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BRENDA BURNS PROPOSED AMENDMENT NO. 1

ORIGINAL

TIME/DATE PREPARED: February 5, 2014

COMPANY: Arizona Public Service Company, et al.

AGENDA ITEM NO. 12

DOCKET NO(S). E-01345A-10-0394; E-01345A-12-0290; E-01933A-12-0296 & E-04204A-12-0297

OPEN MEETING DATE: February 6-7, 2014

Page 50, INSERT new Findings of Facts 158-161

“158. Since the parties are unable to agree on a long-term solution, the Commission finds it reasonable to grant a one-year waiver. However, the Commission finds the granting of a waiver as set forth in this Order is a short-term solution. The Commission does not desire to lessen the requirement that at least 15% of a utility’s retail load be derived from renewable energy by 2025. However, the Commission is concerned that the practical impact of continuously granting waivers results in an implicit reduction of that 15% goal. We believe that it may be necessary to develop a new methodology to track the utilities’ compliance with the REST rules in order to achieve a long-term solution to the issue which led us to order this hearing on Track and Monitor and Potential Alternatives.

159. The Commission requires that a utility comply with its Annual Renewable Energy Requirement set forth in A. A. C. Rule 14-2-1804(B). Thus, it is reasonable for the Commission to account for all renewable energy produced in a utility’s service territory. When the rules were first promulgated, complying with the goal by solely counting RECs appeared to be the most appropriate methodology for an accounting of all renewable energy in a utility’s service territory. At that time, the amount of renewable energy in Arizona was small and consumer demand for distributed generation (“DG”) was low. To incentivize the growth of renewable energy, the Commission authorized DG incentives as high as \$4.00 per watt. The utilities used these ratepayer-funded incentives to purchase RECs from third-party DG owners. As the DG market has grown and consumer demand for DG has increased, the Commission has steadily reduced the DG incentive amount. Currently, the Commission has eliminated incentives for most DG. Thus, the current method of only being able to account for renewable energy on the system to measure compliance by using RECs is no longer a viable methodology.

160. In reflection of the changing DG market since 2007, and considering that the Commission has eliminated the mechanism by which a utility can acquire RECs from third parties, it is appropriate and in the public interest for the Commission to open its REST rules to develop a new methodology for utilities to track compliance with the annual REST requirements.

Arizona Corporation Commission
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161. We find that it is beneficial to revise the current REST rules including A.A.C. R14-2-1804(A) and A.A.C. R14-2-1805(B). The Commission is obligated to ensure the utilities comply with the Commission's renewable energy standard.

RENUNBER FINDINGS OF FACT TO CONFORM.

P. 51, lines 15-16, DELETE:

“, and will therefore not order a reopening of the REST rules for that purpose”

P. 52, DELETE line 3, and INSERT:

“4. It is reasonable and in the public interest at this time revise the current structure of the REST rules, including the requirements of A.A.C. R14-2-1804(A) and A.A.C. R14-2-1805(A) which currently require affected utilities to acquire RECs to satisfy the Annual Renewable Energy Requirement and Distributed Generation Energy Requirement.

p. 53, line 8 INSERT:

“IT IS FURTHER ORDERED that the REST rules shall be opened for the purpose of developing a new methodology for utilities to comply with its renewable energy requirements that is not solely based on the use of RECs. A new docket shall be opened for this purpose.

IT IS FURTHER ORDERED that Staff shall, after consultation with utilities, interveners in this docket, and other interested stakeholders, file proposed new rules no later than April 15, 2014 with the Commission to address a Notice of Proposed Rulemaking on this matter at its May 2014 Open Meeting.

MAKE ALL CONFORMING CHANGES

THIS AMENDMENT:		
_____ Passed _____	Passed as amended by _____	
_____ Failed _____	_____ Not Offered _____	_____ Withdrawn _____