



0000148863

BEFORE THE ARIZONA CORPORATION COM.

RECEIVED

2013 OCT 10 P 1:09

AZ CORP COMMISSION
DOCKET CONTROL

ORIGINAL

- 1
- 2 BOB STUMP
CHAIRMAN
- 3 GARY PIERCE
COMMISSIONER
- 4 BRENDA BURNS
COMMISSIONER
- 5 BOB BURNS
COMMISSIONER
- 6 SUSAN BITTER SMITH
COMMISSIONER
- 7

8 IN THE MATTER OF THE APPLICATION OF
 9 TUCSON ELECTRIC POWER COMPANY
 10 FOR APPROVAL OF ITS 2014 RENEWABLE
 11 ENERGY STANDARD IMPLEMENTATION
 PLAN AND DISTRIBUTED ENERGY
 ADMINISTRATIVE PLAN AND REQUEST
 FOR RESET OF RENEWABLE ENERGY
 ADJUSTOR.

Docket No. E-01933A-13-0224

Arizona Corporation Commission

DOCKETED

OCT 10 2013

DOCKETED BY	
-------------	--

COMMENTS OF THE RESIDENTIAL UTILITY CONSUMER OFFICE

12

13

14

15 The Residential utility Consumer Office ("RUCO") submits the following comments

16 in response to Staff's memorandum of September 30, 2013 regarding TEP's 2014

17 Renewable Energy Standard and Tariff Implementation Plan. Overall, RUCO believes that

18 TEP's proposal is a solid plan. RUCO, however, would like to address several areas of

19 concern.

20 First, and perhaps most important, concerns the current solar market in Tucson -

21 utility data indicates that the residential market in Tucson has essentially flat lined. Only

22 one company, SolarCity, has been able to continue installing at a healthy pace. This one

23 company has been the contributing factor to the incentive money running out before year

24 end. In fact, SolarCity has installed nearly 10 times more capacity than the next company.

1 Correspondingly, the number of installers submitting reservations has also dropped
2 dramatically. Part of this is the natural outcome of a maturing industry; however, the
3 dramatic drop in companies coupled with the low number of installs coming from the top
4 non-SolarCity installers indicates a market collapse. This has implications for system
5 warranties and beyond.

6 Since TEP is only one year ahead of compliance the current market dynamic
7 creates a risk to TEP's future ability to reach compliance in a cost effective manner. Once
8 more systems are needed for compliance, there will only be a single company to turn to
9 and that company will have essentially cornered the market. This risk is compounded by
10 the fact that there is a steep increase in the compliance targets in the coming years.

11 RUCO feels that this issue deserves further consideration beyond the 2014 REST
12 plan. The creation of an unregulated monopoly solar company is not in the long-term
13 interests of ratepayers or the solar industry. In the interim, and as an immediate but
14 tangible step to rectify this situation, RUCO recommends the Commission consider a small
15 incentive for non-leased systems. RUCO believes a \$0.15/W UFI is worth consideration. If
16 placed at a low budget level (\$450,000), this would only comprise around 1.5% of the
17 entire TEP REST budget in 2014. This is also in the range of what TEP filed regarding
18 incentives. Finally, this method of separating owned vs. third party is tried and proven in
19 other states most notably Colorado.

20
21 Of less concern, RUCO would like to point out the large amount of carry-forward
22 funds from the 2012 REST plan. At \$6.5 million, this is not a trivial amount to ratepayers
23 and the anticipated size of future excess funds should be a consideration in the approval of
24

1 budgets. RUCO would like to see the company be more conservative in their estimates
2 moving forward.

3 RESPECTFULLY SUBMITTED this 10th day of October, 2013.
4

5
6 
7 Daniel W. Pozefsky
8 Chief Counsel

9 AN ORIGINAL AND THIRTEEN COPIES
10 of the foregoing filed this 10th day
11 of October, 2013 with:

12 Docket Control
13 Arizona Corporation Commission
14 1200 West Washington
15 Phoenix, Arizona 85007

16 COPIES of the foregoing hand delivered/
17 mailed this 10th day of October, 2013 to:

18 Lyn Farmer
19 Chief Administrative Law Judge
20 Hearing Division
21 Arizona Corporation Commission
22 1200 West Washington
23 Phoenix, Arizona 85007

24 Janice Alward, Chief Counsel
Legal Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Steven M. Olea, Director
Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Kimberly Ruht
Tucson Electric Power Company
88 East Broadway, MS HQE910
P.O. Box 711
Tucson, Arizona 85702

C. Webb Crockett
Fennemore Craig, PC
2394 E. Camelback Rd, Suite 600
Phoenix, Arizona 85016

Michael Patten
Roshka DeWulf & Patten, PLC
400 E. Van Buren, Suite 800
Phoenix, Arizona 85004

1 Garry Hays
1702 E. Highland Ave., Suite 204
2 Phoenix, Arizona 85016

3

4

5 By Cheryl Faulob
Cheryl Faulob

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24