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Arizona Corporation Commission

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May 21, 2014

RE: Docket RE-00000C-14-0112 – Proposed Rulemaking to modify the Renewable Energy Standard Rules in Accordance with Decision No. 74365

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

Parties and Interested Stakeholders:

I appreciate the number of proposals which have been thoughtfully prepared in order to give this Commission a variety of options in its effort to modify and improve the Renewable Energy Standard (RES) Rules.

After carefully reviewing the proposals, I think it is important to remain focused on the purpose for revising the RES Rules. I simply want to know how many renewable energy kilowatt-hours are being produced within our regulated utilities' service territories via distributed generation. I do not believe this Commission seeks to deprive anyone of a right to own the attributes of a renewable energy project. We simply want to know, "how much is there?"

I am not inclined to support options that require ratepayers to pay subsidies in order to count renewable energy which already exists. I am also unlikely to support proposals which can be criticized or perceived as weakening the current RES goals. The only two options with which I believe we can and should work are either Track and Monitor or Track and Record.

Track and Monitor

Arizona Public Service (APS), Tucson Electric Power (TEP) and UNS Electric supported the Track and Monitor proposal. APS supported RUCO's proposal for a "capacity-based" Track and Monitor.

However, SEIA stated in its April 28, 2014 reply, in Docket #14-0112, that it is troubled that "adopting Track and Monitor will lower the RES requirement." I do not believe this would be the case, but I am concerned that some parties would raise this allegation if the proposal was approved. The original Recommended Opinion and Order (ROO) was well-reasoned and well-written but it created a waiver mechanism that I thought could be either manipulated with a "wink and a nod" or exploited as a tool to decry a reduction of the RES. This Track and Monitor proposal would bring us back to the impasse we were at when we created this docket.

Track and Record

I believe this provides us the best possible outcome for all involved. Staff's opening brief laid out how it envisioned Track and Record to work in theory and practice. Attached to this letter is my revision to what Staff originally proposed and how I perceive Track and Record to achieve our aims.

I believe that a Track and Record system which *acknowledges* the kilowatt-hours being produced in Arizona negates any concerns about double-counting. Also, it does not ask ratepayers to pay for further subsidies. Further, it does not reduce the RES thereby rendering moot any questions or concerns about waivers and backfilling requirements.

I will continue to listen to all parties in the further consideration of this case. However, I think we all must recognize that the current RES Rules, as written, have hit a dead-end and must be revised in a manner that is efficient, innovative and at no cost to ratepayers.

Sincerely,

A handwritten signature in black ink that reads "Brenda Burns". The signature is written in a cursive, flowing style.

Brenda Burns
Commissioner

ATTACHMENT: BB/ka

APPENDIX:

Track and Record

This concept would require the Utility to track, record and report all renewable kWhs produced within its service territory (as defined by the area covered by its CC&N). In its reporting to the Commission the Utility would report all renewable kWhs produced in its service territory and distinguish between those kWhs for which it owned the REC and those for which it did not own the RECs. The reporting of kWhs associated with RECs not owned by the utility would be acknowledged. The Commission could consider all available information. The Commission would make the following statement (or something similar) part of the RES Rules:

Any Renewable Energy Credit (REC) created by the production of renewable energy which the Affected Utility does not own shall be retained by the entity creating the REC. Such REC may not be considered used or extinguished by any Affected Utility without approval and proper documentation from the entity creating the REC, regardless of whether or not the Commission acknowledged the kWhs associated with non-utility owned RECs.

The existing RES Rules would not be altered in any way with respect to the overall 15% requirement nor for the 30% (overall 4.5%) Distributed Generation carve-out. In addition, because reporting of kWhs for which the Utility did not own the REC would be acknowledged and because of the statement added regarding the use/extinguishment of RECs, the issue of double-counting is resolved.