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COMMISSIONER STUMP'S PROPOSED AMENDMENT NO. 2

DATE PREPARED: August 8, 2016

RECEIVED

COMPANY: UNS Electric, Inc. AGENDA ITEM NO. 22

AZ CORP COMMISSION  
DOCKET CONTROL

DOCKET NO. E-04204A-15-0142 OPEN MEETING DATE: August 9 and 10, 2016

2016 AUG 8 PM 4:25

Page 116, line 19

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"As RUCO has correctly noted, "the Value of Solar docket focuses on deriving a methodology to calculate . . . dollar value[s], not a methodology for a rate design/compensation structure" (RUCO Exceptions, p. 1). As the Commission awaits the conclusions of the Value of Solar docket, which will inform our decision-making in phase two of this proceeding, we acknowledge the principles that generally guide our decision-making as we embark upon modernizing our ratemaking processes. Just and reasonable rates in the public interest involve rates that ensure fair compensation to solar DG customers, while being tempered by the non-firm nature of energy and DG users' reliance on the grid for backup services, voltage and frequency regulation, and ancillary services, among other factors. We acknowledge that retail rates embed fixed costs associated with maintenance of the grid, costs which must be borne by all ratepayers. We agree with RUCO that "DG customers have additional costs that non-DG customers do not [have]" (ROO, p. 53) and reject claims that different rate treatments based on differences between DG and non-DG customers are inherently arbitrary, unjust and discriminatory. Mere adherence to the status quo, as Arizona moves into an era dominated by the challenges and opportunities of increased distributed generation on the grid, is unlikely to serve the public interest.


Furthermore, we are concerned that outdated rate designs may contribute to under-recovery of fixed costs and may not adequately reflect cost causation. Sending correct price signals to customers, avoiding misaligned subsidies, and incentivizing efficiencies and innovation are critical if peak system load is to be reduced and efficient use of system resources is to be achieved – goals which benefit all ratepayers. Moreover, in light of the existence of a cost-shift from DG to non-DG customers, we urge the swift completion of the Value of Solar docket so that equity for all customers – solar and non-solar alike – may be attained before the cost-shift increases as DG penetration grows. As a matter of principle and of policy, requiring the purchase of excess solar DG power whether it is actually needed and compensating excess solar at the retail rate no matter when the excess power is received, or treating kWhs delivered during less-valuable off-peak periods the same as kWhs delivered during a system peak, may not represent efficient use of system resources or an equitable long-term solution for all ratepayers. Public policy should not be ossified, and competition, choice, innovation and market-based solutions are the preferred approach as we enter a new era dominated by customer-sited technologies and the grid upgrades and innovations that enable such technologies to exist and flourish. Potentially modernizing net metering policies based on data-driven conclusions reached in the Value of Solar docket is part and parcel of the mission of ensuring rates that are just and reasonable and in the public interest."

\*\* MAKE ALL CONFORMING CHANGES

Arizona Corporation Commission

DOCKETED

AUG 08 2016

<b>THIS AMENDMENT:</b>		
<input type="checkbox"/> Passed	<input type="checkbox"/> Passed as amended by _____	DOCKETED BY 
<input type="checkbox"/> Failed	<input type="checkbox"/> Not Offered <input type="checkbox"/> Withdrawn	