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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

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JUL 28 2014

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11 BOB STUMP, Chairman
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15 IN THE MATTER OF THE APPLICATION OF
 ARIZONA PUBLIC SERVICE COMPANY FOR
 16 APPROVAL OF ITS 2014 RENEWABLE
 ENERGY STANDARD IMPLEMENTATION
 17 PLAN FOR RESET OF RENEWABLE ENERGY
 ADJUSTOR

DOCKET NO. E-01345A-13-0140
**SUPPLEMENTAL
 APPLICATION
 (UTILITY-OWNED DG)**

19 Responding to clear customer interest, APS proposes AZ Sun DG: a 20 MW
 20 utility-owned residential DG program that will help APS meet the 2015 renewable
 21 energy requirement established by Decision No. 71448. Under this program, APS would
 22 strategically deploy DG to maximize system benefits. APS would also support the local
 23 solar community by competitively selecting third-party local solar vendors to install
 24 these DG systems across APS's service territory. To benefit all customers, APS would
 25 install the DG on customer rooftops and on the utility side of the meter. APS would
 26 "rent" these rooftops in exchange for a \$30 per month bill credit. This simple bill credit
 27 structure will provide all customers—including those who cannot currently afford it—an
 28 opportunity to "go solar."

1 AZ Sun DG is an alternative to the 20 MW large-scale Redhawk solar facility
2 previously proposed in this docket on April 15, 2014. Because AZ Sun DG would help
3 APS achieve compliance with APS's 2015 renewable energy requirement, APS requests
4 that the Commission consider this proposal on an expedited basis, with an order by
5 September 2014, if possible.

6 **I. Under the AZ Sun DG Program, Participating Customers Would Receive**
7 **a \$30 Monthly Bill Credit for Making Their Rooftop Available to APS.**

8 To install 20 MW of residential DG, APS would deploy systems on
9 approximately 3,000 customer rooftops. On these rooftops, APS would install 4-8 kW
10 photovoltaic systems, depending on the roofs' configurations. Just as APS might lease
11 land to locate a large-scale solar facility, APS will "rent" these 3,000 customer rooftops
12 for 20 years.

13 In exchange for use of a customer's roof for 20 years, APS would provide a \$30
14 monthly bill credit. With the DG systems installed on APS's side of the meter,
15 participating customers can help APS power their neighborhoods. While doing so, those
16 participating customers can continue taking service under any rate for which they would
17 otherwise be eligible.¹

18 **II. APS Would Competitively Select Local Solar Installers to Build AZ Sun**
19 **DG in Strategically Targeted Locations on APS's System.**

20 If the Commission authorized AZ Sun DG, APS would conduct a competitive
21 RFP process with local solar installers. APS would then work with the selected installers
22 to deploy AZ Sun DG systems. APS intends to strategically deploy a portion of the
23 3,000 systems to pursue specific purposes, such as serving low income or low credit
24 score customers and providing system benefits.

25 The opportunity to achieve these benefits is unique to utility-owned installations.
26 For example, APS will be able to orient AZ Sun DG systems towards the southwest and
27 west. These orientations will maximize the amount of solar production during system
28 peak periods. And by owning the DG systems, APS would be able to install and operate

¹ AZ Sun DG customers would not take net metering service.

1 advanced inverters. These inverters will provide flexibility to manage power quality and
2 lay the foundation for better integrating rooftop solar with the distribution system.

3 **III. To Reach Compliance, Benefit the System and Offer DG to Underserved**
4 **Customers, APS Requests Authorization to Proceed with AZ Sun DG.**

5 APS estimates that the capital cost to deploy the 20 MW AZ Sun DG program
6 will be approximately \$57-70 million. APS can only provide a program cost range
7 because it can only estimate the bids that it will receive from third party solar installers.
8 Although this capital cost is similar to the AZ Sun Redhawk project previously proposed
9 in this docket, the AZ Sun DG program will produce less overall energy. Despite similar
10 costs for less energy, APS still believes that the Commission should authorize AZ Sun
11 DG.

12 AZ Sun DG offers several benefits beyond helping APS achieve compliance with
13 its renewable energy requirements. Many customers are interested in rooftop solar, but
14 either cannot afford to buy a system outright, or have insufficient credit to lease a
15 system. AZ Sun DG provides a means for at least some of these customers to “go solar.”
16 Moreover, deploying utility-owned residential DG provides an exciting chance to
17 explore the operational advantages of installing rooftop solar with advanced inverters.
18 And AZ Sun DG represents a genuine opportunity to demonstrate how strategically
19 deploying DG can maximize systems benefits. Combined with the opportunity to
20 provide an underserved segment of customers with rooftop solar, and support local solar
21 installers, APS believes that the Commission should authorize AZ Sun DG.

22 **IV. Due to Tight Deployment Schedules, APS Requests that the Commission**
23 **Grant Authorization to Proceed on an Expedited Basis.**

24 The window of time during which the 20 MW of AZ Sun DG could be installed
25 and help APS achieve compliance with its end-of-2015 renewable energy target is
26 rapidly closing. An aggressive RFP, customer solicitation and construction schedule is
27 15 months. And a 15 month schedule would necessitate authorization to proceed with
28 AZ Sun DG by September 2014. Accordingly, APS requests that the Commission

1 authorize AZ Sun DG on an expedited basis, with an order by September 2014 if
2 possible.

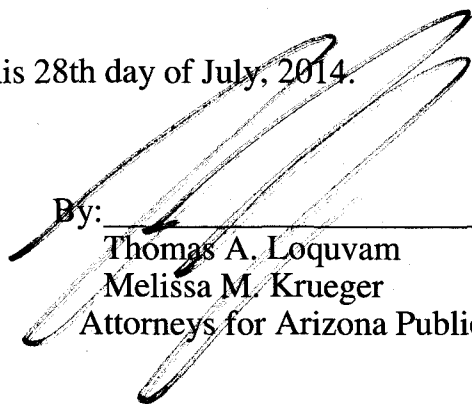
3 **V. Conclusion**

4 With AZ Sun DG, APS seeks to

- 5 • ensure compliance with its 2015 renewable energy target;
- 6 • offer another means for customers to put solar on their rooftops, even if
7 they can't afford to buy or lease solar;
- 8 • strategically deploy DG to enhance potential system benefits; and,
- 9 • support local solar installers and Arizona's economy.

10 As an alternative to the previously-proposed Redhawk solar facility, APS requests that
11 the Commission authorize AZ Sun DG, on an expedited basis, as the final 20 MW of
12 APS's AZ Sun Program.

13
14 RESPECTFULLY SUBMITTED this 28th day of July, 2014.

15
16 By: 
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3 July 2014, with:

4 Docket Control
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8 Copies of the foregoing delivered/mailed this 28th
9 day of July, 2014, to:

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