



# COMMISSION NEWS

## Arizona Corporation Commission

### Public Information Office

Heather Murphy, Public Information Officer  
Phone (602) 542-0844 FAX (602) 364-0925  
e-mail [hmurphy@cc.state.az.us](mailto:hmurphy@cc.state.az.us)

October 29, 2004

## **ACC APPROVES SOLAR HVAC PILOT PROGRAM First State to Include Solar HVAC in Renewable Portfolio**

PHOENIX – Arizona Corporation Commissioners this week broke new ground by approving a pilot program to allow utilities to include solar heating, ventilation and air conditioning (HVAC) systems as qualifying technologies in the Environmental Portfolio Standard. Three years ago, Arizona became one of the leading states in the nation to support the use of renewable energy sources for electric power generation. The Environmental Portfolio Standard requires regulated utilities to generate a minimum percentage of their total retail energy sales from renewable sources, beginning in 2001.

Unlike technologies that generate electricity, solar HVAC technology saves energy that the customer would otherwise need to draw from the electrical grid. Arizona's energy use spikes in the summer due to the intense demand for air conditioning and the power necessary to run these systems. A solar HVAC system would provide summertime cooling without straining the electrical grid. In other seasons, energy captured by this technology can be used for space heating or to heat water for various applications within a building.

“For example, a high school could have a solar HVAC system to provide air conditioning in the warmest months,” Commission Chairman Marc Spitzer explained. “During the cooler months, the system could provide hot water for dishwashing and cooking in the cafeteria or for showers in the gym.”

Solar HVAC systems are in use in Israel, Japan, China and some European countries according to So Cool Energy, Inc. president Lori Glover. Glover attended the Commission meeting to speak in favor of approving this technology. The Commission order does not specify the vendor

or specific design criteria. Glover's firm is one of several companies that could supply a solar HVAC system under the program approved by the Commissioners. Arizona would be the first state to acknowledge this emerging technology as a qualifying project under a renewable energy portfolio, according to Glover.

"Arizona has been on the leading edge in requiring the use of renewable sources of energy. This pilot program is designed to encourage the installation and operation of five solar HVAC systems as part of the Environmental Portfolio Standard," Commissioner Bill Mundell said. "We need to encourage these new technologies if we are going to wean ourselves off of fossil fuels."

"The kilowatt hours saved through the pilot program would be eligible to meet the solar electric requirements of the Environmental Portfolio Standard," Commissioner Mike Gleason added.

"Utilities or electric service providers wishing to participate in the solar HVAC pilot program are required to file notice with the Utilities Division that identifies the specific proposed project."

"In February 2004, we unanimously voted to continue increasing the percentage derived from renewable sources," Commissioner Jeff Hatch-Miller said. "Adding solar HVAC to the portfolio mix provides new options for power-hungry industrial users."

The Environmental Portfolio Standard covers solar technologies such as solar generation, solar water heating and solar air conditioning. Non-solar technologies such as landfill gas generators, wind generators and biomass generators are also qualifying technologies. Unlike many other states, Arizona's definition of environmentally-friendly renewable technologies currently does not include hydroelectric generation or geothermal power.

Key provisions of the current Environmental Portfolio Standard are:

- Retail electric providers must meet the following portfolio requirements. The percentages are based on total retail energy sold.
  - 0.8% in 2004 – The 2001 decision stated that the Commission will review the costs and benefits of the portfolio requirement in 2004 to determine if the

percentage should be frozen at 0.8% for a period of time or if it should continue to increase as currently anticipated. Yesterday's decision approved the increases as follows:

- 1.0% in 2005
  - 1.05% in 2006
  - 1.1% from 2007 to 2012
- From 2004 through 2012 the portfolio must be 60 percent solar electric with no more than 40 percent solar hot water or other environmentally friendly renewable electricity technologies.

“This Commission is actively studying ways to save energy, reduce demand and increase the use of renewable and environmentally-friendly technologies,” Commissioner Kristin Mayes said.

“Our staff is preparing to bring us [the Commissioners] options and proposals for changes to the portfolio standard and I look forward to studying them closely.”

For more information about the Environmental Portfolio Standard, click on

<http://www.cc.state.az.us/utility/electric/environmental.htm>.

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Contact information for So Cool Energy, Inc.: Lori Glover, President – 602-677-6673.