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ARIZONA CORPORATION COMMISSION
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IN THE MATTER OF THE APPLICATION OF
GRAHAM COUNTY ELECTRIC COOPERATIVE,
INC. APPLICATION FOR APPROVAL OF ITS
2012 RENEWABLE ENERGY STANDARD
TARIFF AND IMPLEMENTATION PLAN

DOCKET NO. E-01749A-11-0258
COMPLIANCE - 2012 ANNUAL REST
REPORT

Graham County Electric Cooperative, Inc. ("GCEC") hereby submits its annual REST compliance report for the calendar year 2012 pursuant to A.A.C. R14-2-1812.

RESPECTFULLY SUBMITTED this 29th day of March 2013

Graham County Electric Cooperative, Inc.

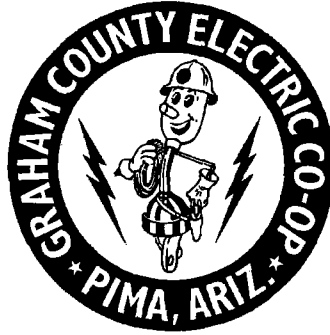
By *Than W. Ashby*
Than Ashby
Graham County Electric Cooperative, Inc.

Original and thirteen (13) copies filed this 29th day of March, 2013, with:

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Arizona Corporation Commission
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MAR 29 2013

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**Renewable Energy Standard and Tariff
Compliance Report
Compliance Year 2012**

Submitted April 1, 2013

**Graham County Electric Cooperative, Inc.
Renewable Energy Standard and Tariff
Compliance Report
Compliance Year 2012**

INTRODUCTION

Pursuant to A.A.C. R14-2-1812, Graham County Electric Cooperative, Inc. ("GCEC") submits this compliance report for calendar year 2012. This report relates to GCEC's 2012 Renewable Energy Standard and Tariff Plan ("REST Plan"), approved by the Arizona Corporation Commission (the "Commission") in Decision No. 72798 dated February 2, 2012.

EXECUTIVE SUMMARY

The REST Plan uses surcharge dollars from GCEC's Commission-approved retail tariffs to support programs for developing renewable facilities, purchasing renewable energy and participation in large-scale renewable generation projects. Funds may also be used for administration, advertising and educational activities.

The REST Plan for 2012 was approved pursuant to R14-2-1814. R14-2-1814 provides that, upon Commission approval of GCEC's REST Plan, its provisions substitute for the Annual Renewable Energy and Distributed Renewable Energy requirements of Rules 1804 and 1805, respectively.

2012 INSTALLATIONS AND ENERGY GENERATED

In 2012, 14 new Photovoltaic ("PV") systems were installed in GCEC's service area. Of these new systems, all of them were on-grid for a total installed capacity of 128.5 kW. Additionally, of these new systems, all 14 are distributed generation (14 residential and 0 commercial).

These additions bring the total number of renewable generation installations in GCEC's service area by the end of 2012 to 133. This includes 126 PV installations (35 off-grid, 91 on-grid) with a total installed capacity of 702.665 kW, 6 wind installations with a total capacity of 34 kW and 1 solar water heating installation expected to save approximately 1,163 kWh per year. In 2010 as part of a REC allocation settlement with other electric Cooperatives, GCEC relinquished the rights to annual REC's in the amount of 555,780 kWh. The total renewable energy generated in 2012 for which GCEC can claim credit is 1,815 MWh.

2012 REQUIRED REPORTING INFORMATION

The ACC requested that the Electric Utilities develop a standard REST reporting format. GCEC submits the following tables to meet this requirement (see attached tables).

- Table 1a – Renewable Resources
- Table 1b – Compliance Summary
- Table 2b – RES Cash Incentive Costs

The following tables were not included because they are not applicable to GCEC's REST program

- Table 2a - RES Resource Costs
- Implementation Plan Table 1 – Targeted Resources
- Implementation Plan Table 2 – Targeted RES Resources Costs

Compliance Report - Energy

Table 1a - Renewable Resources

Resource	Technology	Ownership	MWac ¹	MWdc ¹	Production (Actual) + (Annualized) ²	Multiplier Credits	Total MWh or Equivalent
GENERATION:							
n/a							
<i>Gross Total (if needed)</i>							
<i>Adjustments (if needed)</i>							
Subtotal Generation (A)							
DISTRIBUTED ENERGY (DE):							
<i>Residential:</i>	PV	Customer	0.364		798		798
	SWH	Customer	0.001		1		1
	Wind	Customer	0.034		74		74
<i>Gross Total (if needed)</i>							
<i>Adjustments (if needed)</i>							
Subtotal Residential (B)							
<i>Non-Residential:</i>	PV	Customer	0.084		185		185
	PV	GCEC	0.002		4		4
	SWH	Customer	-		-		-
	Wind	Customer	-		-		-
	Geothermal	Customer	0.344		753		753
<i>Gross Total (if needed)</i>							
<i>Adjustments (if needed)</i>							
Subtotal Non-Residential (C)							
Subtotal Distributed Energy (B + C) (D)							
Total RES Resources (A + D) (E)							
Total MWac equivalent³ 1,815							

Notes to Table 1:

- ¹ Generation capacity is generally reported in MWac and DE is generally reported in MWdc.
- ² Assumes 2,190 kWh per installed kW for non-metered or current year installed residential PV systems, and 2,190 kWh per installed kW for similar non-residential systems.
- ³ Represents the total RES portfolio capacity in MWac. Assumes a 90% dc-ac conversion factor applied to MWdc capacity.

Compliance Report - Energy

Table 1b - Compliance Summary

Category	Metric	%	Compliance Measure (MWh)	RES Resources (MWh or Equivalent)
Retail Sales	165,479	3.5%	5,792	5,792 (F)
Prior year carrying balance ¹				- (E)
2012 Total RES Resources [From (E) in Table 1a]				1,815 (E)
2012 Total RES Requirement	% of Retail Sales	N/A		
DE Requirement	% of RES Requirement	N/A		
<i>DE Sub-Requirements:</i>				
Residential DE	% of DE Requirement	N/A		(G)
Non-Residential DE	% of DE Requirement	N/A		(H)
Non-DE Target	% of RES Requirement	N/A		(I)
Resources Used for 2012 Compliance (G + H + I)				5,792 (J)
End 2012 carrying balance (F + E - J)				(3,977) (K)

Notes to Table 1b:

¹The RES-eligible resource carrying balance is accounted for using FIFO methodology, wherein the entire carrying balance is applied to the RES requirement and the year-end carrying balance consists of current year remaining resources.

Table 2b - RES Cash Incentive Costs

2012 Distributed Energy Cash Incentive Program Costs						
	MW	MWh	Up-Front Incentives (\$/MW) ¹	Up-Front Incentives (\$/MWh) ¹		2012 Total Incentives Paid (\$)**
Residential:						
PV	0.129	281	1,982,737	905		254,782
Subtotal: Residential						
	0.129	281	1,982,737	905		254,782
Non-Residential:						
PV	-	-	-	-		-
Geothermal	0.344	753	49,469	23		17,010
Subtotal: Non-Residential						
	0.344	753	49,469	23		17,010
Total DE Incentive Costs						271,792

Notes to Table:

¹ Based on expected annual system production.

** Incentives include funds that were reserved in the previous year but paid out in 2012