

ORIGINAL



0000166042

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

COMMISSIONERS

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

2015 SEP -4 P 12:41

AZ CORP COMMISS  
DOCKET CONTROL

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

COMMENTS

1 The Arizona Utility Ratepayer Alliance, ("AURA"), hereby files the attached Comments  
2 in above-captioned docket.

3 Respectfully submitted on September 4, 2015, by:

Craig A. Marks  
Craig A. Marks, PLC  
10645 N. Tatum Blvd.  
Suite 200-676  
Phoenix, AZ 85028  
(480) 367-1956  
[Craig.Marks@azbar.org](mailto:Craig.Marks@azbar.org)  
Attorney for Arizona Utility Ratepayer Alliance

16 **Original** and 13 copies **filed**  
17 on September 4, 2015, with:

18 Docket Control  
19 Arizona Corporation Commission  
20 1200 West Washington  
21 Phoenix, Arizona 85007

24 **Copies e-mailed**  
25 on September 4, 2015 to:

26 **Service List**

Arizona Corporation Commission

DOCKETED

SEP 04 2015

DOCKETED BY



Submission to DOCKET NO. E-01345A-13-0248:

In the Matter of the Application of Arizona Public Service Company for Approval of Net Metering Cost Shift Solution

**AURA Request to Establish a Common Value-of-Solar Methodology**

**Background:**

The Arizona Utility Ratepayer Alliance (AURA) was founded in 2015 to advise and represent utility ratepayers on vital issues affecting their pocketbook. AURA is a nonpolitical, non-partisan organization advocating on behalf of everyday Arizonans to ensure that utilities act responsibly with affordable rates, subject to transparent regulation, while providing sustainable utility services. Independent from the Governor's Office, Legislature, or any other government entity, AURA is unique in its commitment to all Arizona ratepayers, advocating effective and efficient utility oversight. AURA does not advocate any particular alternative energy production or efficiency measures; rather it believes that all such prudent measures should be part of Arizona's energy portfolio, with rates set accordingly but without undue ratepayer subsidies.

**Request 1:**

AURA requests that the Commission put forward a methodology parties can use to evaluate the benefits and costs of solar distributed generation (DG) to non-solar ratepayers. Further, any proposed changes to the LFCR adjustor should be weighed against the benefits and costs discovered through execution of the methodology.

Specifically, AURA requests that the Commission direct APS to utilize a 30-year levelized cost/benefit methodology with the components outlined in "Figure 1" below, focusing on solar DG.

This methodology is a comprehensive tool that the Commission and Parties can use to evaluate solar's benefits and cost-shifts. It prescribes which "value components" such as Fuel Cost Savings, Fuel Price Hedge Value, etc. will be included in DG value calculations, and will direct APS to include these components in any DG benefits calculation weighed against estimates associated with the costs of Net Metering.

**Benefits and Purpose:**

A Commission-approved standardized methodology will create a common rubric that will allow all parties participating in the proceeding to understand which value and cost components are important to the Commission, which will allow participating parties to focus their comments. This will result in a more balanced examination concerning whether and how the LFCR charge should be adjusted.

AURA recommends adopting the Value Component Recommendations listed below, which were originally included as part of Clean Power Research's "The Value of Distributed Solar Electric Generation to New Jersey and Pennsylvania November, 2012."

Figure 1. Value Component Definitions	
Value Component	Basis
Fuel Cost Savings	Cost of natural gas fuel that would have to be purchased for a gas turbine (CCGT) plant operating on the margin to meet electric loads and T&D losses.
O&M Cost Savings	Operations and maintenance costs for the CCGT plant.
Security Enhancement Value	Avoided economic impacts of outages associated due to grid reliability of distributed generation.
Long Term Societal Value	Potential value (defined by all other components) if the life of PV is 40 years instead of the assumed 30 years.
Fuel Price Hedge Value	Cost to eliminate natural gas fuel price uncertainty.
Generation Capacity Value	Cost to build CCGT generation capacity.
T&D Capacity Value	Financial savings resulting from deferring T&D capacity additions.
Market Price Reduction	Wholesale market costs incurred by all ratepayers associated with a shift in demand.
Environmental Value	Future cost of mitigating environmental impacts of coal, natural gas, nuclear, and other generation.
Economic Development Value	Enhanced tax revenues associated with net job creation for solar versus conventional power generation.
Solar Penetration Cost	Additional cost incurred to accept variable solar generation onto the grid.

**Request 2:**

In the 2014 RES Implementation Plan (E-01345A-13-0140) and the 2015 RES Implementation Plan (E-01345A-13-0140), APS proposed doing its own rooftop solar project: AZ Sun DG. In its clarification letter dated December 3, 2014 and filed in the Dockets, APS explained how the project would work. On page 5 of the letter Section II, the last bullet point states "APS commits to cost parity with current net metering rates, and if rate design is addressed in the future in a way that materially impacts existing NEM participants, APS will evaluate options for existing solar customers, as well as APS DG customers, to minimize any cost parity issues between the two groups and unintended impacts". In Commission Decision # 74878 (December 23, 2014) paragraph 24, "APS commits to cost parity". The Commission should require APS to calculate the effect of any cost parity and unintended impacts on existing solar customers, future solar customers and APS rooftop solar customers based on the change in the \$.70 per KW charge.

**Benefits and Purpose:**

To determine if any of the provisions in the APS Sun DG plan have changed. Including but not limited to the rent charge of \$30, the cost of the project and any cost shifts caused by APS rooftop solar customers.

**Request 3:**

A recent Arizona Court of Appeals decision vacated a Commission order that approved a System Improvement Benefits (SIB) mechanism for Arizona Water Company, because it violated the fair-value ratemaking requirement of the Arizona Constitution. As a threshold matter, the parties should be allowed to brief, and the Commission then determine, how the Court of Appeals decision affects the relief sought in this case.

**Benefits and Purpose:**

To not waste resources and time of all parties, including the Commission and their staff, if there is a legal problem with going forward.

*AURA thanks the Commission for its time and consideration in these matters.*