



Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

RE: Docket No. RU-00000A-18-0284, Alliance for Industrial Efficiency's Support for Increased Energy Efficiency Standards

Dear Chairman Burns and Arizona Corporation Commissioners,

The Alliance for Industrial Efficiency (the "Alliance") appreciates the opportunity to comment on the Arizona Corporation Commission's consideration of clean energy standards for the state. The Alliance is a diverse coalition that includes representatives from the business, contractor, labor and academic communities. We represent trade associations with a strong presence in Arizona, such as the Sheet Metal and Air Conditioning Contractors' Association (SMACNA). SMACNA companies have been directly involved with some of the most important development projects in the state including the construction of the CyrusOne Phoenix Data Center in Chandler and the expansion of American Express' offices at Desert Ridge. Members of the Arizona Corporation Commission (the "Commission") had an opportunity to learn about these projects first hand at a business roundtable and tour organized by our members at the sheet metal training center in Phoenix in 2017. The Alliance is committed to enhancing manufacturing competitiveness and reducing emissions through industrial energy efficiency, particularly through the use of clean and efficient power generating systems such as combined heat and power (CHP) and waste heat to power (WHP).

As the Commission considers the future of the Energy Efficiency Standard and other support for clean energy, we write to 1) support the results that investment in energy efficiency has delivered and 2) highlight the vast untapped energy efficiency opportunity in the state.

The Role of Energy Efficiency

Energy efficiency/demand-side management (DSM) is in the public interest for many reasons:

- It is a low-cost energy and capacity resource.
- It provides significant cost-effective benefits for all utility customers, the grid, the economy, and the environment.
- It saves consumers and businesses money through lower utility bills and the deferral of unnecessary infrastructure, resulting in lower total costs for customers.
- It reduces load (resulting in lower *net* load to serve) and diversifies energy resources.
- It reduces air pollution and the amount of water used for power generation. And,
- It mitigates electricity and fuel price increases and reduces customer vulnerability and exposure to price volatility.



The Commission's existing Energy Efficiency Standard, which requires 22 percent energy savings by 2020, is cost-effective and has driven significant savings and benefits for Arizona ratepayers:

- Every \$1 invested has returned more ~\$4 in benefits.¹
- It has delivered more than \$1 billion dollars in net economic benefits since 2010.²
- Arizona's nationally recognized energy-saving programs³ have served hundreds of thousands of Arizona residents and businesses.⁴ And
- Tens of thousands of Arizonans have been put to work upgrading buildings, improving manufacturing production lines, and installing new sensors and controls.⁵

Energy efficiency and DSM investments can be targeted to meet system needs by emphasizing DSM measures that reduce peak summer demand and provide load reductions during ramping and other periods to assist with meeting system reliability needs at low costs.

For these reasons, we strongly urge the Commission to vote in favor of requiring utility companies to invest in energy efficiency. We fully support a renewal and extension of Arizona's existing Energy Efficiency Resource Standard.

Thank you for your consideration.

Sincerely,

David Gardiner
Executive Director
Alliance for Industrial Efficiency

¹ See the 2010-2017 Annual Demand Side Management reports of Tucson Electric Power and Arizona Public Service Company.

² See the 2010-2018 Annual Demand Side Management reports of Tucson Electric Power, Arizona Public Service Company, and UNS Electric.

³ Examples include: Wall Street Journal, "APS and Unisource AZ Utilities Get National Awards for Energy Efficiency," <http://online.wsj.com/article/PR-CO-20130328-914083.html>; Phoenix Business Journal, "APS, Meritage, Foundation for Senior Living tabbed for Energy Star awards," <http://www.bizjournals.com/phoenix/news/2013/03/26/aps-meritagefoundation-for-senior.html>; Greentech Media, "Multifamily Housing: A \$3.4B US Energy Efficiency Opportunity," <http://www.greentechmedia.com/articles/read/multifamily-housing-a-3.4b-u.s.-energy-efficiency-opportunity>

⁴ Arizona Public Service, "APS DSM Program Overview," Presented at the 2013 ACEEE National Conference on Energy Efficiency as a Resource.

⁵ Environmental Entrepreneurs, Energy Efficiency Jobs in America: Arizona: <https://www.e2.org/wp-content/uploads/2018/09/ARIZONA-Dist.pdf>