

ORIGINAL

OPEN MEETING AGENDA



0000164365

BEFORE THE ARIZONA CORPORATION COMMISSION

AZ CORP COMMISSION

Arizona Corporation Commission

DOCKET CONTACT

DOCKETED

COMMISSIONERS

SUSAN BITTER SMITH, Chairman
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

2015 OCT 19 PM 3 39

OCT 19 2015

DOCKETED BY

IN THE MATTER OF THE APPLICATION
OF ARIZONA PUBLIC SERVICE COMPANY
FOR APPROVAL OF NET METERING COST
SHIFT SOLUTION

DOCKET NO. E-01345A-13-0248
VOTE SOLAR COMMENTS ON
APS'S MOTION TO AMEND
ORDER 75251

1 Vote Solar appreciates the opportunity to submit a response to the Arizona Corporation
2 Commission ("Commission") on the Arizona Public Service ("APS") Motion to Amend
3 Interlocutory Order 75251. Vote Solar is a non-profit grassroots organization working to foster
4 economic opportunity, promote energy independence and address climate change by making
5 solar a mainstream energy resource across the United States. Since 2002, Vote Solar has engaged
6 at the state, local and federal levels to remove regulatory barriers and implement the key policies
7 needed to bring solar to scale. Vote Solar has approximately 3,500 members in Arizona.

8 Vote Solar recommends that the Commission dismiss APS's motion to reset the LFCR
9 adjustment and deny the utility's request for a limited scope in this proceeding. Any review of
10 distributed generation must look at both the costs and benefits. Ignoring the benefits, as APS has
11 proposed, would unfairly bias the outcome of the analysis. Vote Solar supports Staff's
12 recommendation that the Commission dismiss the current APS motion and consider the costs and
13 benefits of distributed generation in the next APS general rate case.

14 I. APS's Motion confirms that no adjustment to the LFCR is
15 necessary at this time.

16 On April 2, 2015, APS filed a motion to reset the LFCR adjustment from \$0.70/kW to \$3.00/kW.
17 APS's motion was predicated on the assertion that action should be taken prior to the next rate
18 case to address what APS termed a "looming" cost shift.¹ In its Motion, the utility warned that

¹ APS Motion to Reset, April 2, 2015, page 2, line 20.

1 inaction “may hinder balanced solutions in APS’s next rate case.”² However, not six months later
2 APS has returned to the Commission with an additional Motion rescinding its request to reset the
3 LFCR adjustment to \$3.00/kW and instead advocating for a more narrow hearing in this docket.³
4 APS’s most recent motion expressing willingness to withdraw its request confirms that there is
5 no urgency under which the Commission must consider a potential reset to the LFCR
6 adjustment. At this point even APS agrees that the process would benefit from further study to
7 support consideration of any potential change to the LFCR adjustment in APS’s next general rate
8 case.⁴ In light of these developments, Vote Solar joins others in this proceeding including
9 Commission Staff⁵ in recommending that APS’s motion to reset the LFCR be dismissed and cost
10 of service as well as value of solar issues be considered more comprehensively prior to any
11 adjustment.

12 **II. APS’s proposal to look only at the costs the costs of solar while**
13 **ignoring the benefits is fundamentally flawed.**

14 In APS’s Motion, the utility recommends a more narrow hearing in this docket to “culminate in
15 findings about (i) the cost to serve APS’s residential customers with and without solar; and (ii)
16 how those costs are collected under APS’s current rate design.”⁶ APS goes on to assert that the
17 hearing “should address cost of service issues only, and not address other values of solar.”⁷ In its
18 subsequent filing to this docket on October 8, 2015, APS elaborates on its motion, stating that
19 future benefits such as reduced carbon emission, reduction in future infrastructure needs and
20 societal benefits should not be included.⁸

21 APS’s proposal to examine only costs associated with solar distributed generation while
22 explicitly ignoring future costs that are avoided is wholly inappropriate. How can the
23 Commission make a reasoned policy decision when given only one side of the story? Solar

² APS Motion to Reset, April 2, 2015, page 8, lines 23-25.

³ APS Motion to Amend Order 75251, September 25, 2015, page 4, lines 3-5.

⁴ APS Motion to Amend Order 75251, September 25, 2015, page 4, lines 10-12.

⁵ Staff Response to APS Motion, October 5, 2015, page 3, lines 1-2.

⁶ APS Motion to Amend Order 75251, September 25, 2015, page 4, lines 6-7.

⁷ APS Motion to Amend Order 75251, September 25, 2015, page 4, line 8.

⁸ APS Letter, October 8, 2015, page 2.

1 advocates are not alone in expressing concern over APS's proposal; both Commission Staff and
2 RUCO have also called for a more complete analysis.⁹

3 A reliable and complete analysis of the costs and benefits of distributed solar generation is a
4 complex undertaking. Investment in distributed solar generation is unlike other utility resources.
5 In order to properly understand the implications of increased distributed solar generation, the
6 Commission must consider the unique characteristics of this resource within the context of a
7 detailed cost-benefit analysis. Only after the costs and benefits have been analyzed can the
8 Commission decide what the appropriate rate treatment should be for net energy metered
9 customers.

10 APS seeks to limit this analysis to a cost of service study that explicitly excludes proven benefits
11 of distributed solar. Traditional cost of service studies look only at a single year of operation.
12 Because distributed generation is a long term investment with a useful life of 25 years, a single
13 year snapshot cannot adequately assess its costs and benefits. Installing rooftop solar today will
14 not decrease the costs of generation and transmission already in the ground, but it will reduce the
15 need for future investments. Increased reliance on distributed generation reduces line losses and
16 makes use of the existing utility system more cost-efficient. Additional distributed generation
17 will also act as a hedge against future fuel price volatility and will provide environmental
18 benefits including a reduction in carbon emissions. Without a forward-looking examination of
19 the relationship between the costs and benefits of solar distributed generation, the Commission
20 cannot create informed policy decisions about the future role of distributed generation in
21 Arizona.

22 III. Summary of Recommendations

23 Vote Solar recommends that the Commission accept APS's withdrawal of its request for an
24 increase of the LFCR adjustment to \$3.00/kW and dismiss the current proceeding. By
25 withdrawing its request, APS has made clear that no immediate action is necessary and
26 consensus among parties shows that further analysis is needed before an informed decision can
27 be made. APS has attempted to bias the outcome of this proceeding by asking the Commission to

⁹ Staff Response to APS Motion, October 5, 2015, page 3, lines 1-14; RUCO Response to APS Motion, October 7, 2015, page 6, lines 19-20.

1 limit consideration of this complex policy issue by examining only one side of the benefit-cost
2 equation. This request should be denied and the Commission should set forth a framework for
3 reasoned consideration of the complex issues at hand.

4 Vote Solar is supportive of Staff's proposal to dismiss the current motion and address both cost
5 of service and value of solar issues in APS's next general rate case. As Staff points out, the
6 issues at hand are the focal point of other utility cases including the UNS Electric general rate
7 case in Docket No. G-04204A-15-0142. If the Commission decides that these issues warrant
8 consideration in advance of the next APS general rate case, Vote Solar urges the Commission to
9 examine these issues in the Value and Cost of Distributed Generation Docket (Docket No. E-
10 00000J-14-0023).

11 Vote Solar does not agree with Staff Option Two that recommends costs and benefits be
12 considered in separate dockets. Bifurcation of cost and benefit analysis would be impractical and
13 wasteful of resources. If the Commission decides to move ahead with analysis of costs and
14 benefits of distributed generation outside of the APS rate case, a comprehensive, forward-
15 looking cost-benefit analysis should be completed with input from interested parties and a full
16 evidentiary hearing.

17 We thank the Commission and its staff for the opportunity to submit these comments.

Dated: October 19, 2015



Briana Kobor
Program Director – DG Regulatory Policy
Vote Solar
360 22nd Street, Suite 730
Oakland, CA 94612
briana@votesolar.org