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Arizona Corporation Commission

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RE: IN THE MATTER OF POSSIBLE MODIFICATIONS TO THE ARIZONA CORPORATION COMMISSION'S ENERGY RULES. (DOCKET NO. RU-00000A-18-0284)

Commissioners and Interested Parties:

I want to introduce my vision for expanding renewable energy in Arizona while providing reliable and affordable electricity. The entire landscape for retail electricity is changing rapidly and we as Commissioners should be mindful. A very different future beckons us. The fact that renewable energy with energy storage may provide lowest cost option, as compared to coal-fired, natural gas-fired, and nuclear power. Concerns about the air pollution emitted by these sources of electricity, including carbon emissions, make renewable energy even more attractive and may be cost effective.

I find the original language in the REST that was promulgated in 2006 as a good starting point, and then building on that language.

I suggest increasing the REST to 50% by 2028. The states that surround Arizona have far more aggressive targets for their respective renewable energy portfolio requirements, and still have lower prices per kWh than Arizona. Other states have successfully ramped up their requirements for renewable energy by several percentage points annually without straining their power line carrying capacities. Other states are already talking about 100% renewable energy portfolios.

Micro-grids with storage offer a new model for our electric grid, providing more reliability and resilience in the event of extreme weather events, grid issues, and power outages, as well as a chance at partnerships in assuring electric services. There also is a clear path to lower overall electricity rates as micro grids and distributed solar with energy storage can opt to purchase electricity at lower off-peak rates for later use, saving up to 25%. This potential also applies to distributed solar with energy storage, and this should be encouraged. We can even see a grid with private energy storage at micro-grids as a back-up for use as a resource during peak hours, helping with Demand Side Management (DSM).

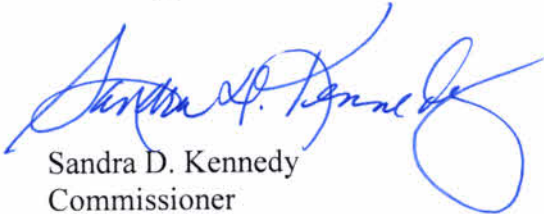
To build up the distributed solar and energy storage, I suggest restoring and expanding incentives for distributed solar; increasing the carve out for distributed energy from the current 30%; and adding distributed storage equal to the distributed energy requirement, with a priority on coordinating and providing storage to distributed energy.

Battery energy storage can help balance the grid by providing fast-acting response to short-term fluctuations in supply and demand, such as peak demand events, which put a strain on the grid. Installing energy storage can also provide grid services to utilities, reducing GHG emissions from electricity production, and improving grid resiliency.

Because some renewable energy technologies – such as wind and solar – have variable outputs, storage technologies have great potential for smoothing out the electricity supply from these sources and ensuring that the supply of generation matches the demand.

As we enter the new age for retail electricity in Arizona, we should be mindful of the impact that technology advancement has on affected communities. The Commission should give preferences to PPAs and solar farms to tribal communities transitioning from coal that are implementing more renewables and energy efficiency, as well as create transition programs in energy efficiency and new technology training.

Sincerely,



Sandra D. Kennedy
Commissioner

On this 8th day of February, 2019, the foregoing document was filed with Docket Control as a Correspondence from Commissioner, and copies of the foregoing were mailed on behalf of Sandra D. Kennedy, 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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Arizona Corporation Commission - Rulemaking

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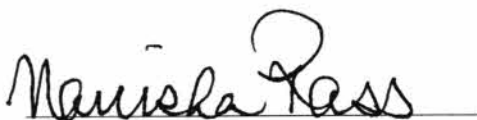
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