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ARIZONA CORPORATION COMMISSION
OFFICE OF COMMISSIONER LEA MÁRQUEZ PETERSON

March 12, 2020

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

Re: Docket No. RU-00000A-18-0284: In the Matter of Possible Modifications to the Arizona Corporation Commission's Energy Rules

Thank you to our stakeholders and utilities for their presentations and input as we discussed Arizona's energy rules at the Commission's workshop on March 10 and 11, 2020. This is a vitally important issue as our state has not set a renewable energy standard since 2006 and the energy landscape has changed dramatically since then due to innovation, population growth, and new opportunities. An Arizona energy plan can be instrumental in driving economic development to the state and have a positive impact on rural Arizona, which houses 47% of Arizona's renewable energy projects today.

I appreciate the opportunity to have additional time to analyze the information I heard and gather important rate impact data to determine what percentages and years the data indicates will be the most economic for customers and the state. As you know, workshop presentations concluded only minutes before discussing final thoughts, and many stakeholders commented that economic analyses supporting their positions were still forthcoming. Without having data-driven energy models backed by science, I am concerned any final decision would be premature at this time.

In 2018, while Former Commissioner Andy Tobin's Energy Modernization Plan was still on the table, the Commission unanimously agreed that a data-driven approach would be absolutely integral to determining what the future of Arizona's clean and affordable energy policy would be. Everyone involved in the process understood this systems-based approach meant conducting thorough and comprehensive energy modeling, customer impact analyses, and cost comparisons of all commissioner and stakeholder proposals, to see what dates and percentages were supported by actual consumer metrics, backed by science, and made the most economic sense for the customers of Arizona over whom we have a responsibility to protect.

As far as I can tell, several requests have been made prior to my time here to obtain reports that would help us calculate the best path forward. From January 2018 to March 2018, Commissioners Bob Burns, Tom Forese, and Andy Tobin each requested various cost analyses and customer impact reports be completed against different energy scenarios and portfolios, to help them make a final determination before settling on a final rules package, date, or percentage. In total, the Commission has asked for at least six cost-benefit analyses to be conducted, and at least three Integrated Resource Plan scenarios to be evaluated, summarized below, which have not yet been presented to the commissioners for a thorough review since the initial requests were made over two years ago:

**Cost/Customer Impact Analyses ([Docket No. E-00000Q-16-0289](#)):**

1. A thorough cost analysis of the prospective costs to customers of the Arizona Energy Modernization Plan, performed by Staff (Forese).¹
2. A thorough cost analysis of the prospective costs to customers of the Arizona Energy Modernization Plan, performed by RUCO (Forese).²
3. A thorough cost analysis of the Arizona Energy Modernization Plan, performed by each regulated electric utility (Burns).³
4. A voluntary cost analysis of the Arizona Energy Modernization Plan, performed by SRP (Burns).⁴
5. A full audit and cost-benefit analysis of the Arizona Energy Modernization Plan in comparison to the costs associated with utilities' 2017 IRPs, performed by RUCO (Tobin).⁵
6. A full audit and cost-benefit analysis of the Arizona Energy Modernization Plan in comparison to 50% renewable energy by 2030, performed by RUCO (Tobin).⁶

Integrated Resource Plans ([Docket No. E-00000V-15-0094](#)):⁷

1. One portfolio where the addition of fossil fuel resources is no more than 20% of all the resource additions (Burns).⁸
2. One or more portfolios presented by an independent analyst to reflect scenarios not adequately represented in the utilities' IRPs (Tobin).⁹
3. One portfolio that models the Arizona Energy Modernization Plan proposed by Commissioner Andy Tobin on a fifteen-year forecast, including: at least 50% of clean energy resources by 2035; at least 20% of demand side management by 2035; at least 1,000 MWs of energy storage capacity by 2035; and at least 25 MWs of renewable biomass resources by 2035 (Tobin).¹⁰

To date, none of the above cost-benefit analyses or IRP scenarios have been presented to the Commission that could have helped inform us over the last two years about which proposals would deliver the greatest affordability and sustainability benefits for Arizona.

¹ See Correspondence from Chairman Tom Forese (Jan 31, 2018), <https://docket.images.azcc.gov/0000185460.pdf>.

² See *id.*

³ See Correspondence from Commissioner Bob Burns (Feb 2, 2018), <https://docket.images.azcc.gov/0000185636.pdf>.

⁴ See *id.*

⁵ See Correspondence from Commission Andy Tobin (Feb 16, 2018), <https://docket.images.azcc.gov/0000185929.pdf>.

⁶ See *id.*

⁷ See Decision No. 76632 (Mar 29, 2018), <https://docket.images.azcc.gov/0000186964.pdf>.

⁸ See Commissioner Burns' Proposed Amendment No. 2 (Mar 9, 2018), <https://docket.images.azcc.gov/0000186398.pdf>.

⁹ See Commissioner Tobin's Proposed Amendment No. 2 (Mar 12, 2018), <https://docket.images.azcc.gov/0000186486.pdf>.

¹⁰ See Commissioner Tobin's Proposed Amendment No. 3 (Mar 13, 2018), <https://docket.images.azcc.gov/0000186485.pdf>.



Since the time the Commission agreed it wanted to make a cost-based approach the priority for settling on a final rules package, at least two other commissioners, Commission Staff, and one joint stakeholder group have taken initiative to come out with their own clean energy proposals.

As a new commissioner, having a cost analysis would certainly help me evaluate the merits of each of the various proposals, as well as give me confidence that the priorities and components we chose will deliver the cleanest and most cost-effective long-term results for customers, while also moving Arizona toward a cleaner energy future.

To me, it seems we're trying to rush this through the finish line before we have all the facts. I was surprised the Chairman now felt comfortable taking firm positions on such substantive issues regarding energy rules, without having the data even he previously requested. Now, commissioners have been given just one week, until Friday, March 20, 2020, to submit their policy preferences to the docket. During that time, I will be reaching out to the stakeholders for any helpful data, reports, or studies that they may have and incorporating those into my policy positions.

Again, I thank all the stakeholders for their input. Please know my office will be reaching out to you for your data. I look forward to your assistance and cooperation as we work to find data-driven energy models and goals together. As I said previously, I will comply with the Chairman's direction and submit a more formal position regarding these rules by next Friday.

Sincerely,

A handwritten signature in blue ink that reads "Lea Márquez Peterson".

Lea Márquez Peterson
Commissioner

