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ORIGINAL

July 3, 2014

Chairman Bob Stump
Commissioner Gary Pierce
Commissioner Brenda Burns
Commissioner Susan Bitter Smith
Commissioner Bob Burns

Arizona Corporation Commission
DOCKETED
JUL 3 2014

Arizona Corporation Commission
1200 W. Washington St.
Phoenix, Arizona 85007-2927

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Re: Docket No. RE-00000C-14-0112
Proposed rulemaking to modify the Renewable Energy Standard rules in
accordance with ACC Decision No. 74365.

Dear Commissioners:

The Solar Energy Industries Association (SEIA)¹ would like to thank you for your continued consideration of this important issue for Arizona's renewable energy industry. We greatly appreciate the opportunity to respond to the letter filed by Commissioner Brenda Burns on May 21, 2014 and subsequent letters filed by Commissioners Gary Pierce and Bob Burns on May 28, 2014 and June 20, 2014, respectively.

We believe the proposal put forth by Commissioner Brenda Burns in her initial May 21 letter is a good step towards resolving this matter. SEIA supports the proposed language, with some important modifications that are shown in the Appendix to this letter. SEIA believes these modifications are necessary to clarify the intent of the rule change and remove any remaining confusion about the possibility of "double counting" RECs.

We would be happy to answer any questions or discuss this matter further with the Commissioners, Staff, or other interested parties.

¹ The comments contained in this filing represent the position of SEIA as an organization, but not necessarily the views of any particular member with respect to any issue.

Sincerely,

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cc: Janice Alward
Steve Olea
Lyn Farmer
Parties of Record

Copies of the foregoing delivered/mailed this 3rd day of July 2014, to:

Court Rich	7144 E. Stetson Drive, Suite 300 Scottsdale, Arizona 85251
Michael Curtis	501 East Thomas Road Phoenix, Arizona 85012-3205
Peggy Gillman	P.O. Box 1045 Bullhead City, Arizona 86430
John Wallace	2210 South Priest Dr Tempe, Arizona 85282
Janice Alward	1200 W. Washington Phoenix, Arizona 85007
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APPENDIX

SEIA's suggested modifications to Commissioner Brenda Burns' proposed language (redlined):

Track and Record (energy-based)

This concept would require any Affected Utility ("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. Any kWhs associated with RECs not owned by the Utility would not be counted towards that Utility's REST compliance obligation.² 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 may be retained by the entity creating the REC. Such REC shall not be considered owned, used or extinguished by any Affected Utility without approval and proper documentation from the entity creating the REC.

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 kWhs for which the Utility did not own the REC would be reported, the Commission would gain information on how many renewable energy kWhs are being produced within the regulated utilities' service territories via distributed generation. Because of the statement added regarding the use/extinguishment of RECs, the issue of double-counting should also be resolved.

² Counting these kWhs towards compliance would significantly alter the REST rules by reducing Affected Utilities' overall REST obligation, and it could limit future renewable energy installations in Arizona.

Track and Record (capacity-based)

This concept would require any Affected Utility ("Utility") to track, record and report all renewable kWs installed 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 kWs installed in its service territory and distinguish between those kWs for which it will own the RECs generated and those kWs for which it will not own the RECs generated. The reporting of kWs would not be counted towards that Utility's REST compliance obligation.³ 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 may be retained by the entity creating the REC. Such REC shall not be considered owned, used or extinguished by any Affected Utility without approval and proper documentation from the entity creating the REC.

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 all kWs would be reported, the Commission would gain information on how much renewable capacity is on the system. Because of the statement added regarding the use/extinguishment of RECs, the issue of double-counting should also be resolved.

³ Counting these kWs towards compliance would significantly alter the REST rules by reducing Affected Utilities' overall REST obligation, and it could limit future renewable energy installations in Arizona.