

ORIGINAL

EXCEPTION



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AZ CORPORATION COMMISSION
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BEFORE THE ARIZONA CORPORATION COMMISSION

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10 BOB STUMP
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12 TOM FORESE
13 ANDY TOBIN

Docket No. E-00000J-14-0023

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

**VOTE SOLAR'S
EXCEPTIONS TO THE
RECOMMENDED OPINION
AND ORDER**

Arizona Corporation Commission
DOCKETED

NOV 15 2016

DOCKETED BY

November 15, 2016

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1 Vote Solar respectfully files the following Exceptions to the Recommended
2 Opinion and Order (“ROO”). This purpose of this proceeding is to develop a
3 methodology for determining the value of rooftop solar in Arizona. The utilities,
4 however, have shifted the focus to reducing compensation for rooftop solar exports.
5 But in doing so, the utilities conflate two distinct issues: (1) the value provided by
6 rooftop solar exports, and (2) the compensation solar customers receive for exports.
7 The utilities’ attempts to jump to compensation issues puts the cart before the horse
8 because the Commission and the public should know the full value provided by rooftop
9 solar before reducing compensation. That requires a comprehensive, long-term value
10 of solar analysis.

11 Unfortunately, the methodologies adopted in the ROO would not result in a
12 reliable and accurate value of solar analysis. The ROO’s methodologies would
13 undervalue solar by failing to analyze many of the benefits that result when Arizona
14 households and small businesses install rooftop solar. For example, rooftop solar
15 provides numerous long-term benefits that accrue over a system’s twenty- to thirty-
16 year economic life. Yet the ROO draws a line in the sand at five years, ignoring
17 benefits that accrue after that time. In addition, the ROO’s methodologies would take
18 entire categories of benefits off the table, such as economic development and grid
19 security benefits. Even if some of these benefits are currently difficult to quantify, the
20 Commission should not simply ignore them as if they do not exist.

21 The ROO sets Arizona on a path toward eliminating net metering by reducing
22 rooftop solar compensation in upcoming rate cases. Yet at the same time, the ROO’s
23 recommended methodologies would prevent the Commission from possessing key data
24 quantifying the full value provided by solar. If the Commission only requires a
25 circumscribed value of solar analysis before it decides to reduce compensation, it will
26 likely result in suboptimal levels of rooftop solar installations and economically

1 inefficient outcomes that fail to fully capture the value provided by rooftop solar in
2 Arizona. To avoid this outcome, the Commission should adopt a full, long-term value
3 of solar methodology in this proceeding.

4 While Vote Solar disagrees with the ROO's methodologies and its intention to
5 eliminate net metering, Vote Solar supports the ROO's commitment to full
6 grandfathering and gradualism. As the Commission recognized in the recent UNS
7 Electric rate case, solar customers who sign an interconnection agreement before a
8 Commission decision should be fully grandfathered from harmful rate design changes.¹
9 Full grandfathering ensures that existing solar customers are treated fairly, and the
10 ROO supports this important principle. In addition, Vote Solar agrees with the ROO's
11 repeated recognition of the need for gradualism if the Commission reduces rooftop
12 solar compensation.² If net metering is eliminated in Arizona, the gradual transition
13 envisioned by the ROO will help ensure that households and small businesses that
14 wish to install rooftop solar after the Commission's decision will not face a sudden and
15 severely disrupted solar market.

16 EXCEPTIONS

17 **I. New Solar Customers Should Be Able To Lock-In The Applicable** 18 **Compensation Rate For Twenty Years.**

19 As the Commission considers reducing the compensation solar customers receive
20 for the energy they export to the grid, it should implement a framework that provides
21 solar customers with security in their investments. By making clear that existing
22 customers will be fully grandfathered, the Commission has taken a significant step in
23 this direction. The Commission should also allow customers who install rooftop solar
24 after net metering is eliminated to lock-in the applicable compensation rate for twenty

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26 ¹ Decision No. 75697 at 119:5-17 (Aug. 18, 2016).

² Recommended Opinion and Order ("ROO") at 148:8, 149:4, 153:21-23, 166:21-23,
167:15-17 (Oct. 7, 2016).

1 years. This would provide customers with pricing certainty, which is important for
2 ensuring an equitable, gradual, and sustainable transition from net metering. Notably,
3 the Residential Utility Consumer Office (“RUCO”) has supported providing solar
4 customers with similar pricing certainty.³ Moreover, UNS Electric stated in its recent
5 rate case that it could support allowing new solar customers to lock-in the reduced
6 compensation rate.⁴

7 If the Commission does not allow new solar customers to lock-in the applicable
8 compensation rate for twenty years, potential solar customers will face unreasonable
9 pricing uncertainty. Customers install rooftop solar based on the long-term economic
10 impact that will occur over a system’s twenty-year warrantied life. If potential solar
11 customers can only forecast the compensation rate they will receive until the next rate
12 case, they will be unable to make an educated investment decision.

13 Providing solar customers with certainty by allowing them to lock-in a
14 compensation rate for twenty years would also be consistent with the pricing certainty
15 enjoyed by utility-scale solar developers. As the evidence in this case has shown,
16 utilities commonly sign Power Purchase Agreements with utility-scale solar developers
17 that include twenty-year fixed or escalating pricing terms. Because the ROO
18 recommends valuing distributed solar based in part on utility-scale solar prices, rooftop
19 solar customers and utility-scale solar developers should have similar pricing certainty.

20 The Commission should modify the ROO to state that solar customers will
21 receive the compensation rate in effect at the time they sign an interconnection
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23
24 ³ RUCO Suppl. Comments (June 22, 2016) (suggesting a “market fixed contract” with a
25 “fixed price 20-year contract”); RUCO Closing Br. 13:9–10 (July 20, 2016) (under RUCO’s
26 approach, solar customers “will have predictability, grandfathering will be resolved and they
will have options”).

⁴ Docket No. E-04204A-15-0142, UNS Electric Initial Post-Hearing Br. 32:5–7 (Apr. 25,
2016) (“The Company could support having the effective Renewable Credit Rate at the time of
DG interconnection being locked in for that customer for a set period of time.”).

1 agreement for twenty years. Attachment 1 contains proposed language for an
2 amendment providing this pricing certainty to new solar customers.

3 **II. The Avoided Cost Methodology Should Examine Benefits and Costs**
4 **Over a Twenty-Year Period.**

5 Similar to many other electric system investments, rooftop solar systems have a
6 twenty- to thirty-year economic life. As a result, when Arizona households and small
7 businesses install rooftop solar, these systems will benefit the electric system for
8 decades into the future. The Avoided Cost Methodology adopted by the ROO would
9 only consider benefits and costs that occur within a five-year window. Accordingly, this
10 methodology would necessarily fail to fully and accurately value rooftop solar, which
11 would result in an economically inefficient outcome for all Arizona ratepayers.

12 The ROO recommends the Avoided Cost Methodology only analyze benefits and
13 costs within a five-year period because a long-term analysis would pose a “risk” of
14 including “speculative benefits and costs.”⁵ But the Commission should not ignore long-
15 term benefits and costs simply because they require forecasts of future conditions.
16 While some uncertainty may be inherent to long-term forecasts, long-term forecasts and
17 analyses are crucial tools for utilities (and other businesses). Arizona’s utility system is
18 a network of long-lived capital assets, and utilities develop long-term Integrated
19 Resource Plans (“IRPs”) that include numerous long-term forecasts. For example, when
20 utilities develop IRPs, they routinely produce sophisticated forecasts of uncertain
21 future events, such as natural gas prices, future carbon dioxide regulation, and
22 customer load growth. Long-term analysis using the best available information at the
23 time of the analysis is a routine part of utility planning. Analyzing the long-term
24 benefits and costs of rooftop solar would require a similar long-term analysis, so there
25 is no reason to ignore these benefits and costs. Arbitrarily limiting the value of solar
26

⁵ ROO at 166:26–27.

1 analysis to a five-year period will systemically undervalue solar, which should outweigh
2 concerns regarding the “speculation” that is inherent in any long-term forecast.

3 The ROO suggests its five-year approach would not ignore long-term benefits
4 and costs because the Commission would repeat the five-year analysis in future rate
5 cases.⁶ The reasoning seems to be that if a benefit would accrue in 2025, for example, a
6 future value of solar analysis would incorporate that benefit in a rate case occurring
7 after 2020. This rationale is incorrect. If the Commission does not consider the full
8 long-term value provided by rooftop solar when it conducts the initial analysis, it will
9 likely result in a lower compensation rate for rooftop solar exports because the
10 supposed “value” of solar will be lower than it actually is. This in turn will likely result
11 in less rooftop solar installations due to the unreasonably low compensation rate. The
12 result is an economically inefficient outcome, as the long-term value of the rooftop solar
13 that customers would have installed but for the unreasonably low compensation rate
14 would never materialize. Accordingly, even if the Commission periodically updates the
15 analysis in future rate cases, there will be a loss associated with the delayed
16 development of rooftop solar. Moreover, this flaw is compounding. During the next
17 rate case the updated analysis will again be limited to a five-year period, so future
18 analyses will again undervalue rooftop solar and continue the uneconomic stifling of
19 rooftop solar installations.

20 The Commission should modify the ROO’s Avoided Cost Methodology to include
21 the long-term benefits and costs that occur over a rooftop solar system’s twenty-year
22 economic life. Doing so would be consistent with the value of solar analyses conducted
23 in other states and Arizona Public Service Company’s (“APS”) 2013 and 2009 value of
24 solar analyses,⁷ along with the recommendations in this proceeding of Vote Solar,

26 ⁶ *Id.* at 149:17–23, 167:7–8.

⁷ Briana Kobor Direct Test. 14:1–16:7 (Feb. 25, 2016) (“Kobor Direct”) (Ex. Vote Solar-7).

1 RUCO, and The Alliance for Solar Choice (“TASC”). In addition, while Staff prefers a
2 shorter-term analysis, it has acknowledged a long-term analysis would be feasible.⁸
3 **Attachment 2** contains proposed language for an amendment to adopt a 20-year
4 Avoided Cost Methodology.

5 **III. The Avoided Cost Methodology Should Include All Categories of**
6 **Benefits and Costs.**

7 Value of solar analyses typically analyze at least seven types of benefits: (1)
8 energy generation savings, (2) generation capacity savings, (3) transmission capacity
9 savings, (4) distribution capacity savings, (5) environmental benefits, (6) economic
10 development benefits, and (7) grid security benefits.⁹ The ROO’s Avoided Cost
11 Methodology would entirely omit several of these benefits. Specifically, the ROO
12 excludes “societal and economic benefits” from the value of solar analysis, along with
13 fuel hedging benefits.¹⁰ By categorically taking some benefits off the table, the ROO’s
14 Avoided Cost Methodology would undervalue rooftop solar.

15 The ROO suggests societal, economic, and fuel hedging benefits are speculative
16 and difficult to quantify at this time. Even if that were true, the Commission should
17 not ignore these benefits as if they do not exist. Instead, at a minimum, the Avoided
18 Cost Methodology should acknowledge these benefits and discuss them qualitatively.
19 And if these benefits can be quantified in the future, they should be included
20 quantitatively in future value of solar analyses. APS witness John Sterling’s discussion
21 of the Tennessee Valley Authority (“TVA”) process provides an example of how Arizona
22 should consider more controversial or emerging benefit categories. In addition to

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24 ⁸ Staff Reply Br. 12:20–23 (Aug. 5, 2016) (“While Staff prefers a more limited forecasting
25 period . . . it also acknowledged that if the Commission desires to utilize a long-term forecast to
26 determine the value of solar, there are ways to address to some extent the inherent risk
associated with longer term forecasts.”).

⁹ Kobor Direct 26:3–10 (Ex. Vote Solar-7); *see also* Letter from Doug Little, Comm’r, Ariz.
Corp. Comm’n, to Comm’rs and Interested Parties 1–2 (Dec. 22, 2015) (listing six categories of
benefits).

1 quantifying many rooftop solar benefits, the TVA stakeholder process included a
2 number of value streams that were examined in the context of public policy discussions
3 or treated as placeholder topics to be further discussed in the future.¹¹

4 The Commission should adopt a similar approach here. At a minimum, the
5 Commission should consider societal, economic, and fuel hedging benefits qualitatively,
6 and then reexamine the benefits in future rate cases and quantify them if possible.
7 Furthermore, the Commission should make clear that future value of solar analyses
8 should include any additional benefit and cost categories that emerge in the future.
9 Rather than excluding certain types of benefits and costs from the analysis, this
10 approach will provide appropriate flexibility so the analysis can evolve in the future.
11 Providing such flexibility would be consistent with the ROO's intention to develop "the
12 strongest and most flexible tool" for valuing rooftop solar.¹² Attachment 3 contains
13 proposed language for an amendment to include all benefit and cost categories in the
14 Avoided Cost Methodology.

15 **IV. The Commission Should Not Establish a Preference for the Resource**
16 **Comparison Proxy.**

17 The ROO establishes two methodologies for valuing rooftop solar: an Avoided
18 Cost Methodology and the Resource Comparison Proxy Methodology.¹³ While the ROO
19 instructs Staff to employ both methodologies, the ROO appears to establish a
20 preference for the Resource Comparison Proxy. Specifically, the ROO states: "Use of
21 utility-scale solar obligations represents the most reliable and objective avoided cost
22 proxy for rooftop solar and diminishes concerns for the inclusion of societal and
23 environmental factors and other externalities in valuing solar DG exports."¹⁴ The

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25 ¹⁰ ROO at 150:9–13, 167:3–6.

¹¹ See, e.g., John Sterling Direct Test. 5:13–6:7 (Feb. 25, 2016) (Ex. APS-4).

¹² ROO at 148:6.

¹³ *Id.* at 147:23–151:26.

¹⁴ *Id.* at 167:9–11.

1 Commission should not establish a preference for the Resource Comparison Proxy
2 Methodology over the Avoided Cost Methodology.

3 The Resource Comparison Proxy method would “value” distributed rooftop solar
4 based on recent utility-scale solar prices. This is improper because distributed solar
5 and utility-scale solar are not interchangeable resources. The smaller, decentralized
6 nature of distributed solar provides distinct benefits that utility-scale solar does not
7 provide. For example, distributed solar provides: (1) higher generation capacity value
8 due to the geographic diversity of thousands of distributed solar systems spread across
9 a service territory, (2) potentially greater avoided distribution costs and grid services,
10 (3) greater local employment benefits, (4) customer capital investments that benefit the
11 utility and non-solar customers, (5) scalability with developing storage technologies, (6)
12 beneficial competition with utility-provided energy, (7) increased customer knowledge
13 and acceptance of distributed energy resources, and (8) increased energy independence
14 for households and small businesses.¹⁵ The Commission and other states have
15 recognized that distributed resources provide unique benefits by creating distributed
16 generation “carve-outs” in renewable energy standards.¹⁶ Because distributed solar
17 provides unique benefits and is not interchangeable with utility-scale solar, the
18 Resource Comparison Proxy Methodology will not accurately value rooftop solar.

19 In addition, the price utilities pay for utility-scale solar has no impact on the
20 value rooftop solar exports provide to a utility’s non-solar customers. The approach
21 may be more appropriate if utility-scale solar was the marginal resource and the utility
22 would purchase additional utility-scale solar but for distributed solar exports. But that
23 is not the case, as natural gas generation is typically the marginal resource. The more
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25

26 ¹⁵ Vote Solar Reply Br. 13:13–14:5 (Aug. 5, 2016).

¹⁶ *Id.* at 14:6–15:8.

1 accurate and reliable methodology to value rooftop solar is the long-term Avoided Cost
2 Methodology.

3 While Vote Solar opposes the Resource Comparison Proxy Methodology as the
4 preferred method for valuing rooftop solar, it supports the ROO's decision to adopt the
5 method as an additional tool that can provide supplemental information in the interim
6 as a long-term Avoided Cost Methodology is fully implemented. But the Resource
7 Comparison Proxy method should not be the ongoing preferred methodology, and it
8 should not supplant a long-term Avoided Cost Methodology. Moreover, the ROO should
9 not characterize the Resource Comparison Proxy as the "most reliable" proxy for rooftop
10 solar.¹⁷ The Resource Comparison Proxy is untested, as there is no evidence that other
11 states have ever used the methodology to value rooftop solar. This stands in stark
12 contrast to the long-term Avoided Cost Methodology, which has been employed
13 numerous times to value rooftop solar in states such as Maine, Vermont, Mississippi,
14 Nevada, and Minnesota.¹⁸ **Attachment 4** contains proposed language for an
15 amendment to remove statements that establish a preference for the Resource
16 Comparison Proxy Methodology.

17 **V. The Commission Should Authorize an Independent Third-Party to**
18 **Conduct a Long-Term Avoided Cost Analysis with Input from a**
19 **Stakeholder Advisory Group.**

20 The ROO instructs Staff to calculate the value of solar based on the Avoided
21 Cost and Resource Comparison Proxy Methodologies within forty-five days of receiving
22 the necessary data from the utilities.¹⁹ Vote Solar agrees that Staff, rather than the
23 utilities, should conduct the value of solar analyses given the utilities' self-interest in
24 reducing solar compensation. Yet Vote Solar is also aware of the substantial burden
25 this places on Staff to conduct multiple value of solar analyses in a relatively short

26 ¹⁷ ROO at 167:9.

¹⁸ Kobor Direct 16:1-7.

1 timeframe. To assist Staff in this task, the Commission should consider having Staff
2 direct an independent third-party consultant to implement the long-term Avoided Cost
3 Methodology. The Commission could form a Stakeholder Advisory Group to assist Staff
4 in the process and to help develop a robust report that would allow interested parties to
5 examine the relevant inputs and assumptions. Through stakeholder collaboration, Vote
6 Solar is hopeful the process would result in a robust and collaborative methodology that
7 can be updated easily in future proceedings. **Attachment 5** contains proposed
8 language for this amendment.

9 **VI. The Commission Should Not Eliminate Net Metering and Then Begin a**
10 **Rulemaking To Amend the Net Metering Rules.**

11 The Commission's Net Metering Rules codify retail rate net metering, and the
12 regulations contain no waiver provision.²⁰ Consequently, the utilities' proposals in the
13 pending rate cases to eliminate net metering would violate the law. The Commission
14 adopted the Net Metering Rules through formal rulemakings.²¹ As a result, the
15 Commission cannot vacate or amend these regulations unless it begins a new
16 rulemaking process, with the requisite public notice and opportunity for public
17 participation.²²

18 The ROO seems to recognize this point, as it calls for the end of net metering and
19 contemplates a new rulemaking process.²³ Specifically, the ROO directs Staff to file a
20 Staff Report with recommendations on a new rulemaking "within 60 days following the
21 date that the Commission has issued a Decision in the pending [APS] rate case."²⁴ This
22 timing is backwards. If the Commission wishes to eliminate net metering, it can only

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24 ¹⁹ ROO at 153:1-2, 168:23-24.

²⁰ A.A.C. R14-2-2302(11), *id.* R14-2-2306; *see also id.* R14-2-1801(M).

²¹ *See* 15 Ariz. Admin. Reg. 638 (Apr. 17, 2009); 13 Ariz. Admin. Reg. 2389 (July 6, 2007).

²² *See, e.g.,* Ariz. Rev. Stat. § 41-1001(19) (a "rule" subject to the Arizona APA includes "the amendment or repeal of a prior rule").

²³ ROO at 146:19-147:2, 171:10-16.

²⁴ *Id.* at 171:10-11; *see also id.* at 146:25-28 (same).

1 do so after it completes a new rulemaking amending the Net Metering Rules. The
2 ROO, however, anticipates eliminating net metering in the APS rate case, and then
3 beginning the rulemaking process to amend the Net Metering Rules after the APS
4 decision. The Commission cannot lawfully violate the Net Metering Rules in the
5 pending rate cases, and then amend the rules after-the-fact in this manner.

6 Accordingly, the Commission should delete the ROO's language directing Staff to file a
7 Staff Report on a new rulemaking within sixty days after the APS rate case decision.

8 Attachment 6 contains proposed language for this amendment.

9 **CONCLUSION**

10 For the reasons discussed above, Vote Solar respectfully requests that the
11 Commission modify the ROO as follows:

- 12 1. Provide pricing certainty by clarifying that new solar customers will be able to
13 lock-in the applicable compensation rate when they sign an interconnection
14 agreement for twenty years. See Attachment 1.
- 15 2. Modify the ROO's recommendation that the Avoided Cost Methodology only
16 analyze benefits and costs over a five-year timeframe. Instead, the Avoided Cost
17 Methodology should analyze the benefits and costs that accrue over a rooftop
18 solar system's twenty-year economic life. See Attachment 2.
- 19 3. Provide flexibility by modifying the ROO's recommendation that the Avoided
20 Cost Methodology ignore certain types of benefits, such as societal, economic,
21 and fuel hedging benefits. Instead, at a minimum, the Avoided Cost
22 Methodology should acknowledge all benefits and costs and discuss them
23 qualitatively. If such benefits and costs can be quantified in the future, they
24 should be included quantitatively in future value of solar analyses. See
25 Attachment 3.

- 1 4. Remove language that establishes a preference for the Resource Comparison
2 Proxy Methodology. See Attachment 4.
- 3 5. Authorize an independent third-party to conduct the long-term Avoided Cost
4 Methodology with input from a Stakeholder Advisory Group. See Attachment
5 5.
- 6 6. Delete the ROO's recommendation to begin a rulemaking to modify the Net
7 Metering Rules after the Commission eliminates net metering in the pending
8 APS rate case. See Attachment 6.

9
10 DATED November 15, 2016.

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ATTACHMENT 1

Attachment 1

Allowing Customers to Lock-In the Applicable Compensation Rate for Twenty Years

Purpose:

This amendment allows customers to lock-in the compensation rate in effect when they sign an interconnection for a period of twenty years. If a new compensation rate is approved in the following rate case, that compensation rate would apply only to new customers.

Proposed Amendment Language:

At page 151, line 15, after the sentence ending in “rate and resulting uncertainty,”
INSERT: “Customers who sign an interconnection agreement will receive the compensation rate in effect at that time for a period of twenty years. If a new compensation rate is approved in the following rate case, that compensation rate will apply only to new customers. In the event of a change in ownership of the system, the locked rate will stay with the system rather than the customer.”

At page 167, line 15, **INSERT** new Finding of Fact 142: “Customers who sign an interconnection agreement will receive the compensation rate in effect at that time for a period of twenty years. If a new compensation rate is approved in the following rate case, that compensation rate will apply only to new customers. In the event of a change in ownership of the system, the locked rate will stay with the system rather than the customer.”

ATTACHMENT 2

Attachment 2

Twenty-Year Term for Avoided Cost Methodology

Purpose:

This amendment modifies the term of the Avoided Cost Methodology from five years to twenty years.

Proposed Amendment Language:

At page 148, lines 3–4, **DELETE** “with a short-term forecasting view limited to five years to approximately reflect the time that elapses between utility rate cases” and **INSERT** “with a forecasting view of twenty years.”

At page 148, lines 15–18, **DELETE** “using a shorter, five year forecast of avoided costs rather than a longer, 20 to 30 year forecast as recommended by TASC, Vote Solar, and RUCO. We believe that a 20 to 30 year forecast would incorporate inherently speculative data based on factors that could be easily manipulated.”

At page 149, line 10, **DELETE** “with Five-Year Forecasting” and **INSERT** “with Twenty-Year Forecasting.”

At page 149, lines 17–23, **DELETE** the first two sentences of the paragraph that begins “The fact that rooftop solar systems have an expected life of 20 to 30 years”

At page 149, line 27, **DELETE** “with a five-year forecasting timeframe” and **INSERT** “with a twenty-year forecasting timeframe.”

At page 152, line 6, **DELETE** “with Five-Year forecasting” and **INSERT** “with Twenty-Year forecasting.”

At page 152, line 8, **DELETE** “over a five-year horizon” and **INSERT** “over a twenty-year horizon.”

At page 166, lines 25–27, **DELETE** Finding of Fact 135.

At page 167, line 7, **DELETE** “A five year forecast” and **INSERT** “A twenty year forecast.”

At page 167, lines 22–24 **DELETE** “with a short-term forecasting view limited to five years to approximately reflect the time that elapses between utility rate cases” and **INSERT** “with a twenty-year forecasting view.”

At page 167, line 28 **DELETE** “with Five-Year forecasting” and **INSERT** “with Twenty-Year forecasting.”

ATTACHMENT 3

Attachment 3

Inclusion of All Benefit and Cost Categories in Avoided Cost Methodology

Purpose:

This amendment modifies the Avoided Cost Methodology to include all categories of benefits and costs.

Proposed Amendment Language:

At page 150, lines 11–12, **DELETE** “is a speculative endeavor that has no place in ratemaking” and **INSERT** “should be considered in the policy discussion but may not necessarily be included in the quantitative analysis.”

At page 150, lines 13–17, **DELETE** paragraph that begins “We do not believe” and **INSERT** “The Avoided Cost methodology should consider all categories of benefits and costs identified in Exhibit A. To the extent values for specific categories are found to be zero, those categories shall be considered in future valuations. In addition, Exhibit A is intended to be an illustrative list of benefit and cost categories and should not be interpreted to prevent additional categories of costs and benefits from being included in future analyses.”

At page 167, lines 3–6, **DELETE** Findings of Fact 137 and 138.

ATTACHMENT 4

Attachment 4

Removing Statements that Establish a Preference for the Resource Comparison Proxy Methodology

Purpose:

This amendment removes statements that establish a preference for the resource comparison proxy method over the avoided cost method.

Proposed Amendment Language:

At page 149, lines 1–4, **DELETE** “Moreover, use of utility scale solar obligations represents the most reliable and objective proxy for rooftop solar by diminishing concerns that societal and environmental factors, as well as other externalities, should be included in the equation.”

At page 167, lines 9–11, **DELETE** Finding of Fact 140.

ATTACHMENT 5

Attachment 5

Authorizing an Independent Third-Party to Implement the Avoided Cost Method with Input from a Stakeholder Advisory Group

Purpose:

This amendment authorizes an independent third-party to conduct the Avoided Cost Methodology with input from a Stakeholder Advisory Group.

Proposed Amendment Language:

At page 153, line 2, **DELETE** "Perform the analysis" and **INSERT** "With input from a Stakeholder Advisory Group, direct a third-party consultant to perform the analysis"

At page 168, line 24, **DELETE** "Perform the analysis" and **INSERT** "With input from a Stakeholder Advisory Group, direct a third-party consultant to perform the analysis"

Note: The ROO envisions 45 days for this analysis. Vote Solar defers to Staff to recommend the appropriate time period.

ATTACHMENT 6

Attachment 6

Deleting Recommendation to Amend the Net Metering Rules After Net Metering is Eliminated in the APS Rate Case

Purpose:

This amendment deletes the recommendation to begin a rulemaking to modify the Net Metering Rules after net metering is eliminated in the pending Arizona Public Service Company rate case.

Proposed Amendment Language:

DELETE page 146, line 25–page 147, line 2.

DELETE page 171, lines 10–16.