



RESIDENTIAL UTILITY CONSUMER OFFICE

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FOR IMMEDIATE RELEASE

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RUCO announces remedy to net metering controversy

PHOENIX – Residential Utility Consumer Office Director Pat Quinn announced his agency's solution to Arizona's net metering controversy today, including a market based fixed charge on every new solar customer's bill. RUCO said the charge should start at \$1/kW or \$7 per month for the average system. The money collected from the charge goes to non-solar residential ratepayers, not the utility.

In addition, RUCO says the Arizona Corporation Commission should open up a docket to investigate a broader set of issues related to integrating new technology, not just rooftop solar, and require APS to file a rate case in 2016. Regardless of the outcome of the broader discussion, RUCO believes that their market based fixed charge solves the net metering controversy and should be implemented immediately.

As part of the plan, current residential solar customers would be grandfathered for 20 years and new solar customers would have their fixed charge locked for 20 years, bringing certainty to the investment.

Director Quinn said, "In an effort to cut through the hard-edged rhetoric on both sides of the net metering issue, the Residential Utility Consumer Office (RUCO) has relentlessly searched for a solution that is fair, thoughtful and includes prudent preparation for Arizona's future."

“Throughout this search, our over-arching focus, of course, has always been on what is in the best interests of the Arizona residential ratepayer.”

Quinn added, “The sound bites in the TV ads gloss over something important: this issue is complex and not specific to rooftop solar alone. Consequently, RUCO agrees with the Commission Staff that this issue should be placed in a broader discussion -- such as a rate case.”

A market based fixed charge can run in parallel to this broader discussion with the eventual goal of reaching \$3/kW as soon as the market allows. Quinn said his agency believes the approach should be incremental and start at \$1/kW. Anything more aggressive could start to trigger rapid declines in installations and significantly hurt the nascent solar industry.

“Once this \$3/kW threshold is reached,” Quinn said, “rooftop solar is essentially a break even proposition for non-solar residential ratepayers in the long run.” Quinn goes on to say, “however, there is still a near-term cost shift that needs mitigation, therefore, we should increase the \$3/kW charge as the market allows.

Quinn said throughout RUCO’s analysis, he was guided by principles that demand fair allocation of costs and benefits to solar and non-solar customers; a sustainable statewide policy platform that prepares distributed generation to flourish without long-term negative impacts to non-solar ratepayers; market-based encouragement of new technologies that does not pick winners or losers; a measured approach to distributed generation deployment based on what the utility system needs; and an incremental approach that is easy for customers to understand and facilitates financing.

“Protecting the utility’s bottom line or over-paying for rooftop solar is not in the best interest of residential ratepayers or the state,” said Quinn.

“Arizona’s regulators know this and we encourage them to adopt our recommendation which puts the ratepayer first and should end the unhelpful rhetoric coming from both sides.”

RUCO’s detailed numbers -- and the rationale behind them – can be found in documents available on its website, www.azruco.gov.

(The Residential Utility Consumer Office was established by the Arizona Legislature in 1983 to represent the interests of residential utility ratepayers in rate-related proceedings involving public service corporations before the Arizona Corporation Commission. Pat Quinn has served as the RUCO director since January, 2013 when he was appointed by Gov. Jan Brewer.)