

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of: the Notice of Proposed New Rule 746-700, Standards for Interconnection of Electrical Generating Facilities to Public Jurisdiction Under the Public Service Commission

Docket No. 09-R312-01

**ADDITIONAL COMMENTS OF THE
INTERSTATE RENEWABLE ENERGY COUNCIL**

The Interstate Renewable Energy Council (“IREC”) submits these comments pursuant to the opportunity afforded interested persons according to the “Change in Proposed Rule R746-312” filed December 9, 2009. On September 30, IREC submitted comments in this docket regarding the draft rule (“Original Draft Rule”) presented in the “Notice of Proposed New Rule” of August 13, 2009. The changes filed on December 9 include revisions to sections R746-312-2 through R746-312-10 and R746-312-16 of the Original Draft Rule, which presumably means that the Public Service Commission (“Commission”) proposes to leave the remaining sections of the Original Draft Rule unchanged. These comments address the draft rule as a whole with the changes proposed on December 9 (“Revised Draft Rule”).

For over two decades, IREC has worked as a non-profit organization to accelerate the sustainable utilization of renewable energy resources. IREC is supported by the U.S. Department of Energy to participate in net metering and interconnection rulemakings and has been involved in more than twenty state utility commission rulemakings in the past two years, including the interconnection workshops that were the genesis of the Original Draft Rule. As well, IREC maintains model interconnection procedures,¹ publishes a guide called *Connecting to*

¹ The IREC model was significantly updated in October, 2009 and is available at www.irecusa.org/ICModel09.

the Grid,² and assists with the grading of state net metering and interconnection procedures in *Freeing the Grid*³ (published annually by the Network for New Energy Choices).

The Revised Draft Rule includes some of the changes recommended by IREC in its comments of September 30, and IREC obviously supports these revisions. As well, IREC continues to consider the Revised Draft Rule to be exemplary in most respects. The comments provided here address a few improvements that could be made, recognizing that the present round of comments is not the place to suggest major revisions.

In its initial comments, IREC recommended the inclusion of a non-exporting level and also recommended that the exemption from the disconnect switch requirement be extended to all Level 1 interconnections – thereby extending the exemption up to 25 kilowatt generating facilities. While IREC believes that these modifications would strengthen the Revised Draft Rule, IREC has nothing more to add on these points and references its earlier comments rather than reiterating what has already been stated.

Here, IREC suggests: (1) revising the definition of a “standard form agreement” to achieve greater uniformity across Utah, (2) applying a cost cap to utility upgrades similar to what the Revised Draft Rule has established for study costs, (3) using New Jersey’s Level 1 timelines for review (supplementing earlier comments IREC provided on this point), (4) considering the insurance provisions adopted in IREC’s recently revised model interconnection procedures.

I. Setting the Commission’s Standard Forms and Agreements as the Default

The definition of “standard form” or “standard form agreement” in Revised Draft Rule R746-312-2(30) establishes that the governing authority shall adopt forms and agreements

² The sixth edition of *Connecting to the Grid* was published in 2009 and is available at www.irecusa.org.

³ *Freeing the Grid 2009*, Dec. 2009, available at www.freeingthegrid.org.

adopted and approved by the Federal Energy Regulatory Commission (“FERC”) in its small generator interconnection proceedings, revised to conform to Utah’s rules, unless the governing authority decides otherwise. IREC applauds this attempt to establish the use of standard forms and agreements in Utah, but suggests that greater uniformity could be achieved. Rather than have each public utility take a turn at modifying FERC’s forms and agreements to conform to the Utah rules, the Commission could establish the standard forms and agreements for Utah and let the various governing authorities make modifications to the Commission’s standard forms and agreements. Thus, if a public utility’s governing authority determined that no changes were necessary, that public utility would use exactly the same rules that apply to Rocky Mountain Power and many other public utilities across the state.

While the various governing authorities might seek to standardize forms across the state on their own, IREC anticipates that many would attempt to modify FERC forms and agreements independently. This would result in a completely unnecessary administrative burden for developers and installers of distributed generation, as they would have to learn the idiosyncrasies of each public utility’s approach. While governing authorities may wish to modify the Commission’s standard forms and agreements if IREC’s suggestion is adopted, at least the starting point would be the same.

In addition to the primary benefit of greater uniformity, the approach suggested here to standard forms and agreements has the secondary benefit of relieving governing authorities from the task of revising FERC’s forms and agreements. The Commission is the governing authority with the most familiarity with the FERC’s forms and agreements and is therefore best positioned to craft Utah’s standards.

IREC's model interconnection procedures, the FERC procedures, and many state procedures include standard forms and agreements, and the Commission could do the same. However, with adoption of the Revised Draft Rules close at hand, IREC is only suggesting that the rules establish that the Commission will establish standard forms and agreements which all public utilities will adopt unless their governing authority determines otherwise.

To achieve this end, IREC suggests that the definition in R746-312-2(30) be revised to: ““Standard form" or "standard form agreement" means a form or agreement adopted by the Commission which follows that adopted or approved by the Federal Energy Regulatory Commission in its small generator interconnection proceedings and modified to be consistent with these rules unless the governing authority has approved an alternative form or agreement.”

The forms and agreements appended to IREC's model interconnection procedures are based on FERC's, and IREC would be happy to assist the Commission with development of its standard forms and agreements.

II. Capping the Cost of Upgrades

IREC applauds the use of a 125% cap on study costs in the Revised Draft Rules as IREC suggested in its comments of September 30, but IREC regrets that it did not point out the need for a similar cap on the cost of interconnection facilities and upgrades. Per Revised Draft Rule R746-312-10(2)(g)(iv), the public utility provides the interconnection customer with a non-binding good faith estimate of the cost of any interconnection facilities and upgrades, then subpart (v) states that the public utility shall approve the interconnection request upon the interconnection customer's agreement to pay for the necessary interconnection facilities and upgrades. This leaves open the potential that the interconnection customer might be forced to pay for costs far in excess of the good faith estimated costs.

The cost of interconnection facilities and upgrades can exceed the cost of studies significantly, making capping of these costs more important in many instances than capping of study costs. IREC suggests the following revision to Revised Draft Rule R746-312-10(2)(g)(v): “Upon completion of the facilities study and receipt of agreement of the interconnection customer to pay for interconnection facilities and upgrades identified in the facilities study, the public utility shall approve the interconnection request. The interconnection customer’s payment responsibility shall be limited to and not exceed the lesser of the public utility’s actual costs and 125 percent of the public utility’s non-binding good faith estimate of the cost of necessary interconnection facilities and upgrades.”

III. Updating Timelines

IREC provided suggested revisions to the application process and timelines in its comments of September 30, and provides the following supplement to those suggestions. IREC previously recommended timelines for Level 1 review that are shorter than those adopted by FERC, without providing examples of shorter timelines currently in use. The Commission declined to adopt IREC’s suggested timeline in the Revised Draft Rule. To give the Commission comfort that the FERC timeline for Level 1 review can be shortened, IREC notes that the procedures in place in New Jersey are very similar to what IREC recommended. New Jersey has recently surpassed 100 megawatts of installed solar facilities, second in the nation to California. Its shortened timeline for Level 1 review has been used for the vast majority of the 4,894 solar installations in New Jersey through 2009.⁴ Presumably, Utah could accommodate the most basic interconnections on the same schedule that New Jersey uses.

⁴ Figure for New Jersey installations as of 12/31/09 per counter at <http://www.njcleanenergy.com/>.

The key provisions to be adjusted is Revised Draft Rule R746-312-8(2)(c)-(e). Following New Jersey's procedures⁵ at § 14:8-5.4(i)-(k), the Revised Draft Rule can shorten three important Level 1 review periods. First, in Revised Draft Rule R746-312-8(2)(c), the public utility can be required to provide notice that a two page form has been properly filled out within three business days rather than two weeks (ten business days). Second, in Revised Draft Rule R746-312-8(2)(d), the public utility can be required to review a simple inverter-based interconnection based on a few basic screens in ten business days rather than fifteen business days. And third, in Revised Draft Rule R746-312-8(2)(e), the public utility can be required to send the agreement and procedures to the interconnection customer within three business days of the completion of its review rather than five business days. If New Jersey's utilities can comply with these provisions, presumably Utah's utilities can too.

IV. Referencing IREC's Modified Insurance Provision

Shortly after submitting its comments on September 30, IREC revised the insurance provisions in its own model. Given credible concerns expressed by various utility engineers regarding the potential for large non-inverter-based generating facilities to cause damage to utility facilities, IREC modified its insurance provisions. The lack of any known damage to utility facilities caused by inverter-based systems, and the unlikelihood of such damage, continues to support IREC's position that insurance against utility damages caused by these facilities is not necessary. However, out of an abundance of caution, IREC does call for insurance for inverter based systems of one megawatt or larger.

While the Commission would follow the lead of various states if it kept its current insurance exemption in Original Draft Rule R746-312-17(1)(e)(i) at two megawatts, as IREC

⁵ See <http://www.dsireusa.org/documents/Incentives/NJ11Rb.htm>.

recommended during Utah interconnection workshops, IREC's own insurance provisions are now the following:⁶

A Utility may only require an Applicant to purchase insurance covering Utility damages, and then only in the following amounts:

- i. For non-inverter-based Generating Facilities:
 - Generating Capacity > 5 MW \$3,000,000
 - 2 MW < Generating Capacity ≤ 5 MW \$2,000,000
 - 500 kW < Generating Capacity ≤ 2 MW \$1,000,000
 - 50 kW < Generating Capacity ≤ 500 kW \$500,000
 - Generating Capacity ≤ 50 kW no insurance
- ii. For inverter-based Generating Facilities:
 - Generating Capacity > 5 MW \$2,000,000
 - 1 MW < Generating Capacity ≤ 5 MW \$1,000,000
 - Generating Capacity ≤ 1 MW no insurance

V. Conclusion

IREC appreciates the opportunity to provide these comments and welcomes any inquiry by Commission Staff or other interested parties.

On behalf of the Interstate Renewable Energy Council,

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⁶ Section J(6) at www.irecusa.org/ICModel09.