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**ARIZONA CORPORATION COMMISSION**

Arizona Corporation Commission

**DOCKETED**

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Docket Control  
Arizona Corporation Commission  
1200 W Washington St.  
Phoenix, AZ 85007

**RE: Docket No. E-00000Q-16-0289; Review, Modernization and Expansion of the Arizona Energy Standards and Tariff Rules and Associated Rules.**

Dear Commissioners and Other Interested Parties:

I am writing to the docket today to provide the public and my fellow Commissioners an update on the Arizona Energy Modernization Plan, as well as a timeline of how we have arrived at this point and how staff has explained the process will move forward.

The Renewable Energy Standard and Tariff (REST) was passed in 2006 after three years of study and public input.<sup>1</sup> In August 2016, a decade after adoption, Chairman Doug Little opened a docket to examine the "Modernization and Expansion of the Arizona Renewable Energy Standard and Tariff."<sup>2</sup> Chairman Little stated, "Over the past nine years, especially more recently, the situation has changed considerably."<sup>3</sup> "I believe there is a strong need to review the rule for relevance to current conditions."<sup>4</sup>

Chairman Little proceeded to issue a Notice of Inquiry with a series of questions to stakeholders.<sup>5</sup> Over 20 parties responded representing a wide range of views on the issues.<sup>6</sup> Ultimately, further action was deferred until the Commission had concluded its work on the Value of Solar docket, which addressed net metering and other related issues.<sup>7</sup> That docket essentially concluded with the APS rate case decision in August of 2017.<sup>8</sup>

<sup>1</sup> Second Letter from Chairman Doug Little, p.1, ¶1 (Sep. 14, 2016) (posing questions to stakeholders), PDF available at: <http://images.edocket.azcc.gov/docketpdf/0000173319.pdf>.

<sup>2</sup> See generally Opening Letter from Chairman Doug Little (Aug. 22, 2016) (opening the Docket), PDF available at: <http://images.edocket.azcc.gov/docketpdf/0000172774.pdf>

<sup>3</sup> *Id.*, p.1, ¶2.

<sup>4</sup> See Second Letter for Chairman Doug Little, p.2, ¶3.

<sup>5</sup> See *id.*, p.2-5; and Third Letter from Chairman Doug Little (Nov. 1, 2016) (adding an issue to the list of questions), PDF available at: <http://images.edocket.azcc.gov/docketpdf/0000174443.pdf>.

<sup>6</sup> See Fourth Letter from Chairman Doug Little, p.1, ¶3 (May 19, 2017), PDF available at: <http://images.edocket.azcc.gov/docketpdf/0000179752.pdf>.

<sup>7</sup> See *id.*; and Opening Letter from Chairman Doug Little ("Additionally, it is my considered opinion that the Value and Cost of Distributed Generation Docket will produce meaningful results within the next few months and will instruct us in how we might review and reconsider the current rules.").

<sup>8</sup> See Decision No. 75859 (Jan. 3, 2017) (Docket No. E-00000J-14-0023), PDF available at: <http://images.edocket.azcc.gov/docketpdf/0000176114.pdf>; and Decision No. 76295 (Aug. 18, 2017) (Docket No. E-01345A-16-0036), PDF available at: <http://images.edocket.azcc.gov/docketpdf/0000182160.pdf>.

On January 30 of this year I proposed the Arizona Energy Modernization Plan.<sup>9</sup> Drawing on input from over 2 years of workshops and 8 related dockets,<sup>10</sup> the plan set out to do just what Chairman Little envisioned, modernize and expand the REST. To further inform Commission discussion and deliberation on this proposal, Staff recommended, and Chairman Forese requested, that another Notice of Inquiry be issued related to the Energy Modernization Plan “for the purposes of ascertaining the information to the questions made by Commissioners and to begin the process of moving forward on this item.”<sup>11</sup>

On April 23, 2018, responses were due to the Notice of Inquiry filed by Staff.<sup>12</sup> We received over 30 stakeholder responses that addressed the many questions posed by Commissioners and Staff relating to various aspects of the original proposed plan. Some stakeholders said they would like to see incremental targets included as we move towards a 2050 goal, while others advocated for exemptions to the proposed biomass requirements. No stakeholder, however, argued that an 80 percent clean energy target is impossible or impractical, and all stakeholders agree that no one is building any new coal plants in Arizona. The responses to the Notice of Inquiry can be found online at: <http://edocket.azcc.gov/Docket/DocketDetailSearch?docketId=19621#docket-detail-container1>.

Landon Stevens and Daniel Schwiebert have gone through the responses received from the Notice of Inquiry and have begun incorporating that information into a set of formal rules. The intent with these rules is to present them to the Commissioners as a starting point for consideration. We will send the rules to the formal rulemaking process for further review upon Commission approval.

Accordingly, I will docket a draft version of these rules by July 5, 2018, with the expectation that they will be discussed during the Open Meeting scheduled for July 19, 2018 and that the Commission will vote to ask Staff to prepare a Notice of Proposed Rulemaking to file with the Secretary of State. I would hope that in the time between docketing the draft rules and the Open Meeting, stakeholders will comment on, and Commissioner’s will prepare amendments to, the draft rules for the Commission’s consideration.

It is important to note that this is *not a final adoption of rules nor an endorsement of the content*, but rather, an *acknowledgement* of the process started two years ago and the *beginning* of a rulemaking process, using these proposed rules as a guide and template for how the Commission would like to move forward. The rulemaking process is a thorough six-to-nine-month exercise where public comment, stakeholder engagement, and Commissioner consideration will occur to ensure that we are enacting final rules that will benefit Arizona.<sup>13</sup>

We have gone too long in this State without a thoughtful, comprehensive, energy plan, and every month we delay is another month we fail to reap the benefits and protect our ratepayers. I understand that we must be thoughtful and deliberate when crafting major policies like this one. At the same time, I realize that now – more than ever – we are at a crossroads where generational energy policy decisions must be made. These rules will lower energy costs for ratepayers and businesses around the state, protect our air, water, and forests, avoid costly stranded assets, ensure resiliency, promote economic growth, and establish Arizona as the leader in moving towards a clean energy future.

It is the responsibility of the Commission to set the vision for our regulated utilities, not the other way around. Establishing a long-term, comprehensive energy plan for Arizona that embraces clean energy while ensuring affordability for ratepayers and clarity for our utilities, will be a monumental achievement for the

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<sup>9</sup> See Letter and Proposed Energy Modernization Plan from Commissioner Andy Tobin (Jan. 30, 2018), PDF available at: <http://images.edocket.azcc.gov/docketpdf/0000185386.pdf>.

<sup>10</sup> See *id.*, p.3, ¶4 (listing the dockets and workshops).

<sup>11</sup> See Request from Chairman Tom Forese (Feb. 8, 2018), PDF available at: <http://images.edocket.azcc.gov/docketpdf/0000185815.pdf>.

<sup>12</sup> See Notice of Inquiry from Director Elijah Abinah, p.1, ¶2 (Feb. 22, 2018) (setting the deadline for comments), PDF available at: <http://images.edocket.azcc.gov/docketpdf/0000185996.pdf>.

<sup>13</sup> See Arizona Administrative Code, Title 1, Ch.1, “Rules and the Rulemaking Process.”

Commission. We have spent years hosting workshops, listening to testimony, and filling dockets to gather the necessary information to craft an effective policy. Now, it is time to act. Taking these next steps will reinforce Arizona's position as a leader in pursuing clean energy and technology.

Thank you to all who have engaged in this process so far. It is my hope that we can continue moving forward together to develop a meaningful energy plan as soon as possible.

Sincerely,

A handwritten signature in black ink, appearing to read "Andy M. Tobin".

Andy Tobin  
Commissioner

On this 22nd day of June, 2018, the foregoing document was filed with Docket Control as a Correspondence From Commissioner, and copies of the foregoing were mailed on behalf of Andy Tobin, Commissioner - A.C.C. to the following who have not consented to email service. On this date or as soon as possible thereafter, the Commission's eDocket program will automatically email a link to the foregoing to the following who have consented to email service.

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