

OPEN MEETING AGENDA ITEM

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GREEN EARTH ENERGY & ENVIRONMENTAL, INC.

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SEDONA, AZ 86336

888-767-4333

GREEN EARTH
Energy & Environmental

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September 24, 2013

Arizona Corporation Commission
DOCKETED

Arizona Corporation Commission
Commissioners Wing
1200 West Washington
Phoenix, AZ 85007-2996

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OCT 10 2013

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Reference: Submittal to Record for Docket No. E-01345A-13-0140

To the Members of the Arizona Corporation Commission:

This brief is being submitted into the record to give voice to the interests of small businesses who support renewable energy. We present the case of small businessman Wes Coate, who installed solar for his store in Sedona, AZ in June 2012. Mr. Coate pays the RES surcharge cap of \$142.25 because of the ramifications of Decision 73183 and 73660. This surcharge represents a 135% increase in his monthly utility costs, which previously averaged around \$125.00. Beginning with the 2014 REST plan, the Corporation Commission has the opportunity to correct the unfair contribution Mr. Coate and others like him are being forced to pay.

APS is proposing that in 2014, the current three customer classes be expanded to five. However, for very small businesses with renewable energy systems, this change still requires them to pay too much. According to Figure D, Example 2 in APS' July 12, 2013 filing (page 12 of Exhibit A), a customer like Mr. Coate would pay the average surcharge for his customer class: \$25.76. This would represent a 20% increase in utility costs. This is simply too great an increase in costs for a small business to bear. It also means that taking an APS incentive ends up costing customers money rather than helping them save. However, if Mr. Coate were charged according to the per kWh charge, as shown in Figure D Example 3, this average charge of \$5.80 would represent a more reasonable 4-5% increase in costs.

On page 42 of Decision 73183, the Corporation Commission stated: "We believe that customers who benefit by receiving incentives under the REST rules should provide an equitable contribution to future REST benefits for other customers. We will therefore require that residential, small commercial, large commercial and industrial customers who receive incentives under REST rules pay a fixed cost, the monthly REST cap." Larger commercial customers might not notice paying several hundred dollars as an additional monthly fixed cost, but this amount is quite significant for small businesses. In this case, charging the per kWh rate is the only way to ensure that equitable contributions are made by small commercial customers with renewable energy systems. Despite the fact that renewable energy customers buy less from APS, the surcharge could be based on their actual consumption including renewables so that their contribution would be reasonable.

In closing, we ask that the Corporation Commission adopt a plan that allows small businesses with solar or other renewables to make a truly equitable contribution to future REST benefits. This can be done by a) removing the cap and assessing all customers on a per kWh basis including APS and renewable consumption or b) keeping the cap and charging the small commercial customer class on a per kWh basis, which would bring the average cap down to a more accessible level.

Sincerely,

Morgan Stine
President, Green Earth Energy & Environmental, Inc.
morgan@greeneearthenergyinc.com



GREEN EARTH ENERGY & ENVIRONMENTAL, INC.

2370 W. SR 89 A
STE. 11 PMB 430
SEDONA, AZ 86336
888-767-4333

September 27, 2013

Arizona Corporation Commission
Commissioners Wing
1200 West Washington
Phoenix, AZ 85007-2996

Reference: Submittal to Record for Docket No. E-01345A-12-0290

To the Members of the Arizona Corporation Commission:

This is a request to reopen Decision 73660 on behalf of small businesses that have renewable energy systems. Many such customers have experienced huge increases in utility costs since the RES Surcharge went into effect, and countless others have been discouraged from pursuing renewable energy at all.

Problem:

The case of Wes Coate, who installed solar for his store in Sedona, AZ in June 2012, illustrates the current problem with the structure of the RES surcharge. Mr. Coate pays the RES surcharge cap of \$142.25 because of the ramifications of Decision 73183 and 73660. This charge represents a 135% increase in his monthly utility costs, which previously averaged around \$125.00. By making a slight change to Decision 73660, very small businesses like Mr. Coate's could find relief from the unintended consequences of this decision.

Background:

Decision 73660 was intended to aid in the implementation of Decision 73183. It is important to note for the purposes of our request that on page 42 of Decision 73183, the Corporation Commission stated:

We believe that customers who benefit by receiving incentives under the REST rules should provide an equitable contribution to future REST benefits for other customers. We will therefore require that residential, small commercial, large commercial and industrial customers who receive incentives under REST rules pay a fixed cost, the monthly REST cap....This requirement shall only apply to renewable systems installed on or after July 1, 2012.

When this decision was finalized on May 24, 2012, many aspects of the RES cap were as yet undetermined. Both the amount of the surcharge and the potential detrimental effects on small businesses with renewable energy systems were unknown. We believe that the Corporation Commission was unaware that assessing the cap for customers with renewable energy systems could lead to a 135% increase in utility costs for some small businesses. Had they know this, we believe they would have chosen to structure the implementation of the cap differently when enacting Decision 73660.

Solution:

We grant that it is not feasible to reopen a decision as large as 73183. However, in order to honor the original spirit behind Decision 73183, namely that the RES Surcharge represent an "equitable contribution" from solar customers, Decision 73660 must be reopened. In the case of small businesses, the best way to remain true to this goal is to bill the RES surcharge at the per kWh rate. It is also recommended that the cap not exceed a reasonable percentage increase over a customer's pre-renewable bills. In order to

offset significant losses already incurred in 2013, we believe this amendment should apply retroactively through March 2013 so that customers inequitably billed could receive a refund.

Specifically, the following changes to two provisions of Decision 73660 would eliminate the unfair burden this surcharge has placed on small businesses with renewable energy systems:

1. Decision 73660 could be amended to include the following additional order:

IT IS FURTHER ORDERED that consistent with Decision No. 73183's provision that those receiving incentives "provide an equitable contribution to future REST benefits," the amount of the REST cap must not exceed a 3% increase in the customer's historical monthly bill prior to installing solar. This requirement will apply retroactively to all billings beginning with the March 2013 billing cycle.

2. Second, on page 4, lines 1-4, Decision 73660 states:

IT IS FURTHER ORDERED that customers who have a renewable installation, who did not receive an incentive, that is interconnected with APS's system shall pay the average of the REAC-1 surcharge paid by members of their customer class beginning no later than January 1, 2014. This requirement shall apply to renewable energy systems installed on and after February 1, 2013.

The language underlined above appears again on page 4, within another order on lines 5-8:

IT IS FURTHER ORDERED that with respect to customers receiving an incentive for a renewable installation interconnected with APS' system and who were being billed the cap for their customer group pursuant to Decision No. 73183, those customers shall pay the average of the REAC-1 surcharge paid by members of their customer class beginning January 1, 2014.

We propose that the underlined language above be amended in both orders to read: "the REAC-1 per kWh rate based upon total consumption from both APS and the renewable energy source." This amendment to the language eliminates the need for a cap because it ensures that customers make an equitable contribution by counting their consumption from renewable sources in the calculation of the per kWh REAC-1 surcharge amount.

Alternatively, the proposed language could be written as follows: "or a monthly cap that shall not exceed a 3% increase in their total bill based upon their average historical monthly cost prior to installing a renewable energy system."

However the language is written, it is imperative that the Corporation Commission create a provision that requires commercial customers with renewable energy systems to make a contribution that is truly *equitable*. Such a provision must not disincentivize renewables or create a surcharge that is disproportionate to a customer's true consumption including renewables.

Sincerely,



Morgan Stine
President, Green Earth Energy & Environmental, Inc.
morgan@greeneearthenergyinc.com