

OPEN MEETING AGENDA ITEM

CLEAN POWER ARIZONA



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ARIZONA CORPORATION COMMISSION DOCKET CONTROL

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ORIGINAL

Arizona Corporation Commission  
DOCKETED

FEB 24 2014

February 24, 2014

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

DOCKETED BY

Re: Track and Record and Potential Alternatives Docket Nos.  
E-01345A-10-0394, E01345A-12-0290, E-01933A-12-0296, & E-04204A-12-0297

Dear Commissioners,

First, In response to the question of whether or not Renewable Energy Credits (RECs) have value, the answer is yes, they absolutely do have value. It is because RECs have value that our regulated utilities offered financial incentives to obtain them in the first place. They were required to obtain RECs because of policies put in place by the ACC and our REST.

Due to our current level of compliance with the REST, the demand for these RECs is not high, and thus Arizona utilities are not paying incentives for them at this time. However, that does not translate into the conclusion that these RECs carry no value.

Many conversations are currently taking place within Congress and other departments of the government whose conclusions would likely lead to an increased demand for these valuable RECs. For that reason, solar integrators and installers, as just one example, may find value in financially incentivizing their own customers' projects in order to obtain these RECs as our utilities have in the past. The new owners of the RECs would then have an opportunity to sell them on an open market.

The above explanation does not offer a solution to the overall docket, but rather encourages you to dismiss any proposal that could possibly devalue a REC.

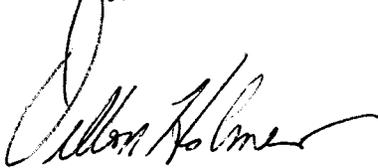
I would also like to take this opportunity to bring to light a troubling observation. Though Commissioner Bitter Smith and the Panel made it exceedingly clear in the

last open meeting that the option of reducing the REST from 15% to 10.5% by eliminating the DG carve out is absolutely out of the question, it deeply concerns me that APS offered this as a potential solution.

There are only two things that must happen to eliminate our peoples' democratic choice to invest in DG solar. One, a fee must be implemented that would make the economics of customer-owned solar unfeasible. This alone would not be enough to kill the DG option as we would still have a DG carve out in place. In other words, the financial feasibility of DG must continue to exist in order to meet our state REST requirement. At this time, there is not a fee in place significant enough to break the economics of customer-owned solar, though APS made it very clear that they intend to fight for a substantial fee during the 2015 rate case as stated in docket 13-0248.

If APS were able to convince the panel to remove the DG carve out, we would be one fee away from all but eliminating a customer's choice to install a self-generating solar facility. While I understand it is not the Commission's intention to remove the DG carve out, I felt it important to address this issue as it was very purposefully proposed by our state's largest utility.

Sincerely,

A handwritten signature in black ink, appearing to read "Dillon Holmes". The signature is written in a cursive style with a large initial "D" and a long horizontal stroke at the end.

Dillon Holmes