



A PROFESSIONAL
LAW CORPORATION

201 South Main Street
Suite 1800
Salt Lake City, UT 84111
Telephone 801.532.1234
Facsimile 801.536.6111
E-mail: pbl@parsonsbehle.com

James B. Lee
Gordon L. Roberts
F. Robert Reeder
Lawrence E. Stevens
Daniel M. Allred
Dallin W. Jensen
Frank Cassas
Ross E. de Lipkau
Randy L. Dryer
Charles H. Thronson
David R. Bird
Raymond J. Etcheverry
Francis M. Wikstrom
David W. Tundermann
Ronald L. Rencher
Chris Wangsgard
Spencer E. Austin
Lee Kapaloski
Stephen J. Hull
John B. Wilson
Gary E. Doctorman
Kent B. Alderman
Kent O. Roche
Patricia J. Winmill
Randy M. Grimshaw

Lawrence R. Barusch
Maxwell A. Miller
William D. Holyoak
Paul D. Veasy
Robert C. Delahunty
R. Craig Johnson
Geoffrey W. Mangum
Daniel W. Hindert
Mark E. Lehman
Nancy L. Allf
Michael L. Larsen
Jonathan K. Butler
David G. Mangum
Derek Langton
Michael R. Kealy
Lorna Rogers Burgess
Hal J. Pos
W. Mark Gavre
George M. Flint III
J. Michael Bailey
J. Thomas Beckett
M. Lindsay Ford
Jim B. Butler
Shawn C. Ferrin
Elizabeth S. Whitney
Kathleen M. Paustian
Elisabeth Blattner-Thompson
William J. Evans

C. Kevin Speirs
Michael J. Malmquist
Rew R. Goodenow
Lisa A. Kirschner
Michael A. Zody
David M. Bennion
Erik A. Christiansen
Catherine A. Agnoli
William J. Stilling
Michael J. Tomko
Margaret Niver McGann
James T. Blanch
Laura S. Scott
Joseph L. Broom
Katherine E. Venti
Robert L. Rosenthal
Christina Jepson Schmutz
Kristine Edde Johnson
Kerry L. Owens
Richard J. Angell
Dianna M. Gibson
Sean D. Reyes
Shane D. Hillman
Vicki M. Baldwin
John E. Delaney
Michael P. Petrogeorge

Michael R. McCarthy
Jason S. Nichols
Josh M. Reid
Andrew W. Gilliland
Jeffrey J. Droubay
David R. Hall
John P. Ball
Juliette Palmer White
Damon J. Georgelas
Robert H. Hughes
Scott S. Bell
Jeffrey C. Corey
Shelley L. Lanzkowsky
Seth P. Hobby
Stefan P. Brutsch
Brian P. Rosander
Matthew D. Cook

Gordon Campbell, Of Counsel
Mark W. Dykes, Of Counsel
Mark A. Glick, Of Counsel
Earl M. Hill, Of Counsel
Lawrence J. Leigh, Of Counsel
Robert W. Marshall, Of Counsel
Michael M. Quealy, Of Counsel
Keith E. Taylor, Of Counsel

March 28, 2007

VIA ELECTRONIC MAIL & HAND DELIVERY

Utah Public Service Commission
Attention Julie P. Orchard, Commission Secretary
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City UT 84111

**Re: Docket 06-999-03; EPAct of 2005 Amendments to PURPA; UIEC
Comments on Division of Public Utilities' Recommendations
Concerning Adoption of the Federal Interconnection Standard**

Dear Commissioners:

On March 6, 2007, the Public Service Commission of Utah ("PSC" or "Commission") issued an order inviting interested parties to submit detailed written comments responding to the recommendation submitted by the Division of Public Utilities ("DPU" or "Division") regarding the PURPA Interconnection Standard "including concurrence or disagreement with the Division's recommendations and/or whether the Commission should adopt these standards, decline to adopt these standards, or adopt modified standards." The Utah Industrial Energy Consumers or ("UIEC") hereby submit their written comments as follows.

Comments

Introduction:

As part of the Energy Policy Act of 2005 ("EPAct 2005), Congress made certain amendments to the Public Utilities Regulatory Policy Act of 1978 ("PURPA"). In doing so, it set forth certain standards and mandated, not that the states adopt the standards, but

instead that the states consider the standards and make an informed decision about whether to adopt them. 16 U.S.C. § 1621 (a). For the reasons stated below, the UIEC recommend that the Commission decline to adopt the PURPA Interconnection standard at issue.

The Interconnection standard provides as follows:

Each electric utility shall make available, upon request, interconnection service to any electric consumer that the electric utility serves. For purposes of this paragraph, the term “interconnection service” means service to an electric consumer under which an on-site generating facility on the consumer’s premises shall be *connected to the local distribution facilities*. Interconnection services shall be offered based upon the standards developed by the Institute of Electrical and Electronics Engineers: IEEE Standard 1547 for Interconnecting Distributed Resources with Electric Power Systems, as they may be amended from time to time. In addition, agreements and procedures shall be established whereby the services are offered shall promote current best practices of interconnection for distributed generation, including but not limited to practices stipulated in model codes adopted by associations of state regulatory agencies. All such agreements and procedures shall be just and reasonable, and not unduly discriminatory or preferential.

16 U.S.C. § 1621(d)(15) (emphasis added).

As established in the technical conferences conducted pursuant to this docket, the intent of this standard is to be applicable only to customers connecting to local distribution facilities, not transmission facilities. Rocky Mountain Power Company (“Rocky Mountain” or the “Company”) indicated that would include connections up to 46 kV. Interconnection above 46 kV would be made to the transmission system and regulated by the Federal Energy Regulatory Commission (“FERC”) pursuant to its interconnection standards.

The UIEC disagrees that the standard should be adopted. The existing rules and tariffs of the Company satisfy the requirements of a great many interconnections. It is only the group in between net metering and Qualified Facilities (“QF”) that may need to be addressed. A new standard applicable to all should not be adopted when the arguable problem only lies with a subset of the whole. In addition, the PURPA Interconnection standard is vague and ambiguous as written and its adoption could result in harmful unforeseen consequences.

Analysis:

From the information provided by the Company, it appears the Company currently provides some type of on-site generation interconnection service for all electric customers. The information regarding application and the process are available on the Company's website. In addition, personnel are available by telephone to answer any questions. Therefore, a standard such as that set forth by PURPA seems unnecessary.

It appeared from the discussions held during the technical conference that the interconnection rules and procedures currently in place for net metering and QFs are adequate. The problem, if any, appears to lie with generators greater than the 25 kW net metering cut-off, but which are not fairly large industrial customers with QF facilities. It appeared that generators in this in-between group would like a more streamlined interconnection process.

There were complaints during the technical conference that this in-between group finds the process to be unpredictable in timing and cost. As a result, financing can be difficult to obtain.

However, there is a reason that there are interconnection rules, standards, and procedures. It must be kept in mind that distribution systems were originally built to carry one-way traffic—from the distribution system to the customer. The introduction of traffic from the customer to the distribution system has the potential to cause tremendous problems. The impact of connecting these in-between-sized customers is not zero. Their interconnection has the potential to cause significant damage to the system and other customers if not done properly. It could result in interference in others' electrical devices and even failure and irreparable damage.

Each interconnection is going to be different and raise different issues and so must be studied independently. It is unlikely that an abbreviated cookie-cutter process will be feasible. Reliability and stability should take precedence over simplifying the process. Larger customers are often required to pay for devices and facilities to ensure the system is not adversely impacted. They understand that if they want to attach to the system, there are certain necessary precautions that must be taken. Such precautions apply to these in-between customers as well.

Moreover, there is no evidence that adopting the PURPA Interconnection standard will have any impact on the perceived problem. The Company already provides on-site interconnection to the local distribution system for all customers and the PURPA Interconnection standard contains nothing that would change the process for this in-between group. The standards and the rules are not the problem. The challenge to interconnect diverse, sometimes intermittent sources at different locations on the distribution system is the problem.

In addition, the PURPA Interconnection standard should not be adopted because it is vague and ambiguous. The PURPA Interconnection standard mandates that services be offered based on IEEE Standard 1547 for Interconnecting Distributed Resources with Electric Power Systems. This standard is only applicable to systems below 10 MW. Therefore, as discussed in the technical conference, it is not entirely clear to whom the PURPA Interconnection standard actually applies. It is clear that it is not applicable to generators connected to the transmission system, but what happens to the generators greater than 10 MW that are connected to the distribution system? Will the adoption of this standard create confusion as to whether there is PSC or FERC jurisdiction over these entities? No one at the technical conference could ensure this would not be the case. The interconnection agreements that a number of customers have with the Company provide that if the FERC acquires jurisdiction, the contracts become void. Because adoption of the standard as written could lead to voiding these contracts, the standard should not be adopted.

Also, IEEE Standard 1547 is relay-based, not inverter-based. The Company explained that if an installation is not inverter-based then even more study than usual is required to ensure safety and reliability. There was no consensus at the technical conference, therefore, that IEEE Standard 1547 should be adopted. By adopting the PURPA Interconnection standard, we would force adoption of IEEE Standard 1547 without any study or basis for understanding exactly what that could mean.

Many participants at the technical conference were also concerned about the ambiguity of the phrase: "current best practices." Without a better understanding of what may be current best practices for Utah, a standard imposing such practices should not be adopted.

The PURPA Interconnection standard indicates that the current best practices include "practices stipulated in model codes adopted by associations of state regulatory agencies." The Company appeared to have some good reasons for adopting some but not all of NARUC's suggested interconnection agreements and practices. Without further study of these particular agreements and practices and whether they are best for Utah, a standard imposing such agreements and practices should not be adopted.

Due to these and other ambiguities, it was noted in the technical conference that most states are not adopting the PURPA Interconnection standard. Instead, they are assessing whether rules or tariffs would more appropriately address the interconnection needs of each of their states. The UIEC recommend that a similar course of action be taken here.

It was established in the technical conference that if any barriers to interconnection exist, they primarily exist for a select group of on-site generators, not for on-site generators

Julie Orchard
March 28, 2007
Page Five

on the whole. Yet, adoption of the PURPA Interconnection standard would not address the perceived problem for this particular group. In addition, there was a general consensus that the standard is vague and ambiguous. Therefore, the UIEC suggest that the PURPA Interconnection standard not be adopted and instead that a rulemaking directed at that select group be ordered. A rulemaking would ensure there would be no confusion as to whether customers larger than 10 MW connected to the local distribution system remain under PSC jurisdiction. It would also provide a forum to address the specific issues raised by this subset for which there are perceived barriers, without causing unforeseen harm by imposing a very ambiguous standard.

Conclusion

Based on the foregoing, therefore, the UIEC recommend that the Commission **not** adopt the PURPA Interconnection standard. Instead, the UIEC recommend that if the Commission determines the process for interconnection for on-site generators greater than 25 kW but less than 10 MW needs to be streamlined, the Commission order that an investigation and rulemaking be opened to establish interconnection standards and procedures specifically directed to on-site generators greater than 25 kW but less than 10 MW.

Sincerely,

Parsons Behle & Latimer

William J. Evans
Vicki M. Baldwin

cc: F. Robert. Reeder, Esq.
Constance White, Director DPU (cwhite@utah.gov)
Artie Powell, DPU (wpowell@utah.gov)
Judith Johnson, DPU (jljohnson@utah.gov)
Cheryl Murray, Committee of Consumer Services (cmurray@utah.gov)
Rocky Mountain Power (Dave.Taylor@pacificcorp.com)
mlivingston@utah.gov