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## ARIZONA CORPORATION COMMISSION

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### Corporation Commissioner Andy Tobin Calls for a New Direction in Energy Resource Goals for Utilities

(Phoenix) Arizona Corporation Commissioner Andy Tobin is calling for an examination and modernization of the current Renewable Energy Standard and Tariff (REST), saying in its present form, it does not address Arizona's biggest energy challenge: peak energy demand. Commissioner Tobin outlines his position in a letter filed last week in response to a docket which opened in August.

The REST rules were approved by the Commission in 2006, requiring electric utilities to generate percent of their total energy sales from renewable technologies by 2025. Commissioner Tobin contends that instead of setting another arbitrary goal, the Commission should allow all renewable and carbon-free energy technologies compete as the least cost resource to satisfy system peak.

RUCO, the Residential Utility Consumer Office, is proposing a "Clean Peak Standard," which adds a mandate and incentive for clean energy resources to meet peak demand which is not addressed by the current REST standard. The concept would also provide a boost to storage and distributed energy technologies.

"The Clean Peak Standard elegantly contemplates space for market forces to provide the largest menu of energy options for all Arizonans, especially those who live in our rural areas," said Commissioner Tobin. "Everyone knows that one of the most significant cost drivers for Arizona electric utilities today is the generation capacity required to meet system peak energy demand in the evening hours of the day during four to five mounts out of the year. These hours and months add extraordinary cost to ratepayers."

Commissioner Tobin co-authored a proposal in August which requires a utility's Energy Efficiency and Demand Response programs to reach peak energy demand reduction targets and establishes a residential energy storage incentive program design to shift a customer's demand during peak periods. The proposal was unanimously approved by the Commission.

"When we think about correcting our REST rules moving forward, the Commission must not make the same mistake of separating system peak from renewable or carbon-free energy," said Commissioner Tobin. "Otherwise, as RUCO's proposal illustrates in the cases of Hawaii and California, our utilities will simply focus on acquiring expensive energy resources with diminishing marginal impact at the expense of actual system needs."

You can find the entire letter from Commissioner Tobin by going to the [azcc.gov](http://azcc.gov) and clicking on eDocket. The docket number is E-00000-Q-16-0289.