

OPEN MEETING AGENDA ITEM



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AZ CORP COMMISSION  
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BEFORE THE ARIZONA CORPORATION COMMISSION

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IN THE MATTER OF THE  
APPLICATION OF ARIZONA  
PUBLIC SERVICE COMPANY FOR  
APPROVAL OF ITS 2014  
RENEWABLE ENERGY  
STANDARD IMPLEMENTATION  
PLAN FOR RESET OF  
RENEWABLE ENERGY ADJUSTOR

DOCKET NO. E-01345A-13-0140

**SOLAR ENERGY INDUSTRIES  
ASSOCIATION'S COMMENTS AND  
EXCEPTIONS TO STAFF'S  
RECOMMENDED ORDER**

The Solar Energy Industries Association (SEIA) hereby provides its Comments and  
Exceptions to Staff's Recommended Order.

Respectfully submitted this 9<sup>th</sup> day of October, 2013.

Arizona Corporation Commission

DOCKETED

OCT 09 2013

DOCKETED BY

Court S. Rich  
Rose Law Group pc  
Attorney for SEIA

1 **Original and 13 copies filed on**  
2 **this 9th day of October 2013 with:**

3 Docket Control  
4 Arizona Corporation Commission  
5 1200 W. Washington Street  
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7 *I hereby certify that I have this day served the foregoing documents on all parties of record in  
8 this proceeding by sending a copy via electronic and regular U.S. mail to:*

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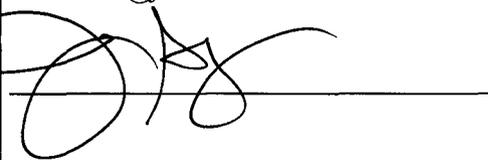
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1           **I.       Introduction**

2 The Solar Energy Industries Association (SEIA) appreciates the opportunity to comment on the  
3 APS 2014 RES Implementation Plan (the “REST Plan”) and Staff’s Recommended Order  
4 (“RO”). SEIA<sup>1</sup> believes it is in the best interest of ratepayers, APS, and the solar industry to  
5 sustain solar market activity and to continue encouraging solar development in pursuit of RES  
6 goals. Incremental RES goals will continue to increase annually, and to meet these targets in the  
7 future, it is vital that the industry remain healthy and diverse in the present. Furthermore, to  
8 ensure future goals are achieved in the most economical way possible it makes sense to continue  
9 to encourage project development now while the 30% Federal Investment Tax Credit still  
10 applies. Capitalizing on the availability of this significant tax credit by continuing to encourage  
11 project development now will help maintain stable levels of capacity and installation rates and  
12 will allow the industry to continue to scale and drive down costs going forward. Ultimately this  
13 will save ratepayer dollars and contribute to job creation and economic development in the State.  
14

15           **II.       Discussion**

16  
17           *A. APS’s Plan Should Include 25 MW of Wholesale PPA Projects*  
18

19 SEIA believes that APS’s proposal, and Staff’s RO, which currently includes no new projects or  
20 programs, is imprudent and insufficient. As mentioned above, in order to ensure that future  
21 incremental RES goals are met economically, it makes sense to encourage a diverse project mix  
22 by implementing cost effective programs *now* that can take advantage of the 30% ITC. An  
23 example of this would be to implement a new program for approximately 25 MW of small to  
24 medium-sized wholesale Distributed Generation (DG) PPA projects. This sector of the market is  
25 continuing to see impressive price declines, and projects in this sector are extremely competitive,  
26 with recent prices at \$2.10 per watt in the second quarter of 2013.  
27

28  

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<sup>1</sup> 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.

1  
2 SEIA believes it would be imprudent to approve APS' request for additional MWs of utility  
3 owned generation on this scale without including a competitive counterpart that will act as a  
4 downward check on the utility's pricing. Currently the only "utility-scale" projects that APS has  
5 in the pipeline are utility-owned. Allowing an additional 25 MW of wholesale PPA systems  
6 would act as a check and balance against the cost of utility-owned systems thus continuing to  
7 ensure that ratepayers get the best possible deal. There is no better way to see if the ratepayers  
8 are getting a good deal than to introduce a competitive third party owned program into the mix.  
9

10 SEIA believes that the Commission should include the following guidelines for a successful and  
11 cost effective wholesale PPA program:  
12

- 13 • Open solicitation Request For Proposal (RFP) similar to the previous Small Gen  
14 Standard Offer program
- 15 • 2-15 MW project size
- 16 • 20-30 year PPA terms
- 17 • Commercial Operation Dates (CODs) no later than two years after PPA execution and  
18 approval
- 19 • Nonrefundable \$3,000 fee per applicant (allowing up to 4 proposals per applicant with 4  
20 pricing options each)
- 21 • \$100/kw development deposit fee upon PA execution and approval, and forfeited if the  
22 project failed to meet COD date
- 23 • Post development deposit of 1 year of revenue
- 24 • Initial screening on price but selection should be based on highest value project  
25 considering all factors (e.g. transmission constraints, debt, etc.)  
26

27 SEIA believes that an RFP program for wholesale PPA generation with the above guidelines will  
28 result in extremely competitive proposals and ultimately will result in low-cost solar to help meet

1 future RES goals. Without this program, SEIA believes that the market will have insufficient  
2 activity in 2014 to remain healthy, and therefore the ability to meet future RES targets  
3 economically would be jeopardized. We respectfully request that the Commission add this 25  
4 MW wholesale PPA program to the 2014 REST plan by adding the following new Ordering  
5 Paragraph to Staff's Recommended Order on page 12 at line 18:

6  
7 **IT IS FURTHER ORDERED that Arizona Public Service Company shall open a new**  
8 **Small-Generation Standard Offer RFP program for 25 MW of wholesale PPA PV**  
9 **systems in 2014 and shall adjust the 2014 budget and RES Adjustor accordingly**

10  
11  
12 *B. The Application of the RES Surcharge for Small Commercial Customers is*  
13 *Inequitable*

14  
15 SEIA believes that the RES Surcharge, as applied to small commercial customers who have  
16 adopted solar, is inequitable and acts as a strong dis-incentive for these businesses to adopt solar.  
17 The application of this surcharge to these customers was precipitated by ACC Decision No.  
18 73183, which mandated that, "customers who benefit by receiving incentives under REST rules  
19 should provide an equitable contribution to future REST benefits for other customers." APS  
20 implemented this decision by capping the residential surcharge at \$3.83, non-residential  
21 customers under 3,000 kW/month at \$142.25, and non-residential customers over 3,000  
22 kW/month at \$2,200.00. The following table illustrates the rate structure and actual bills from  
23 one of SEIA's member companies' clients:

1 **Estimated APS RES Surcharge as a Percent of Total Electric Bill:**

2

Customer Class	Demand	APS Bill	Surcharge	Percent
Average residential customer APS bill	N/A	150	3.83	2.55%
Average non-residential customer APS bill	4000	157,480	2,200.00	1.40%
Average non-residential customer APS bill	2999	118,071	142.25	0.12%
Average non-residential customer APS bill	2000	78,740	142.25	0.18%
Reservation #19293	<3000	105	142.25	135.22%

3  
4  
5  
6

7 This table illustrates how this simplistic application of the surcharge discriminates against small  
8 commercial customers who want to pursue renewable energy for their businesses. As you can  
9 see, this surcharge certainly does not constitute an "equitable contribution" on the part of small  
10 businesses, as the ACC intended.

11  
12  
13 SEIA is supportive of APS's proposal and Staff's RO which would split the Commercial  
14 category into small, medium, and large sectors. While this should help address the problem,  
15 SEIA encourages the Commission to monitor the issue and take all reasonable steps to address  
16 this problem.

17  
18 **I. Conclusion**

19 SEIA appreciates the opportunity to provide input and to help continue to shape and develop the  
20 solar industry in Arizona. Solar continues to be a prime driver of economic activity in the State  
21 and continues to offer Arizona ratepayers competitive, cost-effective, clean energy. Arizona  
22 voters and ratepayers have been clear that they continue to support solar energy and we hope that  
23 the Commission will do so as well.  
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