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December 21, 2012

Via Electronic Mail

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

Re: Comments of Avista Utilities on the "Review Standards for Interconnection with Electric Generators" Draft Rules - Docket No. UE-112133

Dear Mr. Danner,

On November 21, 2012, the Washington Utilities and Transportation Commission (Commission) filed with the Code Reviser a "Notice of Opportunity to Submit Written Comments on Interconnection Draft Rules and Notice of Opportunity to Respond to Small Business Economic Impact Statement (SBEIS) Questionnaire" in Docket No. UE-112133. This docket was initiated by the Commission to determine if amending the rules, specifically WAC 480-108 governing the interconnection of generation facilities with utility electric systems, is warranted.

The Commission initiated this rulemaking in December 2011 and during the course of the past year there have been numerous opportunities to submit comments and attend workshops or meetings to discuss potential changes to WAC 480-108. Avista has participated throughout this

process. Specifically, Avista has submitted comments on three separate occasions[1], participated in a Workshop in March, and participated in multiple Interconnection Workgroup meetings.

As a result of the work done throughout the rulemaking, the Commission issued a set of draft rules that, if adopted, will amend and replace the current rules with the new model rules. The Commission is now seeking comments on the draft rules and the SBEIS. Avista appreciates the opportunity to provide the following comments.

The Company has reviewed the draft rules and provides the following comments:

I. Avista Comments on the Draft (Proposed) Rules

Proposed **WAC 480-108-AAA [Currently WAC 480-108-030] - Application for interconnection,** section (4) should be eliminated. The timing response to an application is covered in section (8).

Proposed **WAC 480-108-AAA [Currently WAC 480-108-030] - Application for interconnection,** section (6) states the application fee is nonrefundable. For projects under the Tier 3 section, this is a major change from the current rule. Under both the Federal Energy Regulatory Commission's (FERC) Small Generator Interconnection Procedures and the current rule, the processing fee or deposit is used to offset the cost of the feasibility study. The current rule states the following:

> ***Processing Fee or Deposit:***
> *For an Interconnection Request submitted under the Study Process, the Interconnection Customer shall submit to the Transmission Provider a deposit not to exceed $1,000 towards the cost of the feasibility study.*

Under the current rule, the Feasibility Study Deposit is refundable to the customer if the cost of the feasibility study is less than $1,000.

Under the proposed **WAC 480-108-AAA [Currently WAC 480-108-030] - Application for interconnection,** section (6) the nonrefundable application fees are as stated below:

> *(a) One hundred dollars for facilities 0 to 25 kW; and*
> *(b) Five hundred dollars for facilities 26 to 500 kW.*
> *(c) One thousand* dollars for facilities 500 kW to 20 MW.

Avista recommends the nonrefundable application fees defined below:

> *(a) One hundred dollars for facilities 0 to 100 kW; and*
> *(b) Five hundred dollars for facilities 101 to 500 kW.*
> *(c) One thousand* dollars for facilities 500 kW to 20 MW.

[1] January 30,2012, May 14, 2012, and September 7, 2012

State law allows for net metering up to 100 kW. Most projects that are 100 kW or below will utilize net metering.

In proposed **WAC 480-108-AAA(7)** the appropriate start date of the application process should be when both the application and deposit are received.

In proposed **WAC 480-108-015 - Scope of Part 2** the following wording should be eliminated:

> *Generating facilities must obtain the electric company's permission to operate in an "islanded" condition (generating energy that flows onto the electrical company's system) when the electrical company's system serving the generating facility is de-energized.*

Islanding creates a dangerous situation for both the electric company and the interconnection customer.

Under proposed **WAC 480-120-CCC - Application for tier-specific interconnection**, the process and timing for replying to potential interconnection customers needs to be consistent throughout the document. Section (1) (d) and Section (2) (d) states, in relevant part: "the electrical company shall approve, approve with conditions, or deny the application with written justification". This should be modified to state "the electrical company shall approve, approve with conditions, ***move the application into a study phase,*** or deny the application with written justification". Feasibility or System Impact studies may need to be completed for the electrical company to determine if it can approve the application.

Proposed **WAC 480-108-BBB - Eligibility for tier 1 and 2 interconnection, Sections (1) (a) (vii) and (1) (b) (ix)** states, in relevant part: "*bounded by automatic sectionalizing devices*". This should be modified to read "*bounded by sectionalizing devices*". Many sectionalizing devices are manually operated and not automatic.

Proposed **WAC 480-108-BBB - Eligibility for tier 1 and 2 interconnection, Section (1) (b) (xi)** states, in relevant part: "*must not exceed the smaller of 5 percent of a spot network's maximum load or 50 kW*". This should be modified to state "*must not exceed the minimum load on any phase at any given time*." Network protectors may operate if there is <u>any</u> reverse current into the network from the generating facility.

Proposed **WAC 480-108-BBB - Eligibility for tier 1 and 2 interconnection, Section (1) (b) (xv)**, which states *"For primary-voltage connections to three-phase, three-wire systems, the transformer primary windings* ***<u>must</u>*** *be connected phase to phase"* should be changed from *"must"* to *"may"* for those electric companies that allow for this type of interconnection. For safety reasons, Avista no longer allows three-phase, three-wire systems to be connected to its four-wire system.

In proposed **WAC 480-108 BBB (2)(b)(i),** instead of being compliant with UL 1741, the compliance should be with the latest version of IEEE 1547 which UL 1741 is a subset of.

Proposed **WAC 480-108-035 - Model interconnection agreement, review and acceptance of interconnection agreements and cost Section (4)** states, in relevant part: "*Within thirty business days after receiving the agreement, the potential interconnection customer may supply an alternative cost estimate from a third party qualified to perform the studies required by the electrical company*". (Emphasis added.) Avista is not certain how a third party can provide a valid cost estimate for studies of the utility's system.

II. Comments on the SBEIS

In addition to the comments regarding the draft rules provided above, Avista respectfully submits the following responses to the SBEIS:

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?

Avista Response: When the Commission deleted language in the original WAC 480-108 and included the language in the recommended Model Rule critical conditions that govern interconnection installation and operations were eliminated. With the rewrite of **WAC 480-108-001 Purpose and Scope**, the scope document no longer addresses the need to publish the procedures on a company website for project 0-500 kW (or the Tier 1 and Tier 2 projects).

In section (b) of **WAC 480-108-001 - Purpose and Scope,** when the word "some" was added in the first sentence, it makes it confusing to the electric company as to what projects the Commission has jurisdiction over and when the electric company is required to file interconnection service tariffs.

The definition of **"Generating facility"** states, in relevant part: *"a source of electricity owned by the Interconnection Customer*". This is not consistent with potential new definition of Interconnection Customer that would now allow for third party ownership.

The proposed definition of **"Interconnection Customer"** raises a lot of issues. By defining the Interconnection Customer as an entity that has executed an Interconnection Agreement with the Electric Company, has created the need to include the term "potential" interconnection customer throughout the full document process. It is also not fully understood whether the Commission can allow for a third party ownership of a generations facility by simply changing this definition to include *"(2) is a customer-generator of net-metered facilities, as defined in RCW 80.60.010(2), including the third-party owner of an on-site generating facility; or (3) is otherwise allowed by law."* The definition of Customer-generator under RCW 80.60.101 defines the user of a net metering system. A third party is not the user of a net metering system. The RCW states:

> *RCW 80.60.101 (2) "Customer-generator" means a user of a net metering system.*

The Energy Policy Act of 2005 goes further to state 'net metering service' means service to an electric consumer under which electric energy is generated by that electric consumer.

> ***Energy Policy Act of 2005***
> ***Subtitle E—Amendments to PURPA***
> ***SEC. 1251. NET METERING AND ADDITIONAL STANDARDS.***
> *(a) ADOPTION OF STANDARDS.—Section 111(d) of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2621(d)) is amended by adding at the end the following:*
>
> > *''(11) NET METERING.—Each electric utility shall make available upon request net metering service to any electric consumer that the electric utility serves. For purposes of this paragraph, the term* ***'net metering service' means service to***
> > ***an electric consumer under which electric energy generated by that electric consumer*** *from an eligible on-site generating facility and delivered to the local distribution facilities may be used to offset electric*

> *energy provided by the electric utility to the electric consumer during the applicable billing period.*

The definition also includes the language "*The interconnection customer is responsible for the generating facility, and may assign to another party responsibility for compliance with the requirements of this rule only with the express written permission of the electrical company*." It is not clear what compliance responsibilities would or could be assigned to another party.

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?

Avista Response: Yes, all the technical requirements from Table 1 are 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?

Avista Response: If the proposed definition of "Nameplate Rating" is included to expand the definition to include Inverter-base generation systems, there also needs to be a consistent means to convert the DC rating to AC demand on the electric system. Avista's Net Metering Rate Schedule for Availability states the following:

> *AVAILABLE:*
> *Net metering shall be available to eligible generators who are customers of Avista Utilities on a first-come, first-served basis until the cumulative generating capacity of net metering systems equals 3.8 MW which is 0.25% (one-quarter of one percent) of the Company's retail peak demand during 1996. On January 1, 2014, the cumulative generating capacity available to net metering systems will equal 0.5 percent of the utility's peak demand during 1996. Not less than one-half of the utility's 1996 peak demand available for net metering systems shall be reserved for the cumulative generating capacity attributable to net metering*

systems that generate renewable energy. Customers electing this option shall be subject to the following terms and conditions.

There needs to be a consistent means to determine the capacity of net metering systems. Also under the eligibility sections for the Tier 1 and Tier 2 process there needs to be a means to consistently determine how the nameplate rating for inverter based systems impacts the facility ratings (see definition below).

NEW WAC 480-108-BBB - Eligibility for tier 1 and 2 interconnection.
(1) Applicability

For Tier 1
(viii) **The aggregated nameplate rating** of all interconnected generating facilities, including that of the proposed generating facility, on any line section does not exceed 15 percent of the line section annual peak load as most recently measured or calculated for that line section, or 15% of the circuit annual peak load as most recently measured or calculated for the circuit. A line section is that portion of a electrical company's electric system connected to the generating facility and bounded by automatic sectionalizing devices or the end of the distribution line.
For Tier 2
(ix) **The aggregated nameplate rating** of all interconnected generating facilities, including that of the proposed generating facility, on any line section does not exceed 15 percent of the line section annual peak load as most recently measured or calculated for that line section, or 15 percent of the circuit annual peak load as most recently measured or calculated for the circuit. A line section is that portion of a electrical company's electric system connected to the generating facility and bounded by automatic sectionalizing devices or the end of the distribution line;

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?

Avista Response: Avista assumes that the reference to Chapter 2 in this question is intended to be a reference to Part 2 of the model rule. Part 2 of the model rule has been change to include Tier 1, Tier 2, and Tier 3. The full Tier 3 process should follow the

FERC SGIP to ensure all customers wishing to interconnect projects above 500 kW are treated equally and in a non-discriminatory manner.

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?

Avista Response: To be clear, the Tier 1 process is not a fast track process. The Tier 1 process only defines what sizes of projects are eligible to go through the process. 25 kW is an appropriate maximum level for Tier 1.

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?

Avista Response: Insurance requirements should be addressed outside of this rulemaking.

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.

Avista Response: Please see answer to question 1.

In addition to the specific comments provided above, Avista notes that it appears that there are certain inconsistencies within the draft rules as a result of the integration of the new proposed language into the current rules and, therefore, the draft rule should be fully reviewed before such rule is adopted and implemented. Also, it may be helpful to hold an open technical meeting with the entities responsible for compliance with the rule before the rule is finally adopted and implemented. Avista would support and participate in such an open meeting.

Avista appreciates the opportunity to comment on the draft rules and SBEIS and supports the Commission's desire to make the interconnection process safe, reliable and not overly burdensome for the Company and Avista customers.

If you have any questions regarding these comments, please contact Warren Clark at 509-495-4186 or myself at 509-495-4975.

Sincerely,

/s/Linda Gervais

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