

OPEN MEETING AGENDA ITEM



0000156949

BEFORE THE ARIZONA CORPORATION COMMISSION
RECEIVED

COMMISSIONERS

BOB STUMP, CHAIRMAN
GARY PIERCE
BRENDA BURNS
SUSAN BITTER SMITH
BOB BURNS

2014 OCT 23 P 4: 00

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

Arizona Corporation Commission
DOCKETED

OCT 23 2014

DOCKETED BY

IN THE MATTER OF IN THE MATTER OF THE
APPLICATION OF ARIZONA PUBLIC
SERVICE COMPANY, IN CONFORMANCE
WITH THE REQUIREMENTS OF ARIZONA
REVISED STATUTES 40-360 ET SEQ., FOR A
CERTIFICATE OF ENVIRONMENTAL
COMPATIBILITY AUTHORIZING THE
OCOTILLO MODERNIZATION PROJECT

Docket No. L-00000D-14-0292-00169

SWEEP COMMENTS

ORIGINAL

**COMMENTS OF THE SOUTHWEST ENERGY EFFICIENCY PROJECT
ON THE APS AND RUCO JOINT REQUEST FOR REVIEW**

The Southwest Energy Efficiency Project (SWEET) appreciates the opportunity to comment on the Joint Request for Review submitted by the Arizona Public Service Company (APS) and the Residential Utility Consumer Office (RUCO). If approved this joint request would add three conditions to the Certificate of Environmental Compatibility authorizing the construction of the Ocotillo Modernization Project.

SWEET offers comments on the first proposed condition. This condition would require APS to conduct an independently monitored all-source RFP prior to building or procuring a generation resource from 2015-2021 (with the exception of AZ Sun).

All-source RFPs Can Offer Benefits but Only If Conducted in a Manner that is Fair and Equitable to all Resources and If They Consider the Varied Characteristics of Each Resource

SWEET appreciates and supports the intent of the first condition, including the express inclusion of energy efficiency and demand response as participating resources in the proposed RFP process.

In general, SWEET believes that all-source RFPs can offer benefits. They can boost transparency; provide a platform for the consideration of new technologies; assist in the diversification of a utility's resource mix; and help ensure a robust and resilient utility system. *However, these beneficial outcomes require an all-source RFP process to be conducted in a manner that is fair and equitable to all resources.* Indeed there are many ways for an "all source" RFP process to limit and even prevent the consideration of all resources. For example,

inclusion of biased RFP criteria such as requiring any qualifying resource to be "a central station" or "located on an existing utility footprint" or "available for all 8,760 hours in a year" would exclude many resource options from consideration.

To that end, SWEEP recommends the following:

- Prior to issuing the independently monitored all-source RFP, APS should file with the Commission an independent assessment of the resource need and all alternatives that documents the costs and benefits of all alternatives and compares these alternatives with one another. The results of the independent assessment should be used to inform the language of the all-source RFP.
- The independently monitored all-source RFP and the all-source RFP process should provide a reasonable opportunity for all resources to participate. As such the RFP and RFP process should set forth objectives and criteria that acknowledge the varied characteristics of different resource options.
- The RFP should be developed and drafted by the independent monitor, for review and approval by the Commission.

Respectfully submitted this 23rd day of October 2014 by:



Jeff Schlegel & Ellen Zuckerman
Southwest Energy Efficiency Project

ORIGINAL and thirteen (13) copies filed this 23rd day of October 2014, with:

Docket Control
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 8500