

[Service Date November 21, 2012]

November 21, 2012

**NOTICE OF OPPORTUNITY TO SUBMIT WRITTEN COMMENT ON
INTERCONNECTION DRAFT RULES**

And

**NOTICE TO OPPORTUNITY TO RESPOND TO SMALL BUSINESS
ECONOMIC IMPACT STATEMENT (SBEIS) QUESTIONNAIRE
(Due by the close of business on Friday, December 21, 2012)**

Re: Review Standards for Interconnection with Electric Generators in WAC 480-108
Docket UE-112133

TO ALL INTERESTED PERSONS:

In early 2011, at the request of the House Technology, Energy, and Communication Committee (TEC Committee), the Washington Utilities and Transportation Commission (Commission) conducted a study of distributed electric generation and offered recommendations for changes in statute and the rules to encourage development of cost-effective distributed generation within investor-owned utility service territories. The Commission subsequently initiated a rulemaking in Docket UE-112133 to determine if amending the rules governing the interconnection of generation facilities with utility electric systems is warranted. (WAC 480-108)

The Commission initiated the rulemaking in late December 2011. The Commission received comments on the CR-101 notice, and summarized those comments prior to a workshop held on March 26, 2012. Following the workshop, several stakeholders formed a workgroup to determine if technical representatives from investor-owned and public utilities, as well as other stakeholders could reach agreement on changes to the rules. Between April and July 2012, the Stakeholder Workgroup held a number of meetings and produced a July 13, 2012, Report recommending changes to WAC 480-108, and proposing a set of model rules to replace the current rules.

In late July, 2012, the Commission circulated the Stakeholder Workgroup's work product for comment and received comments on September 7, 2012. A summary of these comments is available for inspection on the Commission's web site at www.utc.wa.gov/112133.

Based on the Stakeholder Workgroup's Report and the September 7, 2012, comments, the Commission seeks comments on draft rules that amends and replaces the current rules, to the extent practicable, with the model rules. Both red-lined and clean versions of the draft rules are posted on the Commission's web site at www.utc.wa.gov/112133.

The Commission appreciates the work of the Model Rule Workgroup and all the stakeholders that have contributed to this process. The Commission requests your comments on the draft rules with specific emphasis on the following questions:

1. Much of the original language found in WAC 480-108 was deleted in favor of the simpler language found in the recommended Model Rule. In deleting this language, did the Commission inadvertently eliminate critical conditions that govern interconnection installation or operation?
2. Are all the necessary footnotes and detailed comments found in Table 1 of the original WAC 480-108, preserved or otherwise adequately addressed in the new sections addressing terms and conditions?
3. Should the Commission include a definition for the term "Nameplate Rating"? If so, should the Commission expand the definition to include Inverter-based generation systems?
4. Are there additional terms and conditions, time constraints, or other provisions found in the Tier 3 Section of Chapter 2 of the model rules that could improve the installation and operation of facilities interconnected under the Tier 3 process as proposed in these draft rules?
5. For the Tier 1 inverter-based systems only, there was considerable debate among stakeholders regarding the appropriate maximum size of the facility to allow in the fast track application process. The maximum sizes for Tier 1 under consideration are 25 kW and 50 kW. The Commission chose 25 kW as the appropriate level. Are there strong technical arguments that support going to 50 kW, which the Commission overlooked?
6. In its review of the major issues, the Commission identified "Insurance Requirements" as an issue that could have a negative impact on implementing an aggressive distributed generation program. In this draft rule the Commission excluded all interconnected facilities 100 kW or smaller from any

requirement for additional insurance. Many parties suggested this issue should be addressed outside this rulemaking. Are there strong technical arguments that support continuing the insurance discussion within this rulemaking that the Commission has overlooked?

7. The Commission proposes the following language from IREC as an addition to the “interconnection customer” definition: “A net-metered Interconnection Customer may lease from, or purchase power from, a third party owner of an on-site generating facility.” The Commission requests comments on the proposal to modify the definition of “interconnection customer” to allow for third-party ownership of net metering systems.

COMMENTS:

Comments must be filed with the Commission no later than **5:00 p.m., Friday, December 21, 2012**. The Commission requests that comments be provided in electronic format to enhance public access, for ease of providing comments, to reduce the need for paper copies, and to facilitate quotations from the comments. You may submit comments via the Commission’s Web portal at www.utc.wa.gov/e-filing or by electronic mail to the Commission's Records Center at records@utc.wa.gov. Please include:

- The docket number of this proceeding (UE-112133).
- The commenting party's name.
- The organization you represent (company, association, self, etc.)
- The title and date of the comment or comments.

An alternative method for submitting comments is by mailing or delivering an electronic copy to the Commission’s Records Center on a 3 ½ inch, IBM-formatted, high-density disk, in .pdf Adobe Acrobat format or in Word 97 or later. Include all of the information requested above. The Commission will post on its web site all comments that are provided in electronic format. The web site is located at www.utc.wa.gov/112133. If you are unable to file your comments electronically or to submit them on a disk, the Commission will accept a paper document.

Responses to SBEIS Questionnaire. The Commission requests that electric companies provide information concerning whether the draft rules circulated by the Commission create additional costs for your company. The cost information you provide concerning these draft rules will assist the Commission in determining whether a Small Business Economic Impact Statement (SBEIS) is required, and if so, to assess the possible costs of the rules.

Washington's Regulatory Fairness Act, RCW 19.85, is intended to focus an agency's attention on the economic impact of proposed rules on affected businesses, involve affected businesses in developing rules, and minimize any disproportionate impact of the rules on small businesses.

Before adopting a revised rule that will impose more than minor costs on an industry, the Commission must analyze the compliance costs for **both large and small** businesses (including lost sales or revenue), involve small businesses in the development of the rule, take feasible steps to reduce the economic impact of the rule on small businesses, and prepare an SBEIS. A "small business" is any profit-making entity that has 50 or fewer employees.

The Commission requests that electric companies submit to the Commission **no later than 5:00 pm on December 21, 2012**, their analysis of the cost impact, if any, the draft rules impose on the company. Please be sure to include:

- The company name.
- Company contact person.
- Contact phone number.
- The number of people the company employs.

For each draft rule for which you identify a cost impact, please provide, at a minimum, the following information:

1. Identify the rule number and section, e.g., WAC 480-108 040(9), the company identifies as having a cost impact;
2. Identify any proposed change from the current rule to the draft rule that creates an additional cost impact on the company;
3. Explain the basis for the cost impact on the company;
4. Provide a detailed analysis of how the company calculated the cost impact of the draft rule; and
5. Identify any draft rule that may create a cost savings to the company compared to the current rule.

Similar to submitting comments on draft rules, interested persons may submit their responses to the SBEIS questionnaire via the Commission's Web portal (www.utc.wa.gov/e-filing) or by electronic mail to the Commission's Records Center at records@utc.wa.gov. Alternatively, interested persons may submit their responses by mail or electronically to the Commission's Records Center.

Information about the schedule and other aspects of the rulemaking, including comments and SBEIS questionnaire responses, will be posted on the Commission's web site at <http://www.utc.wa.gov/112133> as it becomes available. If you want to receive ongoing information about this rulemaking, you may (1) call the Commission's Records Center at (360) 664-1234, (2) email the Commission at records@utc.wa.gov, or (3) mail written comments to the address below. When contacting the Commission regarding this rulemaking, please refer to Docket UE-112133 to ensure you are included on the appropriate service list. The Commission's mailing address is:

Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, Washington 98504-7250

NEXT STEPS:

After the Commission reviews comments from additional interested persons concerning the revised draft rules, the Commission likely will develop a set of proposed draft rules and proceed with the CR-102 proposed rulemaking process.

If you have questions about this Notice contact Al Wright at awright@utc.wa.gov or (360) 664-1209.

DAVID W. DANNER
Executive Director and Secretary