



COMMISSIONERS

Chairman, Robert "Bob" Burns

Chairman, Robert "Bob" Burns
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Justin Olson
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June 7, 2019

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

RE: ENERGY RULES (DOCKET NO. RU-00000A-18-0284)

Interested Parties:

At the Arizona Corporation Commission's ("ACC") May 30, 2019 Staff Meeting, the Commissioners had a discussion on whether the renewable energy standard should be modified and if so how. My primary takeaway from that meeting was that the majority of the Commissioners believed that any new standard should be a "clean" standard and not limited to just renewables. The clean energy resources would be as defined in Staff's proposed rules docketed April 25, 2019, with the addition that energy efficiency shall also be a clean energy resource.

With this letter I am requesting that interested parties provide comments on each of the possible standards below:

1. Establishing a moratorium on any generation that uses fossil fuel. The moratorium would begin on January 1, 2020. The moratorium would include purchased power agreements ("PPA") that used non-clean energy resources. This would require any new generation assets, whether actual generators or PPAs to be clean. Any existing generation that is retired and/or needs to be replaced, would be required to be replaced with clean energy resources.
2. A standard requiring 85 percent clean energy by 2050 as proposed by Commissioner Dunn along with all the carveouts detailed in Commissioner's Dunn letter of April 26, 2019.
3. The standard contained in #2 above with the modification that by 2028 there would be 50 percent renewable.
4. The standard contained in #2 above with the modification that by 2035 there would be 40 percent renewable.
5. A standard requiring 80 percent clean energy by 2050 as proposed by former Commissioner Andy Tobin along with any carveouts contained in his Energy Modernization Plan.

6. The standard contained in #5 above with the modification that by 2028 there would be 50 percent renewable.
7. The standard contained in #5 above with the modification that by 2035 there would be 40 percent renewable.

At a minimum, the comments provided should address the following (not listed in any particular order):

1. The impact on reliability (positive and negative),
2. Cost impacts on the utility and thereby the end-user. (I realize that this may be a difficult task, but please provide as much detail as possible. Perhaps each load serving entity could utilize a capacity expansion model to identify the associated costs of each resource mix that has been referenced above.),
3. Will establishing any of the above standards skew the market in such a way that is detrimental to the ratepayer, i.e., will the costs for clean energy resources be artificially raised because the clean energy resource providers know that Arizona utilities will be required to use their products?
4. Why should there be a specific standard at all, i.e., why not just have a general standard that would require the utilities to install any new resources based on least cost?
5. How should compliance with the standard be measured, e.g., Clean Energy Credits? I believe that the easiest and cleanest (no pun intended) method of measuring compliance is strictly through measuring generation. A utility knows how much energy it produces each year and exactly from where that generation came. We would only need to ratio the clean energy production with the total energy production to get the percentage. One may argue that this method would exclude rooftop solar. As far as I am aware, the utilities also measure the production from rooftop solar, therefore, this could be included in the equation. Another argument may be that this will adversely affect the renewable energy credit ("REC") market. This may be so, but it is my opinion that this Commission should not be concerned about some secondary market as much as it should be concerned about energy production and use in Arizona.

Please provide comments as soon as possible, but no later than July 12, 2019. I look forward to these comments, which should assist me greatly in finalizing my views on this very critical issue.

Sincerely,



Robert L. Burns
Chairman

