincerely,



Anne Smart
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⁴ Board Memorandum Attached to Data Response at 2.

⁵ *Id.*