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Arizona Corporation Commission
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AZ CORP COMMISSION
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Chairperson Susan Bitter Smith
Commissioners Bob Burns, Tom Forese, Doug Little, and Bob Stump
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007

ORIGINAL

Re: Arizona Public Service Net Metering Cost Shift Solution Docket No. E-01345A-13-0248

Dear Chairperson Bitter Smith and Commissioners:

Sierra Club's Grand Canyon (Arizona) Chapter submits these comments on the proposed Arizona Public Service (APS) Net Metering Cost Shift Solution proposal on behalf of our 35,000 members and supporters in Arizona, many of whom are APS customers. Sierra Club's mission is "to explore, enjoy, and protect the wild places of the earth; to practice and promote the responsible use of the earth's ecosystems and resources; and to educate and enlist humanity to protect and restore the quality of the natural and human environments." Sierra Club and our members have a significant interest in supporting distributed solar generation as a way to help to reduce dependence on fossil fuels and overall energy use, plus to transition to clean renewable energy generation.

APS has proposed to significantly increase a penalty for rooftop solar that will undercut Arizona's solar economy and will harm its customers, especially those who make the decision to invest in solar for their rooftops. In its proposal to you, the Arizona Corporation Commission (ACC), APS proposes to increase the current solar penalty of \$5 per month to \$21 per month. Although not as high as the Salt River Project penalty on solar, which has resulted in a substantial decrease in installations in SRP territory (see <http://arizonagoessolar.org/UtilityIncentives/SaltRiverProject.aspx>), this \$21 per month penalty is substantial and is a more than four-fold increase in the current penalty. This proposal would make solar less affordable and would make it much more difficult for working-class families to own their own solar modules.

In addition to the fact that this proposal would unnecessarily penalize rooftop solar customers, it should not be considered outside of a rate case. Such a proposal should only be considered with a full vetting of costs, benefits, and what is just and reasonable, not just because APS has created a "crisis."

APS should stop attacking residential rooftop solar; stop penalizing solar customers on their decision to support clean, renewable energy; and stop dumping the alleged cost shift onto their non-solar customers. Instead, it should support local clean-energy jobs, such as those associated with rooftop solar installations. The Commission might be interested in reviewing some of the more recent research regarding cost-shift issues. For example, there is independent research conducted in Nevada that shows that benefits of rooftop solar far outweigh the costs (http://pucweb1.state.nv.us/PDF/AxImages/DOCKETS_2010_THRU_PRESENT/2013-7/39428.pdf).



Also, according to research by Tom Beach of CrossBorder Energy, " for every dollar of solar cost to the utility (primarily from net metering), the state's solar homeowners provided \$1.54 in long-term benefits. According to Beach's analysis, Arizona's solar roofs subsidize other ratepayers and the utility to the tune of \$34 million a year." (<http://www.sierraclub.org/sierra/2014-3-may-june/feature/throwing-shade-how-nations-investor-owned-utilities-are-moving-blot>).

APS argues that ratepayers who install solar are not paying their share of fixed costs (construction of power plants, transmission lines, and associated infrastructure). This statement ignores all of the benefits that solar customers provide to the grid and to our communities, including using less water, producing less air and water pollution, and reducing or, at a minimum, delaying the need for additional power plants and other infrastructure.

Utility customers who install rooftop solar don't just save grid electricity. Solar customers add reliability to the grid by reducing vulnerability to unplanned outages at power plants. Plus, they add energy during the day, when demand is high and when it is more expensive for utilities to generate or buy electricity. Unlike the utilities, solar customers do not pass on either fixed or operating costs.

Arizona has some of the best opportunities for solar in the country. We are already experiencing the negative impacts of global climate disruption – higher temperatures, extended drought, more extreme weather, larger and more intense forest fires, and more. It makes sense for Arizona and Arizona's utilities to invest in solar energy and energy efficiency to reduce carbon pollution.

Again, we believe that this issue should be vetted more fully and better reviewed in the next APS rate case, during which the company's earnings can be considered, the so-called cost-shift and fair share arguments can be examined fully, the APS numbers and assertions can be examined, and all parties can more fully review and consider costs, benefits, profits, and what is truly just and reasonable.

Please reject the proposed APS solar penalty and tell APS this issue must, at a minimum, wait until it can be fully reviewed in a rate case.

Thank you for the opportunity to comment.

Sincerely,



Sandy Bahr
Chapter Director
Sierra Club – Grand Canyon Chapter