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PUGET SOUND ENERGY

The Energy To Do Great Things

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Via electronic mail – records@utc.wa.gov

December 21, 2012

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

Subject: Docket No. U-112133
Review Standards for Interconnection with Electric Generators in WAC 480-108.
Comments of Puget Sound Energy, Inc.

Dear Mr. Danner:

Puget Sound Energy, Inc. (“PSE” or the “Company”) submits these comments in response to the 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 (“Notice”). These comments address both the draft rules and the SBEIS questionnaire. PSE actively participated in the Stakeholder Workgroup and believes that the draft that the Workgroup submitted to the Commission addressed the issues brought forward by all parties that chose to participate in the Stakeholder Workgroup. The Stakeholder Workgroup addressed the subjects of the rulemaking which were (1) the requirement for an external disconnect switch; (2) the requirement for additional insurance; (3) potential modifications to the system capacity sizes currently reflected in the rules; and, (4) stakeholder input to the Commission regarding the process and schedule for the course of the rulemaking. PSE appreciates the opportunity to participate in this rulemaking proceeding and to comment on the draft rules.

PSE responses to the SBEIS questionnaire:

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?

PSE Response: Yes, requirement for insurance on generators less than 100 kW that are not net metered was deleted. The existing rules and the draft rules submitted by the Stakeholder Workgroup both included a requirement for insurance. Specifically, the language submitted by the Workgroup was: "No additional insurance will be necessary for a net metered facility that is a qualifying generating facility under chapter 80.60 RCW." The rule as drafted in new WAC 480-108-FFF (12) (note that the paragraph numbers in this rule go from 1 to 10 and then from 8 to 20 so that paragraph numbers 8, 9 and 10 are used twice) states that "No additional insurance is necessary for a generating facility under 100 kW." This change could result in an unknown cost, possibly exceeding millions of dollars, to the customers of a utility due an unfortunate accident involving a death or disability caused by the operation/interconnection of a generating facility. An added benefit of changing the language to that suggested by the Stakeholder Workgroup the insurance requirement would change if the limit on net metering was changed from the present 100 kW. The provision to not require additional insurance for net metered installations may well be due to the fact that a net metered installation will be covered by existing home owners or other insurance, whereas a stand-alone generating facility may not be covered by any insurance.

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?

PSE Response: PSE believes that the footnotes are adequately addressed.

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?

PSE Response: The definition of Nameplate Rating in WAC 480-108-010 can be included but should be clarified that the Nameplate Rating for an Inverter-based generation system is the largest of the rating for the inverter, storage system or energy conversion apparatus (e.g. photovoltaic panels).

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?

PSE Response: PSE feels that the installation and operation provisions of Tier 3 are adequate.

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?

PSE Response: PSE does not feel that there are strong technical arguments, but rather the requirements of Tier 1, including application fee, would have to be revised if the Tier were to be changed to 50 kW since engineering studies would need to be performed. With a 25 kW cap for the Tier, PSE can relatively easily approve the connection.

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?

PSE Response: As noted in PSE’s response to Question 1 above and in PSE’s initial comments in this Docket, the removal of the insurance requirement could have a significant impact on ratepayers if there was an incident involving an un-insured for-profit generator. As mentioned in PSE’s initial comments the reasons for interconnection are (1) net metering (2) selling electricity for profit and (3) emergency back-up generation. PSE believes that the benefit of not having an insurance requirement for a for-profit generator is far outweighed by the risk to ratepayers.

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”. The Commission requests comments on the proposal to modify the definition of “interconnection customer” to allow for third-party ownership of net metering systems.

PSE Response: This change to the definition of the interconnection customer is forward looking to the time when the legislature may allow such an arrangement. If the following phrase were added to the beginning it would clarify the intent and not be misleading to persons reading the rule: “If allowed by Washington State Law, a net-metered Interconnection Customer may lease from, or purchase power from, a third party owner of an on-site generating facility.” Without this addition the issue of whether the owner of the generator is acting as a utility is not resolved or the proposed language may be interpreted as allowing a net-metered Interconnection Customer to immediately enter into a purchased power agreement from a generator.

PSE notes that the date (January 31, 2008) that is in the new WACs 480-108-DDD and 480-108-EEE will need to be updated to allow adequate time for utilities to submit revised tariffs or file new tariffs regarding interconnection. As for PSE, since these draft rules represent a significant departure from the FERC small generator interconnection process which our tariff is modeled after, we would request at least four months be allowed to submit an update.

PSE noticed a number of confusing sentences and sections that need discussion to clarify and urges the Commission to schedule a workshop among the interested parties where the draft rules can be discussed and revisions suggested. To incorporate comments on those sections through this format would not be productive.

PSE appreciates the opportunity to comment on the draft rule modifications. Please direct any questions regarding these comments to Lynn Logen at (425) 462-3872 or at lynn.logen@pse.com or the undersigned at (425) 462-3495.

Sincerely,



Tom DeBoer
Director – Federal and State Regulatory Affairs