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Shelby Stults  
Policy Principal  
Advanced Energy Economy

Caitlin Marquis  
Director  
Advanced Energy Buyers Group

August 13, 2021

Chairwoman Lea Márquez Peterson  
Commissioner Sandra D. Kennedy  
Commissioner Justin Olson  
Commissioner Ana Tovar  
Commissioner Jim O'Connor

**Re: Arizona Public Service Company (APS) application for approval of Green Power Partners Rate Rider Schedule; Docket No. E-01345A-21-0203**

**Comments by the Advanced Energy Buyers Group (AEBG) and Advanced Energy Economy in Support of the Green Power Partners Rate Rider**

Dear Chairwoman Márquez Peterson and Commissioners,

The Advanced Energy Buyers Group (AEBG) and Advanced Energy Economy (AEE) appreciate the opportunity to comment on the Green Power Partners Rate (Schedule GPP) proposed by Arizona Public Service (APS).

**AEBG and AEE recommend approval of Schedule GPP and offer some comments to ensure the program succeeds at meeting the needs of a range of potential customers.**

AEBG is a business-led coalition of large energy users engaging on policies to expand opportunities to procure energy that is secure, clean, and affordable. Members of the Buyers Group are market leaders and major employers spanning different industry segments, including technology, retail, and manufacturing. Our companies are among the 71% of Fortune 100 companies and 43% of Fortune 500 companies that have established renewable and/or climate targets as part of our corporate sustainability commitments.

AEE is an association of businesses dedicated to making the energy we use secure, clean, and affordable. AEE represents more than 100 companies and organizations that span the advanced energy industry and its value chains. Our membership provides a broad array of technologies and services, including energy efficiency, demand response, solar, wind, storage, electric vehicles, advanced metering infrastructure, transmission and distribution efficiency, fuel cells, hydro power, combined heat and power, enabling software and more. Together, these technologies and services create and maintain a higher performing energy system that is reliable, resilient, diverse, and cost-effective. It is also one that engages customers and meets the growing expectations for a 100% clean grid. AEE also manages the AEBG.

Across the country, large customers—from commercial and industrial customers to municipalities to institutions such as universities and hospitals—have committed to increase their consumption of renewable energy in a way that drives deployment of new renewable energy resources. Commercial and industrial customers alone are responsible for over 35 GW of new renewable energy contracts across the country since 2014.<sup>1</sup> Meeting this demand for renewable energy is an important element of creating an attractive environment for businesses to locate and grow their operations, something that Arizona has worked hard to foster. Without willing utility partners, however, customers in Arizona lack opportunities to meet their renewable energy needs.

**Schedule GPP is responsive to this growing demand for renewable energy among large customers, providing an option for customers to work with APS to increase their renewable energy consumption in Arizona.** While such customers share a common goal of procuring more renewable energy, they range significantly in their specific needs and priorities, and a one-size-fits-all approach is unlikely to find broad success. Schedule GPP appropriately includes three different options for customers to participate depending on the flexibility and control they require, consistent with guiding principles for green tariffs developed by AEE and AEBG.<sup>2</sup> Importantly, the program is designed such that customers not participating will not be adversely impacted.

While AEBG and AEE support approval of Schedule GPP as an important step toward meeting customer demand for renewable energy, we also offer the following recommendations to optimize rollout and implementation of the program:

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<sup>1</sup> Renewable Energy Buyers Alliance, “Deal Tracker,” available at <https://rebuyers.org/deal-tracker/>.

<sup>2</sup> Advanced Energy Economy, *Essential Elements of Next-Generation Renewable Energy Tariffs* (Aug. 2017), <https://info.aee.net/making-corporate-renewable-energy-purchasing-work-for-all-utility-customers>.



First, we recommend adding additional flexibility for customers to participate in Option B for a term shorter than 20 years. As AEE and AEBG have explained in other states, many customers who are willing to sign up for a term longer than one year (as under Option A) will nevertheless be precluded from participating in a 20-year program.<sup>3</sup> Adding options for customers to participate in Option B for 10, 12, and/or 15 years would increase customer flexibility while still allowing APS sufficient runway to manage its overall renewable energy portfolio. We note that this recommendation is also consistent with comments made in this docket by Nikola Corporation.

Second, we emphasize that as the program is implemented, it should be harmonized with other clean energy policies, particularly the pending Energy Rules,<sup>4</sup> to ensure that customers participating in Schedule GPP are treated fairly and that their renewable energy purchases through the program result in additional renewable energy deployment in Arizona. Specifically, we support APS's proposal that Renewable Energy Credits (RECs) purchased by customers through Schedule GPP would not be counted toward meeting the current Renewable Energy Standard (RES), and this same treatment should be extended to any additional binding clean energy requirements approved by the Commission. Relatedly, all of the options within Schedule GPP should include the RECs and associated environmental attributes. The proposal states that "Specific transactions *may* involve a transfer or retirement of renewable energy credits ("RECs")" [emphasis added].<sup>5</sup> However, in order to be considered a renewable energy product according to the Federal Trade Commission's Green Guides, renewable energy must include the transfer or retirement of RECs.<sup>6</sup> Therefore, the standard pricing for all options should include the RECs, which should not be subject to "additional charges." In addition, the green power price charged to participating customers should take into account the extent to which such customers have met or exceeded otherwise-applicable renewable energy targets through their participation in Schedule GPP. Specifically, GPP customers should not be assessed compliance charges associated with meeting renewable energy targets (established under the current RES or the Energy Rules, if adopted) if their purchases through GPP exceed the level of renewable energy that APS would otherwise need to procure on their behalf.<sup>7</sup> This approach will preserve the additionality of renewable energy purchases through Schedule GPP while avoiding unfair additional costs for GPP customers.

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<sup>3</sup> See, e.g., AEE testimony in Michigan Public Service Commission, Docket No. U-18351, "Some customers are unable to make a 20-year commitment, but are comfortable with long-term contracts of 10 or 15 years." Testimony of AEE Witness Marquis at 13-14.

<sup>4</sup> Docket No. RU-00000A-18-0284.

<sup>5</sup> Application at 2.

<sup>6</sup> "This section clarifies that marketers may make such [renewable energy] claims if they purchase renewable energy certificates ("RECs") to match their energy use." FTC "Green Guides," 77 Federal Register 62122, 16 Code of Federal Regulations, Part 260, relating to communications concerning Environmental Attributes.

<sup>7</sup> For a more detailed description of how voluntary purchases through a program such as GPP can be aligned with compliance requirements, see Advanced Energy Economy, "Adding it All Up for Voluntary Buyers of Renewable Energy" (Jan. 2021), <https://blog.aee.net/adding-it-all-up-for-voluntary-buyers-of-renewable-energy>.



Third, we strongly support the inclusion of Option C and ask for clarity to the extent that our interpretation of this option differs from the intent of the offering. As we understand it, Option C differs from both Options A and B in that it gives customers access to a new renewable energy project or group of projects that are not part of APS's planned resource mix, and/or allows a customer to accelerate acquisition of a planned resource. We further understand Option C to allow a similar opportunity for a participating customer to purchase RECs *from a specific facility or facilities*, analogous to the approach taken under Option B, rather than simply assigning a facility or facilities to the customer as under Option A. If this is not the case, clarity is needed to ensure that a participating customer can designate a specific resource (or resources), which helps voluntary renewable energy purchasers to demonstrate the claim that the customer catalyzed or caused the development of any additionality represented by development of the project(s) onto the electric system.

Finally, as Staff suggested, a change to the "Charges" section of Exhibit A should be made. The change should provide that pricing will change "one resource procurement to the next" instead of "from time-to-time." However, if that pricing provision is intended to reflect potential changes in the avoided cost of green power, then the provision should be changed to "The prices will be specified in the customer contract and may be revised either (a) from one resource procurement to the next or (b) from time-to-time based on a formula specified in such customer contract."

**With these recommendations in mind, we urge the Commission to approve Schedule GPP.** The proposal is a significant step toward enabling a range of Arizona customers to meet their renewable energy goals, while protecting nonparticipating ratepayers from the cost of this additional renewable energy procurement. We appreciate the Commission's consideration of our perspective in this case.

Sincerely,



Caitlin Marquis

Director

Advanced Energy Economy  
1010 Vermont Ave NW, Suite 1050  
Washington DC 20005



Telephone: 781.261.6047

Email: cmarquis@aee.net

***On Behalf of the Advanced Energy Buyers Group***



Shelby Stults

Principal

Advanced Energy Economy

1010 Vermont Ave NW, Suite 1050

Washington DC 20005

Telephone: 614.657.7715

Email: sstults@aee.net

***On Behalf of Advanced Energy Economy***

