

## APS/TEP/UNSE Utility RPS 2011 Compliance Plans Brief Sheet

### ***The Essentials***

- In 2006, the Arizona Corporation Commission adopted the Renewable Energy Standard and Tariff (“REST”) rule requiring regulated electric utilities in the state to obtain some of their energy from renewable sources, such as wind, solar, geothermal and biomass.
- Every year, a prescribed percentage of each affected utility's electricity sales must come from renewable sources. The percentage required gradually increases until reaching 15% in 2025.
- To ensure that each utility company is on track towards meeting its REST requirement, it must file two separate documents annually: 1) a Compliance Report and 2) an Implementation Plan.
- In the Compliance Report, each company tracks its progress in renewable energy sales. The progress is tracked with Renewable Energy Credits.
- In the Implementation Plan, each company describes its plan to meet the next year's requirement.
- This brief covers the Compliance Reports. Please also see our corresponding brief on this year's Implementation Plans: [“APS/TEP/UNSE Utility RPS Implementation Plans.”](#)

### ***Policy Details:***

Pursuant to the Renewable Energy Standard and Tariff (“REST”) rules,<sup>1</sup> each utility regulated by the ACC (defined as an “affected utility” by the REST Rules) must file an annual Compliance Report describing the utility’s progress towards meeting its annual REST requirements for the previous year.<sup>2</sup> The annual Compliance Report is due on April 1 of the following year, so for example, the 2011 Compliance Report was due on April 1, 2012.<sup>3</sup> The affected utilities discussed in this brief sheet are: Arizona Public Service Co. (“APS”), Tucson Electric Power Co. (“TEP”), and UniSource Energy Services (“UNSE”).

REST rules mandate that a certain percentage of a utility’s commercially sold energy come from renewable energy sources. The Compliance Report, filed on April 1 reflects the utility’s attainment of the renewable energy mandates. Additionally, on July 1 all utilities must file an Implementation Plan outlining how the utility intends

---

<sup>1</sup> REST is one of the acronyms used to describe the Renewable Energy Standard, sometimes the same rule will be called a Renewable Energy Standard “RES” or “RE standard,” a Renewable Energy Portfolio Standard “RPS”, or a Renewable Energy Portfolio Standard “REPS.” Generally all the abbreviations and terms mean the same thing and are used interchangeably.

<sup>2</sup> See A.C.C. R14-2-1812 and A.C.C. R12-3-1813

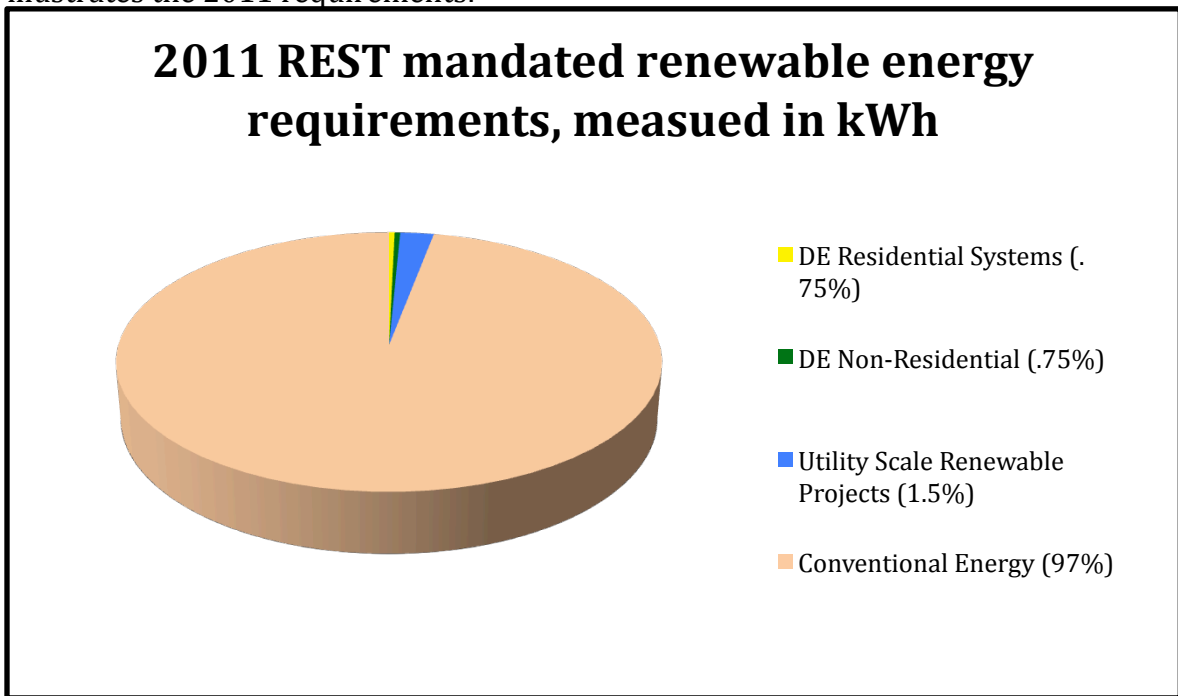
<sup>3</sup> See A.C.C. R14-2-1812(A)

to meet the next year’s renewable energy mandates.<sup>4</sup> Together, the Implementation Plans and the Compliance Reports provide accountability and a method to review the utility’s progress.

*Progress measurements*

A utility’s progress towards its REST goals is measured in renewable energy credits (“RECs”). A REC equals 1 MWh (or 1000 KWh) of renewable energy, and is an accounting mechanism that tracks generated energy. RECs can also be purchased or traded in a market-based system. Both generated RECs and purchased RECS are reported in the Compliance Reports. The reported RECs indicate if the utility met its annual REST requirements. *(For more information on RECs, please see our brief [“Renewable Energy Credits in Arizona”](#) under the Existing Policies: ACC tab).*

In 2011, affected utilities were required to obtain three percent of total retail energy sales from renewable energy sources. In the Compliance Report, the three percent requirement is measured and discussed in RECs. Additionally, in 2011 all affected utilities were required to have 25 percent of the three percent of total renewable energy come from distributed energy (DE) sources. Again, compliance with the mandate is also measured in RECs. Per the REST rules, half of the required 25 percent of DE sources must come from residential systems and the other half must come from non-residential systems. The remaining 75 percent of the required RECs are derived from large, utility scale renewable sources. The pie chart below illustrates the 2011 requirements:



<sup>4</sup> See A.C.C. R14-2-1813

**Affected Utilities and the 2011 REST requirements**

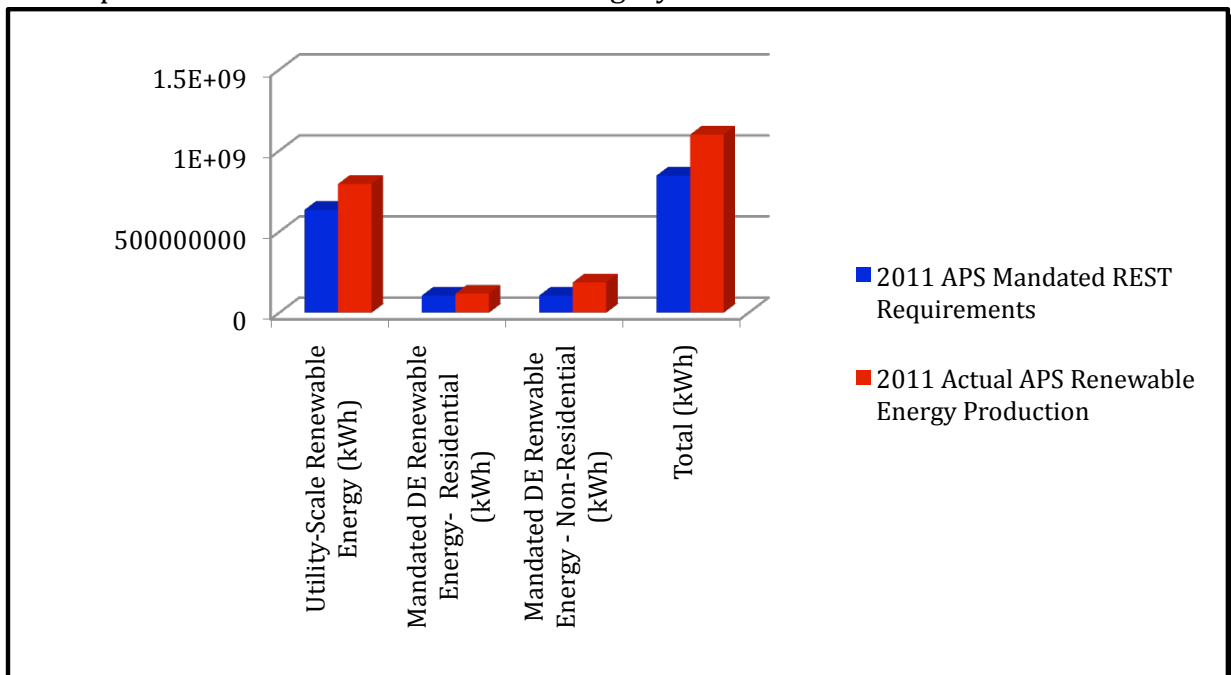
APS is the largest affected utility regulated by the ACC. APS is a subsidiary of Pinnacle West Corporation and serves more than a million customers in Maricopa County and beyond. TEP is a subsidiary of UniSource Energy Corporation and serves more than 400,000 customers in the Tucson metropolitan area. TEP is the second largest affected utility regulated by the ACC. UNSE is also subsidiary of the UniSource Energy Corporation. UNSE provides electric service to more than 237,000 customers in Mohave and Santa Cruz counties; it is the third largest affected utility regulated by the ACC.

Salt River Project (“SRP”) serves more than 935,000 electric customers in the Phoenix metropolitan area, but does not meet the definition of an “affected utility” and is not regulated by the ACC. Thus, SRP is not mandated to submit annual compliance reports and will not be discussed in this brief sheet; however, SRP has voluntarily implemented a 2025 goal of 15 percent of retail sales derived from renewable energy.

APS, TEP, and UNSE all met and exceeded their 2011 REST requirements. These achievements were reported in their respective Compliance Reports and are briefly detailed below.

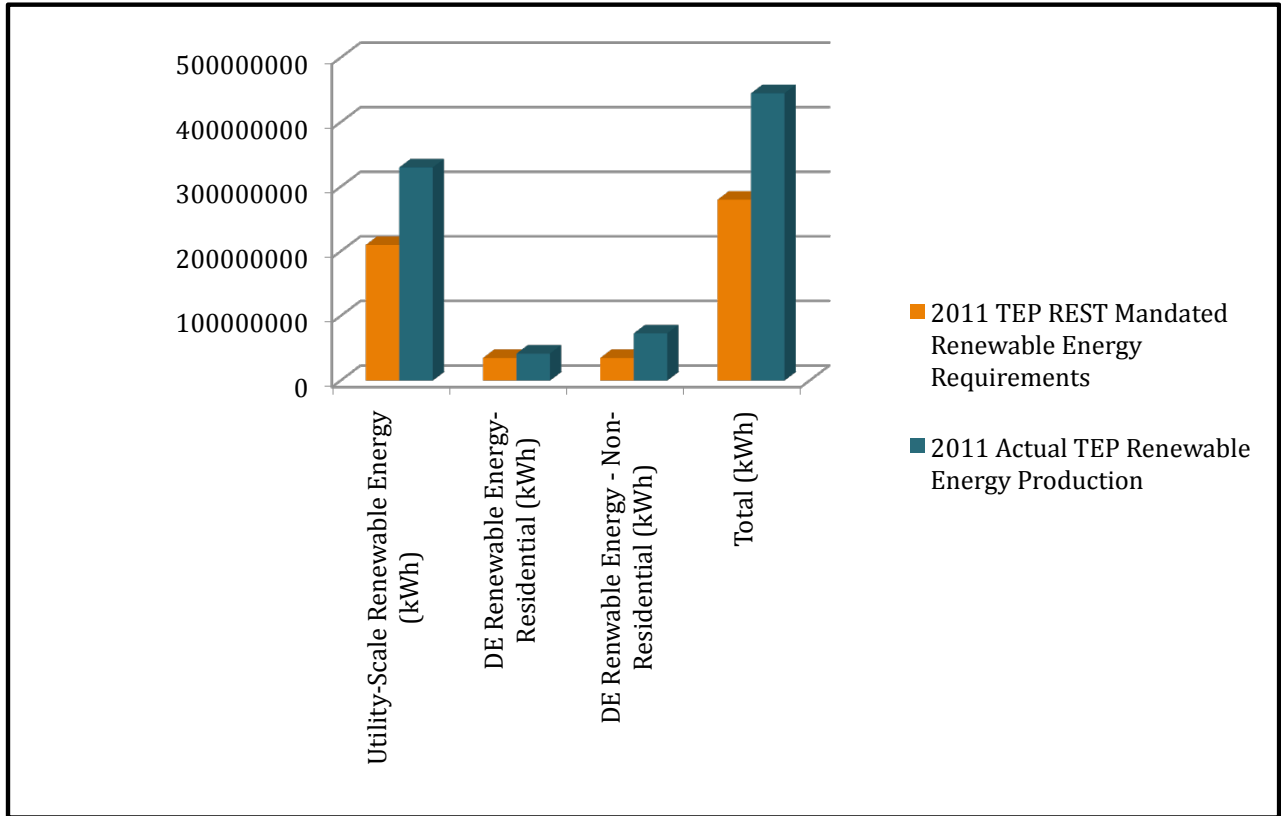
- **APS**

In 2011, APS exceeded its REST requirements by 14 percent. APS’s 2011 requirements were: 846,310,000 RECs of total renewable energy production, and 211,577,00 of the 3 percent total from DE’s. In previous years, APS had not achieved compliance in the non-residential DE category.



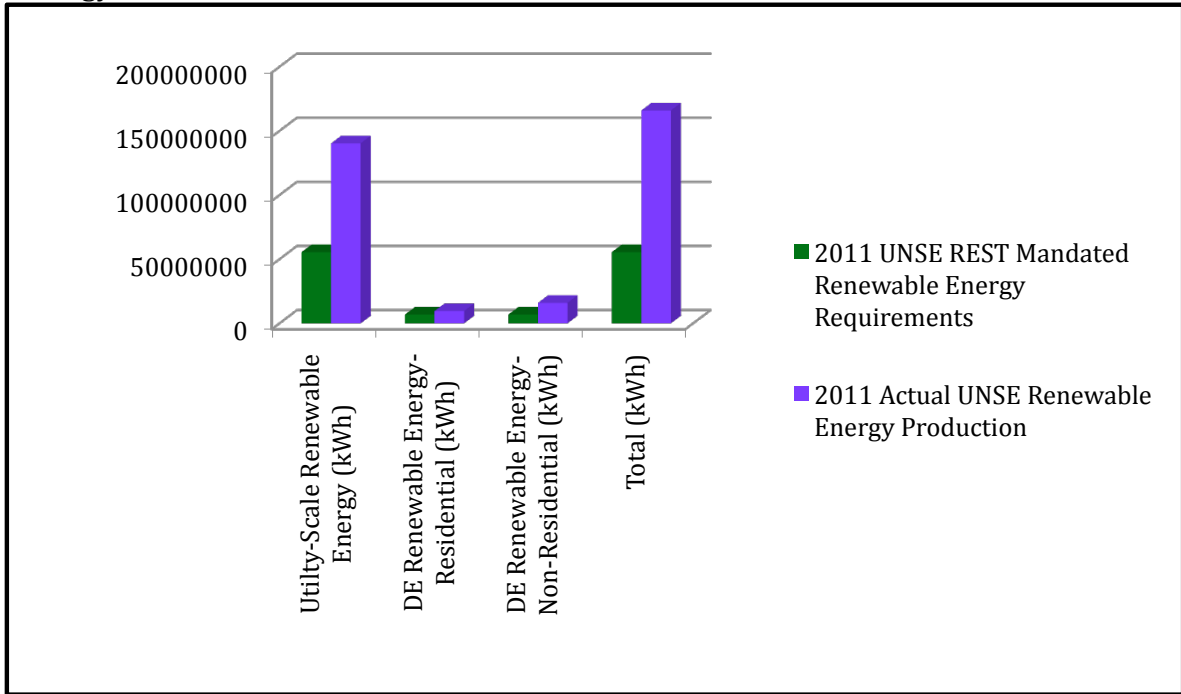
- **TEP**

TEP's renewable energy requirement for 2011 was 279,963,210 RECs. Under the DE requirement 69,990,803 kWh of TEP's total retail energy sales must come from residential and non-residential customer systems. The remaining 75 percent of the REST target, or 209,972,408 kWh, come from TEP's utility scale renewable energy resources.



- **UNSE**

UNSE's specific REST target for 2011 was 55,587,120 RECs. Under the DE requirement 13,896,780 kWh of UNSE's total retail energy sales must come from residential and non-residential customer systems. The remaining 75 percent of the REST target, or 41,690,340 kWh, must come from UNSE's utility scale renewable energy resources.



**Read more:**

**APS 2011 REST Compliance Report:**

<http://www.azcc.gov/Divisions/Utilities/Electric/REST%20PLANS/2012/APS2011RESComplianceReport.pdf>

**APS's 2011 REST Implementation Plan:**

<http://www.azcc.gov/commissioners/PNewman/Letters/02-14-11%20IP%20Overview%20November%20Workshop.pdf>

**TEP 2011 REST Compliance Report:**

<http://www.azcc.gov/divisions/utilities/electric/rest%20plans/2012/tep2011restplan.pdf>

**TEP 2011 REST Implementation Plan:**

<http://images.edocket.azcc.gov/docketpdf/0000113785.pdf>

**UNSE's 2011 REST Compliance Report:**

<http://www.azcc.gov/divisions/utilities/electric/rest%20plans/2012/uns2011restplan.pdf>

**UNSE 2011 REST Implementation Plan:**

<http://images.edocket.azcc.gov/docketpdf/0000113784.pdf>

***Contact information***

Jenna Shaver, APS Spokesperson  
Arizona Public Service Company  
PO Box 53933 Sta. 3200  
Phoenix, AZ 85072  
Phone: (602) 689-0289  
APS Renewable Energy Incentive Program Information  
E-Mail: [commercial-incentives@aps.com](mailto:commercial-incentives@aps.com)

Jessica Bryne, TEP and UNSE Regulatory Services  
Tucson Electric Power Company and UniSource Energy Services  
88 East Broadway Blvd, P.O. Box 711  
Tucson Arizona 85702  
Phone: (520) 884-3680

Ray Williamson  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, AZ 85007  
Phone: (602) 542-0828  
Fax: (602) 542-2129  
E-Mail: [RWilliamson@azcc.gov](mailto:RWilliamson@azcc.gov)