



OPEN MEETING AGENDA ITEM



0000158561

RESIDENTIAL UTILITY CONSUMER OFFICE

RECEIVED [www.azruco.gov](http://www.azruco.gov)

~~2014 DEC -8 P 4:24~~

1110 WEST WASHINGTON • SUITE 220 • PHOENIX, ARIZONA 85007 • PHONE: (602) 364-4835 • FAX: (602) 364-4846

AZ CORP COMMISSION  
DOCKET CONTROL

Janice K. Brewer  
Governor

Patrick J. Quinn  
Director

December 8, 2014

Docket Control  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

Arizona Corporation Commission  
**DOCKETED**

DEC 08 2014

DOCKETED BY

**ORIGINAL**

Re: Possible revisions for AZ Sun DG  
2014 RES Implementation Plan E-01345A-13-0140 and  
2015 RES Implementation Plan E-01345A-14-0250

RUCO and AriSEIA would like to comment on the APS letter filed December 3, 2014 (the "Letter") and on the final makeup of the APS proposed utility owned DG program. RUCO worked with APS on a few important elements of the Company's revised plan to better align it with comments heard from the Commission, Commission Staff, and Parties during the November Open Meeting. Through this process, RUCO's main concerns with the APS project were largely addressed. AriSEIA and RUCO believe that the revised APS program is a step in the right direction and should be approved subject to the alterations and comments below.

RUCO and AriSEIA feel that many of the proposed modifications outlined in the APS Letter fit nicely with the principles laid out in RUCO's October 17, 2014 filing. However, RUCO and ARISEIA would like to stress what we believe are crucial project requirements along with provisions that should be further reinforced:

1. An APS commitment to cost parity with the present day NEM cost shift. This commitment extends into the future if rate design changes impact the cost shift associated with the current class of interim third party customers. If utilities are going to enter this market, even if it is for a pilot program, they must be subject to the same regulatory risks as their customers and third parties participating in the market even if that means that utilities ultimately do not make their targeted rate of return as a result of changes in policy related to the cost shift. The Commission should incorporate language into any Order issued approving the program that makes it clear that the utility will be assuming the risk of changed

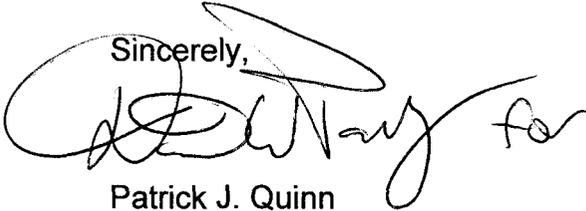
policy and that the Commission expects to hold the utility to the same standard as customers and third party installers with solar.

2. Installations will target a limited set of key areas on the grid to maximize value to all ratepayers and accomplish research objectives. Beyond that, the installations must be limited to customers not suited for third party developers. That includes customers at or below 200% of the federal poverty line, customers who rent or customers who otherwise can prove they were recently turned down a solar loan/lease or rejected a bid from a third party developer.
3. This project is to be treated like a traditional utility asset, with prudence and cost recovery addressed in the next rate case subject to the cost parity requirements outlined above.
4. Subject to Commission approval, all utility owned systems will be processed with equal consideration to the latest applicable interconnection policies and processes for third-party and customer owned systems. This includes but is not limited to, panel and disconnect location requirements, first-come-first served interconnection cue processing so as not to delay non-utility owned system integration due to utility owned system preference.
5. A smaller pilot project limited to at most 10 MW in size. This is still adequate enough to deliver grid benefits while advancing the Companies' ability and understanding around the integration of future DG resources. As a research oriented project, RUCO expects that reports on the results versus objectives shall be made public. Additionally, RUCO and AriSEIA believe that the project should focus on meeting at least the following defined research objectives:
  - a. Understanding Feeder Capacity Benefits
    - i. Explore the possibility of feeder load reductions through strategic placement of systems
  - b. Ascertaining Distribution Effects of Solar Penetration
    - i. View impacts of PV on voltage fluctuations at the end of a feeder or in feeder load pockets
    - ii. Understand management techniques of high voltage situations caused by PV during shoulder months and the ability of smart inverters to manage power quality in real time
  - c. Discovering Ways to Enhance Grid Flexibility
    - i. Conduct remote curtailment of PV, avoiding the shutdown/restart of central generation during shoulder months
  - d. Gain a Better Understanding of the Capabilities of Inverter Controls
    - i. Setup smart inverters to allow utility control of VAR and power factor
6. Inclusion of a project advisory committee that helps manage the defined set of research goals. This advisory board would consist of a diverse group of

stakeholders (industry, Staff, community, etc.) who would review the direction of the project and provide feedback on program design. Also, as technical results of the program start to stream in, the advisory committee could direct APS to explore new research related questions/opportunities. The committee shall also review drafts of reports and their comments shall be included, if not incorporated, in the reports.

RUCO and AriSEIA believes that with the proper guardrails in place, utility owned DG and third party DG business models can run in parallel to the benefit of all consumers. The provisions above help to meet that outcome.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick J. Quinn for". The signature is fluid and cursive, with a large initial "P" and "Q".

Patrick J. Quinn  
Director

A handwritten signature in black ink, appearing to read "Mark Holohan". The signature is cursive and somewhat stylized.

Mark Holohan  
AriSEIA

cc: All Parties of Record