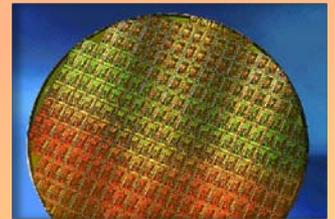


Presentation by

Arizonans for Electric Choice & Competition (AECC)

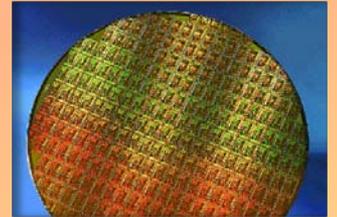
RUCO NET METERING WORKSHOP

MAY 28, 2013



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- About AECC
- Perspectives on DG
- Cost Related Concerns
- AECC Expectations

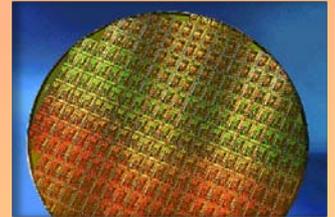


ABOUT AECC

- Manufacturing
- Education
- High Tech
- Mining & Process
- Retail
- Cement/construction

130,000 Arizona jobs; interconnected with public & private sector industry across the state

- Electricity is a significant operating expense for AECC member organizations
- Electricity is also a benchmarked operating expense – it drives investment decisions in AZ and out of state
- For many AECC members their AZ power costs compete for capital with utility rates off shore



PERSPECTIVES ON DISTRIBUTED ENERGY

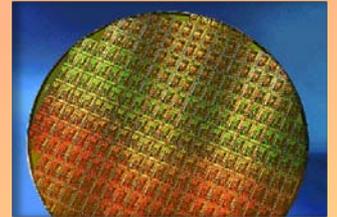
- Some AECC members are participants in utility DE programs
- Some AECC members operate distributed solar at their facilities today and plan to expand their solar footprint

Pros:

- Direct participant benefits
- Potential to reduce some utility expenses

Cons:

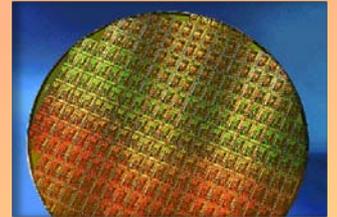
- Potential to shift cost to non-participants
- Potential to increase some utility expenses



COST-RELATED CONCERNS:

Areas of Concern: DG/net metering

- Increasing program cost, i.e. rate increases to fund additional program spending
- Potential cost shifting between rate classes
- Potential negative economic impacts to non-participating customers due to reduced system cost repayment by participating customers
- Justification of higher cost programs using inappropriate or non-supported metrics (economic development, education, environmental benefits already considered in the RES, etc)



EXPECTATION OF UTILITIES

AECC expects electric utilities in AZ to:

- Provide reliable generation, transmission & distribution of electricity
- Act prudently with respect to incurring costs that will be recovered in consumer electric rates
- Follow best industry practices with respect to ratemaking
- Adhere to ACC rules: procurement, resource planning, etc.

