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Arizona Corporation Commission
DOCKETED

APR - 1 2014

April 1, 2014

DOCKETED BY
NR

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Re: Notice of Filing - UNS Electric, Inc.'s 2014 REST Compliance Report
Docket No. E-04204A-12-0297, E-01345A-10-0394, E-01345A-12-0290
E-01933A-12-0296

Pursuant to Arizona Administrative Code R14-2-1812, each Affected Utility shall file with Docket Control a report that describes its compliance with the requirements of the Renewable Energy Standard and Tariff ("REST") Rules. Arizona Corporation Commission Decision No. 73638 (January 31, 2013) approved UNS Electric, Inc.'s ("UNS Electric") 2013 REST Plan. Please find enclosed UNS Electric's 2014 REST Compliance Report for year-end 2013. The report contains confidential information that is being provided directly to Commission Staff pursuant to the terms of the Protective Agreement executed in Docket No. E-04204A-12-0296.

If you have questions or comments please contact me at (520) 884-3680.

Sincerely,

Jessica Bryne
Regulatory Services

Enclosure: Compliance Report

cc: Compliance Section, ACC

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UNS ELECTRIC, INC.

Response to R14-2-1812 Utility Reporting Requirements
of the
Arizona Corporation Commission

**RENEWABLES DATA
FOR
YEAR-END 2013**

Executive Summary

I. Standardized Reporting Format

Arizona Corporation Commission (“Commission”) Decision No. 72738 (January 18, 2013) required UNS Electric, Inc. (“UNSE” or “Company”) to submit a report for Commission Staff approval on the Company’s joint RES plan formatting efforts with Arizona Public Service Company (“APS”) Tucson Electric Power Company (“TEP”) and in consultation with other state utility representatives and industry stakeholders. On February 19, 2013, Commission Staff docketed its formal approval of the group’s standardized reporting format for use in subsequent RES Compliance Reports and Implementation Plans.

II. 2013 Renewable Energy Standard (RES) Results

Compliance with RES Requirements

For calendar year 2013, the Commission established through A.A.C. R14-2-1804(B) an annual RES requirement of 4.0 percent of the utility’s 2013 retail kilowatt-hour (“kWh”) sales, with 30 percent of the total requirement to be fulfilled with energy produced from Distributed Energy (“DE”) resources. This separate DE carve-out provision requires half of the total DE requirement to come from residential resources and half from non-residential resources. A summary of UNSE’s 2013 compliance requirements is shown in Table 1a. For the purposes of RES compliance tracking, A.A.C. R14-2-1801(N) defines a Renewable Energy Credit (“REC”) as a kWh or kWh equivalent of eligible renewable resources; however, throughout this Compliance Report, UNSE reports its production in MWh.

Table 1b (see page 4) shows UNSE compliance and total RES resources. In 2013, the Company’s total RES resources, including Annualized Production and Reservations, were 72,491 MWh, which is 4.27 percent of UNSE’s total 2013 retail sales requirement. Total DE resources for the year reached 26,936 MWh. Total Residential performance was 141 percent of the requirement for 2013 and Non-Residential was 123 percent of the Non-Residential requirement.

Compliance Report - Energy
Table 1a - Renewable Resources

UNS Electric, Inc.

Resource	Technology	Ownership	MWac ¹	MWdc ¹	Production (Actual) kWh	+	Production (Annualized) ²	+	Multiplier Credits	=	Total kWh or Equivalent
Purchased Power Agreements											
Western Wind	Wind	PPA	10.500		22,765,990		22,765,990		1.000		22,765,990
Black Mountain Generating Station	PV	PPA		9.870	22,632,252		17,766,000		1.000		22,632,252
Total UNSE Owned	PV	UNSE		1.220	737,966		2,196,000		1.000		2,196,000
Gross Total (if needed)					46,136,208		42,727,990				47,594,242
Adjustment for 10% wholesale DG applied to Non-Res Table CR1a					(2,039,168)						(2,039,168)
Subtotal Generation					44,097,040		42,727,990				45,555,074
DISTRIBUTED ENERGY (DE):											
<i>Residential: Installed</i>											
PV	PV	Customer/Leased		7.462	12,502,033		13,058,719		1.000		13,058,719
H2O	Water Heating	Customer					416,000		1.000		416,000
Wind	Wind	Customer	0.300		192,032		206,264		1.000		206,264
Total Installed			0.300	7.462	12,694,065		13,680,983				13,680,983
<i>Residential: Reserved</i>											
PV	PV	Customer/Leased		0.356			623,000		1.000		623,000
Gross Total (if needed)					12,694,065		14,303,983				14,303,983
Adjustments (if needed)											
Extra Credits ⁴											
In-State Manufacturing and Installation Content					8,548						8,548
In-State Power Plant Installation Credit					28,494						28,494
Distributed Generation Credit					28,494						28,494
Total Installed including Extra Credits											13,746,519
Subtotal Residential					12,759,601		14,303,983				14,369,519
<i>Non-Residential: Installed</i>											
PV	PV	Customer/Leased		5.387	10,157,204		9,426,473				10,157,204
H2O	Water Heating	Customer					352,362				352,362
Heating	Pool Heating	Customer					463,357				463,357
Wind	Wind Turbine	Customer					8,124				8,124
Total Installed				5.387	10,157,204		10,250,316				10,509,566
Wholesale 10% of DG requirements											2,039,168
Total Non-Residential Actual											12,548,734
Reserved PV	PV			0.010			17,500				17,500
Gross Total (if needed)					10,157,204		10,267,816		-		12,566,234
Adjustments					2,039,168						
Subtotal Non-Residential					12,196,372		10,267,816		-		12,566,234
Subtotal Distributed Energy (B + C)					24,955,973		24,571,799		-		26,935,753
Total RES Resources (A + D)					69,053,013		38,875,782		-		72,490,827
Total 2013 RES Resources Available for Retirement⁵					69,053,013		-				
Total MWac equivalent³											

Notes to Table 1:

¹ Generation capacity is generally reported in MWac and DE is generally reported in MWdc.

² Assumes 1,750 kWh per installed kW for non-metered or current year installed residential PV systems, and 1,750 kWh per installed kW for similar non-residential systems.

³ Represents the total RES portfolio capacity in MWac. An 85% dc-ac conversion factor is applied to all dc capacity.

⁴ Extra Credit Multipliers

Early Installation Extra Credit: Installed and Began Operating in

2001 0.3
2002 0.2
2003 0.1

In-State Power Plant Extra Credit (1997-2005)

0.5

In-State Manufacturing and Installation Content (1997-2005)

0.5 X (% in-state content in installed plant)

DE Solar Electric Generator and Solar Incentive Program (1997-2005)

0.5

⁵ Does not include Annualized Production or Reservations

Table 1b - Compliance Summary

Category	Metric	%	Compliance Measure (MWh)	RES Resources (MWh or Equivalent)	Allowed Carry Forward
Retail Sales	Actual MWh Sales for 2013		1,699,307		
2012 Carrying Balance					103,372
Residential Carrying Balance					3,460
Non-Residential Carrying Balance					767
Non-DE Carrying Balance					99,145
2013 Total RES Resources (From (E) in Table 1a)					72,491
2013 Actual Production (G + H + I) and from (F) in Table 1a					-
2013 Total RES Requirement				67,972	
	% of Retail Sales	4.0%			
DE Requirement				20,392	
<i>DE Sub-Requirements:</i>					
Residential DE				10,196	14,370
	% of DE Requirement	50%			
Actual Production					13,747
Reserved					623
Non-Residential DE				10,196	12,566
	% of DE Requirement	50%			
Actual Production					12,549
Reserved					18
Non-DE Target				47,581	45,555
	% of RES Requirement	70%			
2013 RECs					44,097
Carrying Balance					0
Actual Production Resources Used for 2013 REC Retirement (G+H +I) ³					174,464
Total 2013 Carrying balance					106,492
Residential Carrying Balance					6,024
Non-Residential Carrying Balance					4,807
Non-DE Carrying Balance					95,661

Notes to Table 1b:

3On March 31, 2014 UNS Electric Power (UNE) retired 67,972,000 Renewable Energy Credits towards meeting its 2013 RES requirements.

Table 2a – RES Resource Costs UNS Electric, Inc.

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Table 2b - RES Cash Incentive Costs

UNS Electric, Inc.

2013 Distributed Energy Cash Incentive Program Costs

		Up-Front Incentives				2013 Total Incentives Paid (\$)		
	MW	MWh	(\$/MW) ¹	(\$/MWh) ¹				
Residential:								
Total PV	0.894	1,564.500	\$ 161,702.46	\$ 92.40		\$ 144,562.00		
Total Water Heating		22.000		402.27		8,850.00		
Non Incentive	0	120.750						
Subtotal: Residential	0.963	1,707.250	\$ 161,702.461	\$ 494.674		\$ 153,412.00		
		Up-Front Incentives				Production-Based Incentives		2013 Total Incentives Paid (\$)
	MW	MWh	(\$/MW) ¹	(\$/MWh) ¹	(\$/MW)	(\$/MWh)		
Non-Residential:								
UFI's								
PV	0.145	253.750	\$ 372,951.72	\$ 213.12			\$ 54,078.00	
Water Heating								
Pool Heating		63.357		\$ 90.76			5,750.00	
PBI's								
PV		1,755.000		\$ 20.64		\$ 20.64	36,215.00	
PBI Legacy		4,882.000		\$ 99.01			483,383.00	
PV								
Subtotal: Non-Residential	0.145	6,954.107	\$ 372,951.72	\$ 423.52	\$ -	\$ 20.635	\$ 579,426.00	
Total DE Incentive Costs	1.108	8,661.3570	\$ 534,654.18	\$ 918.19	\$ -	\$ 20.635	\$ 732,838.00	

Notes to Table:

¹Based on expected annual system production.

Other Reports

UNS Electric, Inc.
 Budget Overview
 January through December 2013

REST Revenue & Expenses

Income		\$ 8,395,051
Expense		
Customer Sited DG		
Meter Reading	6,250	
Production Based Incentive	1,786,546	
Residential Up-front Incentive	180,000	
Commercial Up-front Incentive	<u>100,000</u>	
	Total Customer Sited DG	2,072,796
Information Systems		25,000
Total Labor & Administration		208,722
Metering		76,070
Consumer Education and Outreach		30,000
Purchased Renewable Energy		
AMCCCG	4,726,000	
UNSE Owned	<u>1,191,463</u>	
	Total Purchased Renewable Energy	5,917,463
Total Research & Development		27,500
Technical Training		<u>37,500</u>
	Total Expense	<u>8,395,051</u>
	Net Income	<u>\$ -</u>

UNS Electric, Inc.
 REST Revenue/Expenses
 January through December 2013

Recoverable REST Revenue/Expenses

REST Revenue		\$ 8,034,026
REST Expenditures		
Customer Sited DG		
Production Based Payment	\$ 538,841	
Up-Front Commercial Reservations	12,330	
Up-Front Residential Reservations	<u>145,595</u>	
Total Customer Sited DG		696,766
Information Systems		25,000
Labor & Administration		331,063
Metering		43,352
Consumer Education and Outreach		24,565
Purchased Renewable Energy		
AM CCGG	3,511,812	
Manufacturing RECS	44,633	
UNSE Owned	<u>511,469</u>	
Total Purchased Renewable Energy		4,067,914
Research & Development		20,000
Technical Training		<u>34,075</u>
Total REST Expenses		5,242,734
Net REST Revenue		\$ 2,791,292