

E-000005-14-0023

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Arizona Corporation Comm
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Investigator: Tom Davis

Phone: <<< REDACTED >>>

Opinion Date: 3/2/2016

Opinion Number: 2016 - 129110

Priority: Respond within 5 business days

Opinion Codes: Rate Case Items - Opposed

Closed Date: 3/2/2016 14:58:30

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MAR 02 2016

DOCKETED

DOCKET CONTROL

Company: Arizona Corporation Commission

DOCKETED BY

Nature Of Opinion

Docket Position: Neutral

RE: ACC Investigation of Value and Cost of Distributed Generation (DG), Docket E-00000J-14-0023. I would like to comment on the benefits of DG. The following is a summary listing of the DG benefits: o DG benefits should accrue to DG customers so that power distribution utilities should pass on power generation and transmission DG benefits. o Electric power generation and transmission savings o Electric power distribution savings o Environmental and health impact savings o Economic development o Renewable cost savings o Power security savings The following paragraphs provide more detail information concerning the DG benefits just listed. One of the overriding policy objectives of the Arizona Corporation Commission (ACC) should be that the source of the benefit should receive the benefit. This policy objective is very important for customers of electric power distribution utilities, such as Sulphur Springs Valley Electric Cooperative (SSVEC). The major DG benefits involve electric power generation and transmission (G&T). Consequently, these major G&T DG benefits along with all of the other DG benefits associated with G&T need to be captured by the electric power G&T utility and passed on to SSVEC, the electric power distribution company. The ACC must decide how this should be done; however, here are two examples: 1) The electric power G&T utility could capture the DG benefits as a separate line item, then pass the savings on to SSVEC for distribution to its DG customers, or 2) The electric power G&T utility could indicate what the DG savings are per kWh, then SSVEC could distribute the DG savings to its DG members by charging a higher rate to non-DG customers that would cover the DG savings. You are probably already aware of all of these DG benefits, but here is some additional information: Electric power generation savings: this is a major cost savings that accrues from savings due to the avoidance of or deferment of increased power generation capacity to include power generation reserve capacity, the avoidance of power generation energy costs (e.g., due to lower heat requirements, lower coal or natural gas costs and their associated future's costs due to less demand for these fuels), and the avoidance of power generation variable operations and maintenance costs. Electric power transmission grid savings: this is a major cost savings that accrues from savings due to the avoidance of or deferment of increased power transmission grid capacity, the avoidance of power transmission grid variable operations and maintenance costs, and the avoidance of line energy losses (since DG electric power is generated at or right by the customer). Electric power distribution grid savings: this is a major cost savings that accrues from savings due to the avoidance of or deferment of increased power distribution grid capacity, the avoidance of power distribution grid variable operations and maintenance costs, and the avoidance of line energy losses (since DG electric power is generated at or right by the customer). Reduction of environmental and health impacts: the cost savings that accrue from the reduced production of carbon and air pollutants or use of less water, sensitive habitats, and land. Economic development: the net increase in local, Arizona based jobs and business development and activity. Avoided renewables costs: solar DG contributes to compliance with Arizona's current Renewable Energy Standard (RES) requirements, as well as to possible future increases in those requirements. If customers did not invest in solar DG, the customer's electric utilities would have to make such investments. Enhanced electric power security: electric power grid reliability and resiliency are increased by lowering outages due to

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congestion along the transmission and distribution network, and by lowering large-scale outages by increasing the diversity of the electricity system's generation portfolio with smaller generators that are geographically dispersed.

Date:	Analyst:	Investigation	Type:
3/2/2016	Tom Davis	Other	Investigation

Entered for the record and docketed. CLOSED
