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BEFORE THE ARIZONA CORPORATION COMMISSION

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ANDY TOBIN  
COMMISSIONER

IN THE MATTER OF THE COMMISSION'S  
INVESTIGATION OF VALUE AND COST OF  
DISTRIBUTED GENERATION.

Docket No. E-00000J-14-0023

NOTICE OF FILING

The RESIDENTIAL UTILITY CONSUMER OFFICE ("RUCO") hereby provides notice of  
filing the attached Comments, in the above referenced matter.

RESPECTFULLY SUBMITTED this 22nd day of June, 2016.

Daniel W. Pozefsky  
Chief Counsel

AN ORIGINAL AND THIRTEEN COPIES  
of the foregoing filed this 22nd day  
of June, 2016 with:

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Arizona Corporation Commission

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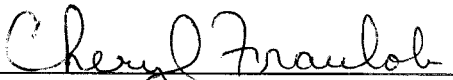
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By   
Cheryl Fraulob

## Policy Options for Value of Solar Docket

The testimony and data presented thus far in Docket No. E-00000J- 14-0023 clearly illustrates that the value of solar can be derived from a number of different methodologies and applied in a multitude of ways. Staff capably presented a “two methodology” proposal. The options laid out in Staff’s proposal are as follows:

1. **Avoided cost methodology** – A long term look at the estimated benefits of an incremental rooftop solar installation. The outcome of this methodology could be applied to all the production of a PV system or just the exports. This is similar to how energy efficiency is treated with the societal cost test.
2. **Resource Comparison Method** – This method uses a blended average cost of the entire fleet of utility scale solar installations (both PPA and utility owned) to set the export rate for rooftop solar. As new cheaper solar comes online, the rate steadily drops.

RUCO respectfully submits a third option/ implementation method that merges the above two approaches with a policy mechanism that institutes cost of service based principles.

3. **Market Fixed Contract** – Provide a solar adopter a fixed price 20-year contract that can be either applied to all production or just PV system exports. The choice would be the customer’s. The credit rate for this option will start at either the avoided cost methodology rate or the utility scale proxy value. As more customers sign up, the rate drops for new customers in a predictable and gradual manner (see chart below). The process would be identical to how the ACC administered the UFI for rooftop solar in the past.

The benefits of this approach can be the following:

1. No need to grandfather going forward
2. Retains options to self-consume
3. Value proposition does not depend on underlying rate design
4. IRP linked capacity targets can guide the policy
5. Regular check-ins can occur at Commission discretion
6. Adjusters and steps down schedules can ensure solar gets built at the lowest price for ratepayers
7. Ratepayers receive the benefits of solar as the price paid declines
8. Reduced consumer protection issues
9. Transparent allocation of costs and benefits
10. Locational value and reliability adders can be integrated into credit rates

