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AZ CORP COMMISSION
DOCKET CONTROL

April 1, 2015

Docket Control
Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Re: Notice of Filing - UNS Electric, Inc.'s 2015 REST Compliance Report for the year ended 2014, Docket No. E-01933A-14-0249
(2e)

Pursuant to Arizona Administrative Code R14-2-1812, each Affected Utility shall file with Docket Control a report that describes its compliance with the requirements of the Renewable Energy Standard and Tariff ("REST") Rules. UNS Electric, Inc. hereby files its 2015 REST Compliance Report for year-end 2014.

Because the Report contains confidential information, such information has been redacted from this filing. The un-redacted Report shall be provided directly to Staff pursuant to the terms of the Protective Agreement executed in Docket No. E-01933A-14-0249.

If you have questions or comments please contact me at (520) 884-3680.

Sincerely,

Melissa Morlaes
Regulatory Services

cc: Compliance Section

Arizona Corporation Commission
DOCKETED

APR 01 2015

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UNS ELECTRIC, INC.

**Response to R14-2-1812 Utility Reporting Requirements
of the
Arizona Corporation Commission**

**RENEWABLE ENERGY DATA
FOR
YEAR-END 2014**

Executive Summary

2014 Renewable Energy Standard (“RES”) Results

Compliance with RES Requirements

For calendar year 2014, the Commission established through A.A.C. R14-2-1804(B) an annual RES requirement of 4.5 percent of the utility’s 2014 retail kilowatt-hour (“kWh”) sales, with 30 percent of the total requirement to be fulfilled with energy produced from Distributed Energy (“DE”) resources. This separate DE carve-out provision requires half of the total DE requirement to come from residential resources and half from non-residential resources. A summary of UNS Electric, Inc.’s (“UNSE” or “Company”) 2014 compliance requirements is shown in Table 1a. For the purposes of RES compliance tracking, A.A.C. R14-2-1801(N) defines a Renewable Energy Credit (“REC”) as a kWh or kWh equivalent of eligible renewable resources; however, throughout this Compliance Report, UNSE reports its production in both kWh and MWh.

Table 1b (see page 4) shows UNSE compliance and total RES resources. In 2014, the Company’s total RES resources, including Annualized Production and Reservations, were 97,159 MWh, which is 5.8 percent of UNSE’s total 2014 retail sales. Total DE resources for the year reached 56,011 MWh. Total Residential actual performance was 137 percent of the requirement for 2014 and Non-Residential was 164 percent of the Non-Residential requirement. UNSE will retire a total of 75,485,000 RECs for 2014 (Actual production of Residential DE of 21,517,262; Non-Residential DE of 21,382,758; and 32,584,980 of Non-DE).

Compliance Report - Energy
Table 1a - Renewable Resources

UNS Electric, Inc.

Resource	Technology	Ownership	MWac ¹	MWdc ¹	Production (Actual) kWh	Production: Actual or Annualized ² kWh	Multiplier Credits	Total kWh or Equivalent
PPAs								
Western Wind	Wind	PPA	10.5		20,542,364	20,542,364	1.00	20,542,364
Black Mountain	PV	PPA		9.87	22,327,083	22,327,083	1.00	22,327,083
Manufacturing Credit	PV	Global Solar		248.14	543,422	543,422	1.00	543,422
Gross Total (if needed)					43,412,869	43,412,869		43,412,869
Adjustment for 10% wholesale DG applied to Non-Subtotal Generation					(2,264,551)			(2,264,551)
Subtotal Generation					41,148,318	43,412,869		41,148,318
DISTRIBUTED ENERGY (DE):								
<i>Incentive Residential: Installed</i>								
PV	PV	Customer/Leased		9.99	14,843,105	17,484,250	1.00	17,484,250
H2O	Water Heating	Customer			416,000	416,000	1.00	416,000
Wind	Wind	Customer	0.30		168,621	168,621	1.00	168,621
Incentive-Total Installed					15,427,726	18,068,871		18,068,871
<i>Incentive Residential: Reserved PV</i>								
PV	PV	Customer/Leased		3.01		5,265,768	1.00	5,265,768
Gross Total (if needed)					15,427,726	23,334,639		23,334,639
Adjustments (if needed)								
Extra Credits ⁴								
In-State Manufacturing and Installation Content					8,548			8,548
In-State Power Plant Installation Credit					28,494			28,494
Distributed Generation Credit					28,494			28,494
Total Installed including Extra Credits								18,134,407
Subtotal Residential Incentive					15,493,262	23,334,639		23,400,175
<i>Non-Incentive Residential: Installed</i>								
PV	PV	Customer/Leased		1.34	509,650	2,343,250	1.00	2,343,250
Non-Incentive-Total Installed					509,650	2,343,250		2,343,250
<i>Non-Residential Incentive: Installed</i>								
PV	PV	Customer/Leased		6.53	9,752,817	11,432,750		11,432,750
H2O	Water Heating	Customer			352,362	352,362		352,362
Heating	Pool Heating	Customer			463,357	463,357		463,357
Wind	Wind Turbine	Customer	0.01		6,112			6,112
Total Installed					10,574,648	12,248,469		12,254,581
<i>Utility Owned: Installed</i>								
La Senita	PV	UNSE		1.22	1,683,894		1.00	1,683,894
Rio Rico	PV	UNSE		7.20	4,091,666	12,960,000	1.00	12,960,000
Wholesale 10% of DG requirements								2,264,551
Total Non-Residential					16,350,207	25,208,469		29,163,025
Reserved PV	PV			0.68		1,183,000		1,183,000
Gross Total (if needed)					16,350,207	25,208,469		30,346,025
Adjustments (if needed)					2,264,551			2,264,551
Subtotal Incentive Non-Residential DE					18,614,758	25,208,469	-	32,610,576
<i>Non-Incentive Non-Residential: Installed</i>								
PV	PV	Customer/Leased		0.16	221,048	278,250	1.00	278,250
Non-Incentive-Total Installed					221,048	278,250		278,250
Subtotal Distributed Energy (B + C)					34,108,020	48,543,108	-	56,010,751
Total RES Resources (A + D)					75,256,338	66,747,507	-	97,159,069
Total 2014 RES Resources Available for Retirement⁵					75,256,338	-		75,256,338
Total MWac equivalent³								

Notes to Table 1:

¹ Generation capacity is generally reported in MWac and DE is generally reported in MWdc.

² Assumes 1,750 kWh per installed kW for non-metered or current year installed residential PV systems, and 1,750 kWh per installed kW for similar non-residential systems.

³ Represents the total RES portfolio capacity in MWac. An 85% dc-ac conversion factor is applied to all dc capacity.

⁴ Extra Credit Multipliers

Early Installation Extra Credit: Installed and Began Operating in

2001 0.3
2002 0.2
2003 0.1

In-State Power Plant Extra Credit (1997-2005)

0.5

In-State Manufacturing and Installation Content (1997-2005)

0.5 X (% in-state content in installed plant)

DE Solar Electric Generator and Solar Incentive Program (1997-2005)

0.5

⁵ Does not include Annualized Production or Reservations

UNS Electric, Inc.

Table 1b - Compliance Summary

			Compliance Measure (MWh)	Available RECs for Retirement	Carryforward
Retail Sales	Actual MWh Sales for 2014		1,677,445		
2014 Carrying Balance				104,453	
Residential DE				6,024	-
Non-Residential DE				2,768	-
Non-DE Balance				95,661	95,661
2014 Total RES Requirement	% of Retail Sales	4.5%	75,485		
DE Requirement	% of RES Requirement	30%	22,646		
Residential DE	% of DE Requirement	50%	11,323	15,493	-
Non-Residential DE	% of DE Requirement	50%	11,323	18,615	-
Non-DE	Non-DE Requirement = Total RES Requirement - Residential RECs ¹ - Non- Residential RECs ¹		32,585	41,148	8,563
Total Resources Available for 2014 REC Retirement				179,709	
Retirement				75,485	
Residential DE				21,517	
Non-Residential DE				21,383	
Non-DE				32,585	
Total 2015 Carryforward² Balance					104,224

1: Includes carryforward balance

2: Carryforward RECs + Non-DE RECs - Non-DE Retired RECs

Table 2b - RES Cash Incentive Costs

UNS Electric, Inc.

2014 Distributed Energy Cash Incentive Program Costs

Up-Front Incentives								2014 Total Incentives Paid (\$)
	MW	MWh ¹	(\$/MW)	(\$/MWh)				
Residential:								
Total PV	1.266	2,215.500	\$ 98,019.84	\$ 56.01				\$ 124,093.12
Total Water Heating								-
Non Incentive:	1.263	2,210.250						\$ -
Subtotal: Residential								\$ 124,093.12

	MW	MWh ¹	Up-Front Incentives		Production-Based Incentives		2014 Total Incentives Paid (\$)
			(\$/MW)	(\$/MWh)	(\$/MW)	(\$/MWh)	
Non-Residential:							
UFIs							
PV	0.031	54.250	\$ 100,451.61	\$ 57.40			\$ 3,114.00
Water Heating							
Pool Heating							-
PBIs							
PV	1.146	2,005.500		26.49	\$ 46,365.62	\$ 26.49	53,135.00
PBI Legacy							
PV	3.528	6,173.895		\$ 98.28	\$ 171,989.04	\$ 98.28	606,767.00
Subtotal: Non-Residential							\$ 663,016.00
Total DE Incentive Costs							\$ 787,109.12

Notes to Table:

¹Based on expected annual system production. 1750 conversion factor

Other Reports

UNS Electric Inc.
ACC Budget
 January through December 2014

	Jan - Dec 14
Revenue	
Tariff Revenue	5,948,522
Carryforward from Previous Years	1,393,241
Income	7,341,763
 Expenses	
Utility Scale Energy	
AMCCCG	3,738,661
Total UNSE Owned	1,687,757
Total Utility Scale	5,426,418
 Customer Sited Distributed Renewable Energy	
Commercial UFI	100,000
Residential UFI	100,000
Production Based Payment	1,348,541
Meter Reading	6,250
Education Outreach	30,000
Total Customer Sited DE	1,584,791
 Total Technical Training	37,500
Total Information Services	20,000
Total Labor & Administration	193,424
Metering	47,430
AZ Solar Website	1,000
Total Research & Development	31,200
Total Expenses	7,341,763
Net Revenue	\$ -

UNS Electric Inc.
REST Revenue and Expenses
January through December 2014

	Jan - Dec 14
Revenue	
Tariff Revenue	\$ 6,180,955
Total Revenue	6,180,955
 Expenses	
<i>Purchased Renewable Energy</i>	
REC Purchases	13,586
AMCCCG	3,423,196
UNSE Owned	1,416,683
Total Purchased Renewable Energy	4,853,466
 <i>Customer Sited Distributed Energy</i>	
Commercial Up-Front Incentives	3,114
Production Based Payment	614,502
Residential Up-Front Incentives	99,217
Total Customer Sited DG	716,833
Information Services	20,000
<i>Labor & Administration</i>	
Internal Labor & Fees	129,902
Office Supplies & Other	10,702
Other Implementaiton Costs	3,292
External Labor & Reporting	47,168
Total Labor & Administration	191,064
Total Metering	98,236
Total Outreach Efforts	29,336
AZ Solar Website	585
Total Research & Development	31,038
Total Technical Training	36,035
Total Expenses	5,976,593
Net Revenue	\$ 204,361