

November 18, 2014

Steven M. Olea  
Director, Utilities Division  
Arizona Corporation Commission  
c/o Docket Control Center  
1200 West Washington Street  
Phoenix, Arizona 85007

Attention Docket No. E-00000XX-13-0214

Via Courier (original and 13 copies)

**Re: Request for Informal Comment on draft rules containing possible amendments to the Commission's energy efficiency rules for gas and electric utilities, Docket No. E-00000XX-13-0214 (November 4, 2014)**

Dear Director Olea:

The Alliance to Save Energy (Alliance) appreciates the opportunity to comment on the proposed amendments to the energy-efficiency rules for gas and electric utilities, which, if adopted by the Arizona Corporation Commission (ACC), would cause Arizonans to forfeit considerable economic benefits. As proposed, the draft rules would eliminate the Energy Efficiency Standards (EES) that have already delivered hundreds of millions of dollars in savings to the people of Arizona and which, if maintained, can reasonably be expected to provide businesses and consumers with continued positive returns on investment. The draft rules represent a reversal of the economically rational commitment to energy efficiency (EE) made by the ACC in 2010; such a reversal would harm the state's economy and deprive Arizonans of the ability to obtain reliable energy services at the lowest possible cost.

The Alliance is a nonprofit coalition of business, government, environmental and consumer leaders that supports EE as a cost-effective energy resource and advocates energy-efficiency policies that minimize costs to society and individual consumers, enhance energy security and lessen negative environmental impacts. The Alliance has worked extensively with energy utilities, commercial and industrial firms, public agencies, consumer and environmental organizations and others to promote EE as a means to mitigate the environmental impacts of energy use as well as to achieve other benefits.

Currently, twenty-four states have enacted and fully funded multi-year, binding energy savings targets that resemble, or exceed, Arizona's EES.<sup>1</sup> Accounting for more than half of electricity sales in the United States, these states have recognized that EE is the cheapest means of "delivering" electricity in today's America—indeed, a recent study by the American Council for an Energy-Efficient Economy that examined twenty U.S. states found that saving electricity through utility-managed efficiency programs cost an average of 2.8 cents per kilowatt-hour (kWh), one-third to one-half of the cost of generating electricity from a newly constructed power

---

<sup>1</sup> American Council for an Energy-Efficiency Economy (ACEEE), "Energy Efficiency Resource Standards," available online at <http://www.aceee.org/topics/eers>, last accessed 17 November 2014.

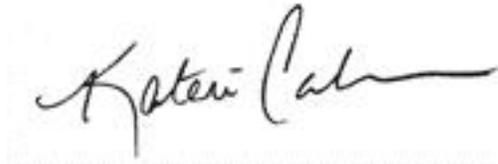
plants.<sup>2</sup> Efficiency investments do more than obviate the need for new generation facilities; they also make it possible to avoid new transmission & distribution infrastructure (T&D), while also lowering pollution and conserving precious water resources. In addition, efficiency costs have shown little volatility over the last decade, in sharp contrast to the behavior displayed by fossil fuel prices over the same period. Altogether, EE has an impressive, and highly sustainable, cost advantage over investments in electric generation.

To be sure, states do use different methodologies for calculating the costs and benefits of EE. Moreover, some critics may charge that average costs derived from multistate studies are not relevant for decision makers who are solely responsible to Arizonans. But ample evidence specific to Arizona can also be arrayed in support of the EES. According to a 2014 analysis conducted by researchers at the Lawrence Berkeley National Laboratory, among 11 Western states, Arizona was the second least expensive in terms of the costs incurred by utilities to save electricity.<sup>3</sup> And arguably the best evidence for the positive economic impact of the EES comes from the Arizona utilities that are tasked with implementing it. Every year since the EES went into effect, the Arizona Public Service Company, the state's largest utility, has officially reported to the ACC sizable *net benefits* from energy-efficiency measures. In 2011, the calculated amount was \$137.2 million.<sup>4</sup> In 2012, it came to \$204.2 million.<sup>5</sup> And in 2013, the figure was \$63.3 million.<sup>6</sup> Statewide and sustained through 2020, investments in EE are expected to provide benefits that are many, many times greater.

To serve the people and businesses of Arizona, the ACC would be well-advised to maintain the EES, a proven policy that has already produced hundreds of millions of dollars in economic benefits, while also saving water and enhancing the environment.

We thank you for the opportunity to comment.

Sincerely,



Kateri Callahan, President  
Alliance to Save Energy

---

<sup>2</sup> Maggie Molina (ACEEE), "Value for America's Energy Dollar: A National Review of the Cost of Utility Energy Efficiency Programs," (March 2014).

<sup>3</sup> Megan A. Billingsley et al., "The Program Administrator Cost of Saved Energy for Utility Customer-Funded Energy Efficiency Programs," Ernest Orlando Lawrence Berkeley National Laboratory, Environmental Energy Technologies Division (March 2014), 37.

<sup>4</sup> Arizona Public Service Company, "2011 Demand Side Management Semi-annual Progress Report, July-September 2011" (1 March 2012) Table 8, 11 (full-year number).

<sup>5</sup> Arizona Public Service Company, "2012 Demand Side Management Annual Progress Report," (1 March 2013), Table 5, 7.

<sup>6</sup> Arizona Public Service Company, "2013 Demand Side Management Annual Progress Report," (28 February 2014), Table 6, 10.

