



NOTICES OF FINAL RULEMAKING

This section of the Arizona Administrative Register contains Notices of Final Rulemaking. Final rules have been through the regular rulemaking process as defined in the Administrative Procedures Act. These rules were either approved by the Governor's Regulatory Review Council or the Attorney General's Office. Certificates of Approval are on file with the Office.

The final published notice includes a preamble and

text of the rules as filed by the agency. Economic Impact Statements are not published.

The Office of the Secretary of State is the filing office and publisher of these rules. Questions about the interpretation of the final rules should be addressed to the agency that promulgated them. Refer to Item #5 to contact the person charged with the rulemaking. The codified version of these rules will be published in the Arizona Administrative Code.

NOTICE OF FINAL RULEMAKING

TITLE 14. PUBLIC SERVICE CORPORATIONS; CORPORATIONS AND ASSOCIATIONS; SECURITIES REGULATION

CHAPTER 2. CORPORATION COMMISSION - FIXED UTILITIES

[R15-07]

PREAMBLE

- 1. Article, Part, or Section Affected (as applicable) Rulemaking Action
R14-2-1805 Amend
R14-2-1812 Amend
2. Citations to the agency's statutory rulemaking authority to include both the authorizing statute (general) and the implementing statute (specific):
Authorizing statute: Arizona Constitution article XV § 3; A.R.S. §§ 40-202; 40-203; 40-321, 40-322
Implementing statute: Arizona Constitution article XV § 3; A.R.S. §§ 40-202; 40-203; 40-321, 40-322
The agency docket number, if applicable:
RE-00000C-14-0112
3. The effective date of the rules:
April 21, 2015
4. Citations to all related notices published in the Register as specified in R1-1-409(A) that pertain to the record of the final rulemaking package:
Notice of Rulemaking Docket Opening: 20 A.A.R. 2763, October 10, 2014
Notice of Proposed Rulemaking: 20 A.A.R. 2749, October 10, 2014
5. The agency's contact person who can answer questions about the rulemaking:
Name: Maureen Scott
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6. An agency's justification and reason why a rule should be made, amended, repealed or renumbered, to include an explanation about the rulemaking:

The proposed rule changes will clarify and update how the Commission deals with renewable energy compliance and related renewable energy credits ("RECs"). The Commission's Renewable Energy Standard and Tariff ("REST") rules have not been updated since they were approved by the Commission in Decision No. 69127 (November 14, 2006). Since this decision, the renewable energy marketplace has changed dramatically. The existing REST rules require the utility to serve a growing percentage of its retail sales each year via renewable energy, with a carve-out for distributed energy ("DE"). The rules were predicated on utilities acquiring RECs to achieve compliance. In the DE market, RECs were acquired by the utility when the utility gave the entity installing the renewable energy system an incentive. In recent years some utilities have seen their incentives eliminated as market conditions have changed. This led to utilities seeking guidance from the Commission as to how they should demonstrate compliance with the DE portion of the REST rules when the transaction REC acquisition was predicated upon is no longer occurring. This issue was explored in great detail in the context of the utilities 2013 annual renewable energy implementation plans as well as in the proceeding that culminated in Commission Decision No 74365 on February 26, 2014 (Docket Nos. E-01345-10-0394, etc.). Decision No. 74365 required the Commission Staff to propose new rules to the Commission. Staff made its filing, offering a number of options for the Commission to consider. At its September 9, 2014 Open Meeting, the Commission in Decision No. 74753 in Docket No. RE-00000C-14-0112, ordered Staff to file a Notice of Proposed Rulemaking which seeks comment on the attached changes to the REST rules intended to address the issue of utility compliance in the DE market in a post-incentive era. Absent action by the Commission on this issue, it is unclear how utilities who are no longer offering DE incentives would demonstrate compliance with the REST rules' DE requirements. This is not a critical issue for some utilities in their residential DE and/or commercial DE segments, as they are far ahead of current compliance goals. However, not all residential DE and commercial DE segments for affected utilities are ahead in compliance and thus it is necessary for the Commission to provide a new framework for considering compliance with the rules.

7. A reference to any study relevant to the rule that the agency reviewed and either relied on or did not rely on in its evaluation of or justification for the rule, where the public may obtain or review the study, all data underlying each study, and any analysis of the study and other supporting material:

None

8. A showing of good cause why the rulemaking is necessary to promote a statewide interest if the rulemaking will diminish a previous grant of authority of a political subdivision of this state:

N/A

9. A summary of the economic, small business, and consumer impact:

NOTE – The Arizona Corporation Commission is exempt from the requirements of A.R.S. § 41-1055 relating to economic, small business, and consumer impact statements. See A.R.S. § 41-1057(2). However, under A.R.S. § 41-1057(2), the Arizona Corporation Commission is required to prepare a "substantially similar" statement.

1. NEED:

Under the present rules, utilities demonstrate compliance with the DE requirement through RECs. The proposed rule changes are necessary to address the problem created when DE incentives are no longer offered by the utility and the utility therefore no longer obtains RECs from the customer. The proposed rule changes do this by noting that the Commission may consider all available information. All available information may include measures such as market installations, historical and projected production and capacity levels in each segment of the DE market and other indicators of market sufficiency activity.

The proposed rule changes also provide a new requirement for the reporting of renewable production from facilities installed in a utility's service territory without an incentive which means the REC is not transferred to the utility. The proposed rules provide that these non-utility owned RECs will be acknowledged for informational purposes by the Commission. This language is intended protect the value of RECs and avoid the issue of double counting.

In addition, new language was added to the rules that explicitly states that RECs remain with the entity that created them absent the approval of the entity that they be transferred to the utility or another entity. This language is also meant to protect the value of RECs and prevent against the issue of double counting.

2. NAME AND ADDRESS OF AGENCY EMPLOYEE WHO MAY BE CONTACTED TO SUBMIT ADDITIONAL DATA ON THE INFORMATION INCLUDED IN THIS STATEMENT:

Bob Gray, Executive Consultant, Utilities Division



Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007
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- 3. **AFFECTED CLASSES OF PERSONS:**
 - A. Commission-regulated electric utilities
 - B. Customers of Commission-regulated electric utilities
 - C. The solar industry
 - D. Other renewable energy industries
 - E. Arizona Corporation Commission
- 4. **RULE IMPACT ON AFFECTED CLASSES OF PERSONS:**
 - A. Utilities subject to the REST rules will have a means to achieve compliance with the DE portion of the REST rules in a post-incentive environment.
 - B. Utilities will have to report additional information in their reports in the form of production by non-incentivized DE production within its service territory. Utilities are already required to meter all DE production within their service territory, so the utility already has this information available, and this additional reporting requirement should not be burdensome. This reporting is intended to be for informational purposes only.
 - C. The utility may also report information related to market activity. Thus information should be readily available to the utility and should not be burdensome. Regulatory certainty with respect to the Commission’s rules will benefit all segments of the industry involved in the provision of solar, including the utilities, solar providers and customers.
 - D. Some solar industry representatives may believe that the proposed rules do not provide sufficient protection for the value of RECs and such belief could also lead to a concern that there is a property rights issue if the value of RECs is impaired. These concerns are not warranted given the safeguards built into the proposed rules to only acknowledge kWh production associated with RECs not owned by the utility as well as language specifying that RECs are retained by the entity creating them absent the creating entity transferring the RECs to the utility or another entity. If the value of RECs were somehow impaired, it could have a negative impact on the costs associated with installing solar since RECs may be used to offset or lower the cost of the solar installation. Although there were some parties in the underlying Commission proceeding who believed the value or cost of RECs would be relatively low.
 - E. Some solar industry representatives may believe that no change is necessary to the rules or that an alternative proposal should be adopted.
- 5. **COSTS AND BENEFITS TO THE AGENCY:**
The Commission will benefit from having a method for considering utility compliance with the REST rules that recognizes that the DE market may be self-sufficient and that incentives may no longer be necessary to incent solar installations in this market. The Commission will have a more complete picture of Arizona’s renewable energy market by having information on all DE production in utility reports. The Commission will also benefit from receiving available information on market sufficiency and activity. There are minimal costs associated with this proposal because the Commission typically performs an analysis of the DE market in conjunction with the utilities’ annual implementation plans.
- 6. **COSTS AND BENEFITS TO POLITICAL SUBDIVISIONS:**
There will be no impact to political subdivisions because the Commission does not have jurisdiction over political subdivisions and the Rules do not apply to them.
- 7. **COSTS AND BENEFITS TO PRIVATE PERSONS:**
Many utility customers may benefit from not having to pay more for utilities to achieve compliance with the REST rules, as would have resulted from some alternative proposals. Customers will benefit from the certainty these changes provide regarding the treatment of RECs by the Commission in a post-incentive environment. Customers will also be able to retain the value of any RECs they own. Some customers who own RECs may believe that the proposed rules do not provide sufficient protection for the value of RECs. If customers believe that the value of their RECs was brought into question, they may argue that they have property interests in the RECs which were being impaired. The Commission has built adequate protections into the rules so it is clear that the intent is for non-utility REC owners to retain the value of their RECs.
- 8. **COST AND BENEFITS TO CONSUMERS OR USERS OF ANY PRODUCT OR SERVICE IN THE IMPLEMENTATION OF THE NEW RULES.**
Customers of solar providers should benefit since there will be certainty with respect to REC ownership. Customers of the utilities should benefit since they will no longer be paying for incentives or additional costs for utilities to procure RECs in this market.
- 9. **LESS COSTLY OR INTRUSIVE METHODS:**
The amendments to the rules are one of the least cost methods for providing utilities with a path to DE



compliance under the REST rules and, with respect to any incorporated by reference materials, provide for the Commission’s rules to be consistent with A.R.S. § 41-1028 and the rules of the Secretary of State.

10. ALTERNATIVE METHODS CONSIDERED:

The Commission considered alternative methods offered in the utility annual implementation plans as well as the underlying Commission proceeding. A wide variety of proposals were put forward by Commission Staff, the Residential Utility Consumer Office, and a variety of other interested parties including utilities, solar providers, solar installers and various industry and environmental associations. These alternatives included the utility paying to acquire RECs, the utility claiming the RECs through interconnection or net metering activities, granting a waiver of portions of the REST rules, taking no action, reducing the REST requirement to reflect non-utility owned RECs, re-introduction of up-front incentives, creation of a maximum conventional energy requirement, utilities counting all RECs toward compliance, and recovery of DE costs through the standard rate case process. A number of these proposals had multiple variations. Each option had its pros and cons and in some cases parties disagreed on the effect of some proposals on preservation of the value of RECs and other issues. Generally the other options were considered to have one or more of the following flaws: it increased costs paid by ratepayers through the REST surcharge, it did not preserve the 15 percent overall REST requirement, it either did not or it was questionable whether it maintained the value of the RECs, and/or it was overly complicated and cumbersome.

10. A description of any changes between the proposed rulemaking, to include supplemental notices, and final rulemaking:

11. An agency’s summary of the public or stakeholder comments made about the rulemaking and the agency response to the comments:

INDIVIDUAL/COMPANY	COMMENT	ACC RESPONSE
Tucson Electric Power Company (“TEP”) and UNS Electric, Inc. (“UNS”)	TEP and UNS have reviewed the proposed NOPR revisions to the REST Rules and Staff’s Comments. The Companies have no further comments on the proposed revisions at this time.	No change is needed in response to this comment.
The Alliance for Solar Choice (“TASC”)	TASC supports comments of Solar Energy Industry Association (“SEIA”). SEIA did not file any responsive comments, so the comments that TASC supports are SEIA’s initial comments filed November 10, 2014.	See response to SEIA comments. No change is needed in response to this comment.



<p>Arizona Public Service Company (“APS”)</p>	<p>[initial comments filed November 10, 2014]</p> <p>Supports the proposed NOPR modifications to the REST Rules as they provide an effective solution to a lingering issue-compliance within an evolving renewable environment. APS is analyzing Staff’s comments and will respond, if necessary, in responsive comments on November 14.</p> <p>APS has asked the Commission for guidance on how to demonstrate compliance when it no longer purchases RECs with direct cash incentives.</p> <p>The NOPR’s proposed revisions provide a reasonable framework for considering compliance when direct cash incentives are no longer available.</p> <p>APS supports the NOPR proposed rule changes because they provide a reasonable post-incentive path to compliance, preserve the existing REST compliance and DE carve-out requirement, and resolve perceived “double-counting” of RECs without imposing additional costs.</p> <p>Any attempt to factor in the impacts of EPA’s Clean Power Plan (“CPP”) is premature.</p> <p>[responsive comments filed November 14, 2014] APS believed that the purpose of the October 10, 2014 NOPR was to establish a means for the Commission to determine compliance with the REST rules in a manner that did not require the utilities to acquire, then retire, DE RECs. Although APS reaffirmed its support for the NOPR, APS is struggling to understand the impact of Staff’s November 3, 2014 comments, and to understand how APS would establish compliance under the new changes. It appears that Staff’s modifications remove alternative means to demonstrate compliance by eliminating the nexus between compliance with the REST rules and the Commission’s consideration of all available information.</p>	<p>The Commission acknowledges this supportive comment. No change is needed in response to this comment.</p> <p>See discussion of this issue in regard to APS’ responsive comments.</p> <p>The Commission acknowledges this supportive comment. No change is needed in response to this comment.</p> <p>The Commission acknowledges this supportive comment. No change is needed in response to this comment.</p> <p>The Commission agrees that it is premature to make changes to the REST rules based on EPA’s proposed CPP. No change is needed in response to this comment.</p> <p>Under the existing REST rules and the NOPR modifications the only way to demonstrate compliance under the REST rules is via RECs. There is no change in how an affected utility demonstrates compliance. However, under the NOPR modifications, an affected utility is provided with additional clarity in how it can demonstrate that it is not out of compliance. Namely the Commission would formally recognize that it may consider all available information in considering a waiver request from an affected utility, while simultaneously ensuring that the integrity of RECs is maintained. Thus an affected utility is not limited to the option of expending additional ratepayer funds to acquire RECs, as it has the alternative of seeking a waiver of the REST rules. No change is needed in response to this comment.</p>
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	<p>APS perceived in the NOPR preamble a flexibility to determine compliance, but, per Staff's November 3 comments, it appears that all is left for the Commission to determine compliance is whether the utility has sufficient utility-owned RECs to meet the annual REST's quantitative requirements. If so, utilities will have to purchase RECs from third parties, resulting in a negative impact on customers. In the alternative, utilities may choose to request waivers instead-an outcome that challenges the very purpose of the rules. Staff's November 3 comments introduce uncertainty, making it difficult to determine compliance and leaving the fundamental question unanswered. APS is open to understanding more about how utilities can establish compliance under Staff's revisions, but, for now, it appears the only two compliance options are acquiring RECs or obtaining a waiver. If so, the Commission should reject the Nov. 3 revisions, and adopt the modifications in the NOPR.</p>	
<p>U.S. Department of Defense and Federal Executive Agencies</p>	<p>Is concerned that utilities will be allowed to count non-utility owned RECs toward compliance under the NOPR modifications as DOD/FEA believes acknowledgment is equivalent to counting RECs towards compliance, possibly resulting in double counting. DOD/FEA therefore opposes the NOPR modifications.</p> <p>Staff's November 3rd wording changes may address concerns with the NOPR modifications but confirmation should be sought from the Center for Resource Solutions.</p>	<p>The Commission believes that the NOPR modifications make it clear that acknowledgment of RECs is not for compliance purposes. RECs not owned by the utilities may not be used by the utilities to demonstrate compliance and thus no double counting would occur. No change is needed in response to this comment.</p> <p>The Commission believes that the NOPR modifications make it clear that acknowledgment of RECs is not for compliance purposes. RECs not owned by the utilities may not be used by the utilities to demonstrate compliance and thus no double counting would occur. No change is needed in response to this comment.</p>



<p>Vote Solar</p>	<p>Vote Solar believes key provisions are vague. The proposed rules appear to provide that non-utility owned RECs will be acknowledged by the Commission for informational purposes. Vote Solar proposes that the Commission be very clear as to whether the rules' language means that non-utility owned RECs can be used by the utility for REST compliance. If so, Vote Solar opposes that approach, because RECs have value and may not be conveyed for free to the utility. Vote Solar shares the Commission's intent to avoid double-counting, but the proposed language will compromise REC value because "acknowledging" non-utility owned RECs for REST compliance creates a double-counting scenario. When customer owned RECs are used to track REST compliance, the utility must pay the customer for the value of the REC. RECs cannot retain market value if they are claimed by a utility for RPS compliance. If the Commission adopts the proposed rule changes, customers owning RECs in Arizona will be unable to receive Green-e Energy and other certifications for their RECs.</p> <p>The clarifying modification proposed by Staff "... will be acknowledged for reporting purposes, but will not be eligible for compliance with R14-2-1804 and 1805" clarifies the vague language in the proposed rule changes. If Staff's proposed modifications in its comments are adopted, the value of RECs will not be devalued. Vote Solar's concerns with the proposed changes are largely addressed by the Staff's November 3 modifications, and we therefore support the proposed rule changes if Staff's modifications are adopted.</p> <p>We recommend that the Commission begin using WREGIS (or other tracking system) to track REST compliance, to ensure that any RECs used for TT compliance is appropriately issued, tracked and retired.</p>	<p>The Commission believes the NOPR modifications are clear and that they provide protection for the owners of non-utility owned RECs. No change is needed in response to this comment.</p> <p>The Commission does not believe that the wording in the NOPR is vague and in need of clarification. No change is needed in response to this comment.</p> <p>This proposal is outside the scope of this proposed rulemaking. No change is needed in response to this comment.</p>
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<p>Residential Utility Consumer Office (“RUCO”)</p>	<p>[initial comments filed on November 10, 2014]</p> <p>The Commission should consider alternative policies to resolve the REC issues.</p> <p>There is no version of the renewable energy policy that stops the outflow of RECs to other states.</p> <p>We support Staff’s clarification, as it will avoid debate each year on the meaning behind the term “acknowledge”.</p> <p>The Rule revision, with Staff’s clarification, appears to meet the end goal of Commissioner Brenda Burns to ensure that there will not be a claim on the RECs of solar adopters.</p> <p>[responsive comments filed on November 14, 2014] RUCO suggests adding the following language to the REST rules: “Affected utilities, upon approval by the Commission, may be authorized to use non-DG RECs (bundled or unbundled) to satisfy compliance of the DG carve-out. However, the amount of non-DG RECs applied to the carve-out cannot exceed the number of RECs and/or kWhs produced by customers who have not exchanged their RECs to the utility in their respective service territory.” RUCO argues that this language will enable future policies that allow DG adopters a choice to keep their RECs or provide them to the utility, and, if the customer decides to keep their RECs, the utility will incur a small charge that will cover the cost of procuring inexpensive, unbundled RECs.</p>	<p>The Commission has considered a wide variety of options in over two years of proceedings leading to the currently proposed NOPR modifications. No change is needed in response to this comment.</p> <p>This issue is outside the scope of rule changes contemplated in this proceeding but may be something the Commission could consider in the future. No change is needed in response to this comment.</p> <p>The Commission believes that the NOPR modifications make it clear that acknowledgement of RECs is not for compliance purposes. RECs not owned by the utilities may not be used by the utilities to demonstrate compliance and thus no double counting would occur. No change is needed in response to this comment.</p> <p>The Commission believes that the NOPR makes it clear that RECS of solar adopters will not be claimed. No change is needed in response to this comment.</p> <p>The Commission does not believe it is necessary to add the language proposed by RUCO to the REST rules. No change is needed in response to this comment.</p>
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<p>Solar Energy Industries Association</p>	<p>[initial comments filed November 10, 2014]</p> <p>We support Staff’s November 3, 2014 recommendations as set forth in its comments. The Commission’s proposal with Staff’s recommended modifications is aligned with the Commission’s intent of tracking the DE market while protecting ratepayer interests in RECs.</p> <p>We agree with Staff that these clarifying modifications do not amount to a “substantial change.” Therefore, we recommend that the Commission adopt its proposal as modified by Staff.</p>	<p>The Commission believes that the language contained in the NOPR provides for tracking the DE market while protecting ratepayer interests in RECs. No change is needed in response to this comment.</p> <p>The Commission, in adopting the NOPR language without Staff’s modifications, moots the issue of whether Staff’s modifications amount to a “substantial change.” No change is needed in response to this comment.</p>
<p>Arizona Solar Deployment Alliance</p>	<p>[comment filed on November 14;] ASDA supports the REST rule modifications proposed in this docket. ASDA’s main interest is to maintain the DG carve out currently contained in the REST rules and appreciates the Commission’s commitment to maintaining the carve out.</p>	<p>The Commission acknowledges this supportive comment and agrees that the NOPR modifications preserve the DG carve out. No change is needed in response to this comment.</p>
<p>Terry Finefrock</p>	<p>[comment filed on November 14; Mr. Finefrock also provided comment at the Tucson public comment session]</p> <p>Mr. Finefrock said it appears that the NOPR modifications may allow double-counting of RECs.</p>	<p>The Commission believes that the NOPR modifications make it clear that RECs not owned by the utilities may not be used by the utilities to demonstrate compliance and thus no double counting would occur. No change is needed in response to this comment.</p>
<p>TUCSON PUBLIC COMMENT SESSION</p>		
<p>Robert Bulechek (an energy efficiency consultant and chair of the Tucson-Pima Metropolitan Energy Commission)</p>	<p>Mr. Bulechek fears the REST standard will be weakened if a utility can count RECs it doesn’t own. RECs are a way to acknowledge that clean energy has health and climate effects.</p> <p>If a utility uses RECs for compliance purposes, it should have to pay for them.</p>	<p>The Commission does not believe the REST standard will be weakened by the NOPR modifications. The Commission notes that utilities will not be allowed to count RECs they do not own towards compliance. No change is needed in response to this comment.</p> <p>The Commission believes that there is nothing in the NOPR modifications that would allow a utility to use RECs they don’t own for compliance purposes.</p>



<p>Ryan Anderson (the planning, sustainability, and transportation policy advisor to City of Tucson Mayor Jonathan Rothschild).</p>	<p>Mr. Anderson read prepared written comments of Mayor Rothschild into the record. Mayor Rothschild urges Commission to preserve RECs' integrity; help to keep the solar market thriving; believes track and recording of DE, if used to satisfy utility REC requirements would erode REC market and compromise REST and pursue policies that don't result in double-counting or a regulatory taking.</p> <p>The Mayor opposed the initial draft of the revisions, but Mr. Anderson believes, based on the discussion at the Public Comment meeting, that Staff's November 3rd filing may satisfy the Mayor's concerns.</p>	<p>The Commission believes that the NOPR modifications achieve the goals discussed by Mayor Rothschild. No change is needed in response to this comment.</p> <p>The Commission believes that the NOPR modifications address the Mayor's concerns. No change is needed in response to this comment.</p>
<p>Bruce Plenk</p>	<p>Mr. Plenk thinks Staff November 3rd comments regarding use of word "acknowledge" in proposed rules is an important clarification.</p> <p>Mr. Plenk believes it may be useful to seek comments from Center for Resource Solutions.</p> <p>Mr. Plenk believes the Commission should preserve the original intent of REST rules, and expand the solar market.</p>	<p>The Commission believes that the NOPR modifications are clear in regard to the word "acknowledge." No change is needed in response to this comment.</p> <p>The Commission believes that the NOPR modifications make it clear that acknowledgement of RECs is not for compliance purposes. RECs not owned by the utilities may not be used by the utilities to demonstrate compliance and thus no double counting would occur. No change is needed in response to this comment.</p> <p>The Commission believes that the original intent of the REST rules is preserved by the NOPR modifications. No change is needed in response to this comment.</p>
<p>Terry Finefrock</p>	<p>Mr. Finefrock would like to see CRS comment on the proposed revisions.</p> <p>Mr. Finefrock believes there may be contract law implications related to ownership of RECs resulting from the NOPR modifications and Staff's November 3rd wording changes.</p>	<p>The Commission believes that the NOPR modifications make it clear that acknowledgement of RECs is not for compliance purposes. RECs not owned by the utilities may not be used by the utilities to demonstrate compliance and thus no double counting would occur. No change is needed in response to this comment.</p> <p>The Commission does not believe there are any contract law implications resulting from the NOPR modifications. No change is needed in response to this comment.</p>



PHOENIX PUBLIC COMMENT SESSION		
Arizona Solar Deployment Alliance	ASDA supports the REST rule modifications proposed in this docket. ASDA’s main interest is to maintain the DG carve out currently contained in the REST rules and appreciates the Commission’s commitment to maintaining the carve out.	The Commission acknowledges this supportive comment and agrees that the NOPR modifications preserve the DG carve out. No change is needed in response to this comment.
APS	In addition to reiterating its written comments, APS noted that CRS believes that Staff’s modifications would not lead to double counting, but say in their email that they can’t determine for sure until the final rule language is available, and, even then, future Commission action could make the RECs ineligible for Green-energy.	See discussion of APS initial comments filed November 10, 2014 and APS responsive comments dated November 14, 2014. No change is needed in response to this comment.
RUCO	RUCO believes that its proposed additional language, submitted in its November 14 comments, will set up a “no regrets” policy mechanism that, in the future, will allow utilities to use non-DG RECs for REST compliance, and this language may help to comply with EPA rules in the future, if that proves necessary.	See discussion of RUCO initial comments filed November 10, 2014 and responsive comments filed on November 14, 2014. No change is needed in response to this comment.

12. All agencies shall list other matters prescribed by statute applicable to the specific agency or to any specific rule or class of rules. Additionally, an agency subject to Council review under A.R.S. §§ 41-1052 and 41-1055 shall respond to the following questions:

None

13. A list of any incorporated by reference material as specified in A.R.S. § 41-1028 and its location in the rules:

Not Applicable

14. Whether the rule was previously made, amended or repealed as an emergency rule. If so, cite the notice published in the Register as specified in R1-1-409(A). Also, the agency shall state where the text was changed between the emergency and the final rulemaking packages:

No

15. The full text of the rules follows:

**TITLE 14. PUBLIC SERVICE CORPORATIONS; CORPORATIONS AND ASSOCIATIONS;
SECURITIES REGULATION**

CHAPTER 2. CORPORATION COMMISSION - FIXED UTILITIES

ARTICLE 18. RENEWABLE ENERGY STANDARD AND TARIFF

Section

R14-2-1805. Distributed Renewable Energy Requirement

R14-2-1812. Compliance Reports

ARTICLE 18. RENEWABLE ENERGY STANDARD AND TARIFF

R14-2-1805. Distributed Renewable Energy Requirement

A. No change

B. No change



- C. No change
- D. No change
- E. No change
- F. Any Renewable Energy Credit created by production of renewable energy which the Affected Utility does not own shall be retained by the entity creating the Renewable Energy Credit. Such Renewable Energy Credit may not be considered used or extinguished by any Affected Utility without approval and proper documentation from the entity creating the Renewable Energy Credit, regardless of whether or not the Commission acknowledged the kWhs associated with non-utility owned Renewable Energy Credits.
- G. The reporting of kWhs associated with Renewable Energy Credits not owned by the utility will be acknowledged.

R14-2-1812. Compliance Reports

- A. Beginning April 1, 2007, and every April 1st thereafter, each Affected Utility shall file with Docket Control a report that describes its compliance with the requirements of these rules for the previous calendar year and provides other relevant information. The Affected Utility shall also transmit to the Director of the Utilities Division an electronic copy of this report that is suitable for posting on the Commission's web site.
- B. The compliance report shall include the following information:
 - 1. The actual kWh of energy produced within its service territory and the actual kWh of energy or equivalent obtained from Eligible Renewable Energy Resources, differentiating between kWhs for which the Affected Utility owns the Renewable Energy Credits and kWhs produced in the Affected Utility's service territory for which the Affected Utility does not own the Renewable Energy Credits;
 - 2. No change
 - 3. No change
 - 4. No change
 - 5. No change
 - 6. No change
- C. The Commission may consider all available information and may hold a hearing to determine whether an Affected Utility's compliance report satisfied the requirements of these rules.