

ORIGINAL

OPEN MEETING AGENDA ITEM



0000166838

BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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AZ CORP COMMISSION
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IN THE MATTER OF THE APPLICATION
OF ARIZONA PUBLIC SERVICE
COMPANY FOR APPROVAL OF, WITH
MINOR MODIFICATIONS,
CONTINUANCE OF THE COMPANY'S
2013 DEMAND SIDE MANAGEMENT
IMPLEMENTATION PLAN THROUGH
2015.

DOCKET NO. E-01345A-15-0095

**SWEEP COMMENTS ON THE
APS 2015 ENERGY EFFICIENCY
PLAN**

COMMENTS OF THE SOUTHWEST ENERGY EFFICIENCY PROJECT

1 The Southwest Energy Efficiency Project (SWEEP) appreciates the opportunity to submit
2 comments in response to the Recommended Opinion and Order filed by Staff on November 5,
3 2015, regarding Arizona Public Service Company's (APS) application for approval of its 2015
4 Energy Efficiency (EE) Implementation Plan.

SWEEP has two main concerns with the Recommended Opinion and Order:

- 5
6
7 1. As part of its 2016 EE Plan, APS has put forth an innovative funding proposal that would
8 provide stability to customers and the DSM marketplace over the next several years.
9 SWEEP is concerned that if the Commission reduces the current level of the Demand-
10 Side Management Adjustment Charge (DSMAC) now, this innovative funding proposal
11 will be off the table when the Commission considers the 2016 Plan early next year.

12
13 *As such SWEEP recommends that that the Commission maintain the current level of*
14 *the DSMAC and consider the issue of the unallocated DSM funding during its review*
15 *of APS' 2016 EE Plan early next year.*

- 16
17 2. SWEEP continues to have concerns about the Residential Prepaid Energy Conservation
18 Program; the level of education and communication it provides; and the reliability of the
19 program's energy savings.

20
21 *As such, SWEEP recommends continuation of the pilot only if certain conditions are*
22 *met.*

1 I. As part of its 2016 EE Plan, APS has put forth an innovative funding proposal that
2 would provide stability to customers and the DSM marketplace over the next
3 several years. SWEEP is concerned that if the Commission reduces the current
4 level of the Demand-Side Management Adjustment Charge (DSMAC) now, this
5 innovative funding proposal will be off the table.

6
7 Instead SWEEP recommends that the Commission maintain the current level of
8 the DSMAC and consider the issue of the unallocated DSM funding during its
9 review of APS' 2016 EE Plan early next year. This would enable the Commission
10 to fully consider and evaluate all of its options, including this innovative funding
11 proposal.

12
13 In its 2016 EE Plan, APS has put forth an innovative funding proposal.¹ This proposal would
14 enable it to achieve compliance with the Electric Energy Efficiency Standard through 2020 while
15 avoiding large year-to-year budget variations. APS proposes achieving these outcomes by: 1)
16 Smoothing out the projected energy savings it will achieve each year through 2020; 2) using the
17 DSMAC account balance to fund EE programs over the next five years; and 3) Still lowering the
18 overall DSMAC rate. This approach would provide stability to customers and the DSM
19 marketplace over the next several years. It would also avoid large fluctuations in the DSMAC —
20 which have occurred in the past.

21
22 SWEEP is concerned that if the Commission reduces the DSMAC now -- it will be
23 precluded from considering this innovative funding proposal as part of the 2016 DSM Plan
24 review process early next year.² As such SWEEP recommends that the Commission
25 maintain the current level of the DSMAC and consider the issue of the unallocated DSM funding
26 during the Commission's review of APS' 2016 EE Plan. This would enable the Commission to
27 fully consider and evaluate all of its options, including this innovative funding proposal.

28
29 *SWEEP has prepared an amendment attached as "SWEEP Proposed Amendment No. 1" that*
30 *reflects these comments.*

31
32
33 II. SWEEP continues to have concerns about the Residential Prepaid Energy
34 Conservation Program; the level of education and communication it provides;
35 and the reliability of the program's energy savings. SWEEP recommends
36 continuation of the pilot only if certain conditions are met.

37
38 SWEEP has significant concerns about the Residential Prepaid Energy Conservation Program. In
39 particular, we believe the education and communication offerings should be enhanced to increase
40 their effectiveness and to ensure that customers fully understand the program; whether or not it is
41 the right fit for them; and their options for how to reduce their energy bills.

¹ See APS' 2016 Demand Side Management Plan application, ACC Docket No. E-01345A-15-0182,
<http://images.edocket.azcc.gov/docketpdf/0000162231.pdf> beginning at page 2.

² We understand that this Plan is tentatively scheduled to be heard during the first or second quarter of 2016.

1
2 In addition, we believe the energy savings due to the education and communication offerings
3 need to be documented in a reliable manner in an independent study reviewed by the
4 Commission. We understand that an additional study of the Prepaid Program pilot with a larger
5 sample size is forthcoming from APS. We believe this study requires review by the Commission
6 and the larger stakeholder group that the Commission established when the pilot program was
7 initially approved.

8
9 *SWEEP has prepared an amendment attached as "SWEEP Proposed Amendment No. 2" that*
10 *would allow continuation of this program as pilot only if these conditions are met.*

11
12 Thank you for the opportunity to submit these comments.

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14 Respectfully submitted this 16th day of November 2015 by:
15

16
17 

18
19 _____
20 Jeff Schlegel & Ellen Zuckerman
21 Southwest Energy Efficiency Project

22 ORIGINAL and thirteen (13) copies filed this 16th day of November 2015, with:

23
24 Docket Control
25 ARIZONA CORPORATION COMMISSION
26 1200 West Washington Street
27 Phoenix, Arizona 85007

SWEEP Proposed Amendment No. 1

The purpose of this amendment is to maintain the Commission-approved Demand-Side Management Adjustment Charge at the current level for now, and to consider the issue of the unallocated DSM funding that has been collected but unspent during the Commission's review of the APS 2016 DSM Implementation Plan in 2016, at which point the Commission would consider as one option the DSM funding allocation approach APS proposed in the 2016 Implementation Plan.

Page 16, Line 2

DELETE: \$36.5 million

REPLACE with: \$5.1 million

Page 16, Lines 6-7

DELETE: \$0.000822/kWh and \$0.310/kW

REPLACE with: \$0.001845/kWh and \$0.696/kW

Page 16, Line 8

INSERT: New Ordering Paragraph

IT IS FURTHER ORDERED that the issue of the unallocated DSM funding that has been collected but unspent shall be considered during the Commission's review of the APS 2016 DSM Implementation Plan in 2016, and that the DSM funding allocation approach APS proposed in the 2016 Implementation Plan shall be considered as one option.

MAKE ALL CONFIRMING CHANGES

SWEEP Amendment #2

The purpose of this amendment is to maintain the Commission-approved Home Energy Education Prepaid Program (Residential Prepaid Energy Conservation Program) as a pilot program until such time that (1) the education and communication offerings are enhanced to increase their effectiveness, to ensure that customers fully understand the program and their options for how to reduce their energy bills, and (2) the energy savings due to the education and communication offerings are documented in a reliable manner in an independent study reviewed by the Commission.

Page 15, Line 2

DELETE: approved

REPLACE with: continued as a pilot program

Page 15, Line 6

INSERT: New Ordering Paragraph

IT IS FURTHER ORDERED that the Home Energy Education Prepaid Program (Prepaid Energy Conservation Program) shall remain as a pilot program until such time that (1) the education and communication offerings are enhanced to increase their effectiveness, to ensure that customers fully understand the program and their options for how to reduce their energy bills, and (2) the energy savings due to the education and communication offerings are documented in a reliable manner in an independent study reviewed by the Commission.

Page 15, Line 6

INSERT: New Ordering Paragraph

IT IS FURTHER ORDERED that Arizona Public Service Company shall not count changes in customer energy use as qualifying energy savings for meeting the purpose of the Electric Energy Efficiency Standard and Rule until such time that energy savings due to the education and communication offerings of the Home Energy Education Prepaid Program (Prepaid Energy Conservation Program) are documented in a reliable manner in an independent study reviewed by the Commission.

Page 15, Line 6

INSERT: New Ordering Paragraph

IT IS FURTHER ORDERED that Arizona Public Service Company shall not count changes in customer energy use caused by disconnected electric service as qualifying energy savings for meeting the purpose of the Electric Energy Efficiency Standard and Rule.

MAKE ALL CONFIRMING CHANGES