

OPEN MEETING AGENDA ITEM
BEFORE THE ARIZONA CORPORATION COMMISSION



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BOB BURNS

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Arizona Corporation Commission
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SWEEP COMMISSION
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IN THE MATTER OF THE APPLICATION
OF ARIZONA PUBLIC SERVICE
COMPANY RELATING TO ITS 2015
DEMAND SIDE MANAGEMENT
IMPLEMENTATION PLAN.

Docket No. E-01345A-14-0261

**SWEEP COMMENTS ON FREEPORT
MCMORAN COPPER & GOLD, INC.'S
EXEMPTION REQUEST**

COMMENTS THE SOUTHWEST ENERGY EFFICIENCY PROJECT

The Southwest Energy Efficiency Project ("SWEEP") appreciates the opportunity to submit these comments on the Staff Recommended Order regarding Freeport McMoRan Copper & Gold, Inc.'s (FMI) request for an exemption from Arizona Public Service Company's (APS) Demand Side Management Plans beginning in 2015.

SWEEP Supports Self-Direction as a Solution for Large Customers and Believes Efforts Should be Undertaken to Improve Self-Direction Instead of Granting the Exemption Request

SWEEP supports self-direction as a solution for large customers in the APS service territory – and as a solution proposed by FMI and negotiated with FMI in a series of cases in recent years. To the extent that FMI has concerns that the self-direction process is not working for its unique situation, SWEEP recommends that FMI meet with APS and other stakeholders to identify and implement improvements to the self-direction approach, which should include identifying ways to reduce or eliminate the FMI-identified burdens of site visits to FMI mining facilities. SWEEP is committed to working with FMI, APS, and others to improve the self-direction approach.

If the Commission Decides to Approve the Exemption Request, FMI's Savings Should Be Calculated and Reported so that the Savings Count for Commission and APS Purposes

FMI benefits significantly from the energy efficiency efforts undertaken by other ratepayers. These benefits include lower demand for new, more costly resources, reduced power and fuel costs, and reduced water consumption and emissions. Regardless of the Commission's decision on FMI's exemption request, FMI will continue to realize the benefits that other ratepayers deliver via energy efficiency. However if the savings from FMI's energy efficiency activities are not determined and reported, ratepayers will be deprived of the *full* benefits that FMI's energy efficiency actions provide. For example, if FMI's energy efficiency activities are not fully accounted for in the Integrated Resource Planning (IRP) process, then utilities such as APS could propose to build an electric system that is larger and more costly than necessary – because FMI energy savings (reduced loads) are not able to be considered. Calculation and reporting of FMI's energy efficiency activities will ensure that all ratepayers

realize the benefits of energy efficiency. And counting the FMI's energy savings will enable FMI's contribution to the whole system to be acknowledged, accounted for, and considered when considering future loads and resources.

The FMI Energy Savings Should be Independently Verified and Reported as Recommended by the Commission Staff

SWEEP supports the Commission Staff recommendation that FMI's energy efficiency activities be independently verified and reported. Independent third-party verification is the industry standard for measuring and verifying energy savings from large industrial and mining facilities.

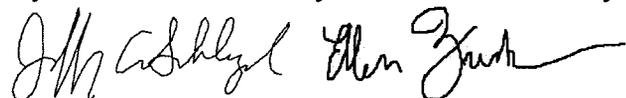
If independent third-party verification is not required by the Commission, then SWEEP recommends that APS be required to determine the energy savings based on information provided by FMI, and that the Commission Staff verify the planned and achieved energy savings as part of Staff review of the EE Implementation Plans and the Annual DSM Reports.

FMI's Proposal to Report an Annual Count of Installed Motors and Their Associated Horsepower is Insufficient for Calculating Energy Savings

SWEEP appreciates FMI's acknowledgement that data should be reported by FMI to "enabl[e] the calculation of energy savings" by APS. However, simply reporting an annual count of installed efficient motors and their associated horsepower is insufficient for calculating energy savings from motors. For example, to calculate savings from new motors, it is necessary to know the efficiency and horsepower of the old less efficient and new efficient motor, the load factors, and the operating hours. For this reason, SWEEP recommends that the Commission retain the Commission Staff recommendation and reject FMI's proposal, or at least ensure that FMI reports adequate information to APS so that APS can calculate the FMI energy savings, consider such energy savings in APS planning and system operations, and report such savings to the Commission.

Thank you for the opportunity to provide these comments.

Respectfully submitted this 3rd day of November 2014 by:



Jeff Schlegel & Ellen Zuckerman
Southwest Energy Efficiency Project

ORIGINAL and thirteen (13) copies filed this 3rd day of November 2014, with:

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ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 8500