STATE OF WASHINGTON
DEPARTMENT OF COMMERCE
1011 Plum Street SE • *PO Box 42525 • Olympia, Washington 98504-2525 • (360) 725-4000*
www.commerce.wa.gov

December 21, 2012

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

RE: Comments on Docket UE-112133
Commenters – Tony Usibelli, Assistant Director
Tim Stearns, Senior energy Policy Specialist
Washington State Energy Office
Washington State Department of Commerce

Thank you for you for the opportunity to comment in this important proceeding. The Washington State Energy Office applauds the Commission's leadership in updating the state's interconnection standards. We urge the Commission to continue its coordination with the Evergreen State Solar Project's effort to standardize and streamline permitting, interconnection, zoning and financing for Rooftop Solar.

Revision Cycle

We urge the Commission to adopt a three-year update cycle for interconnection standards. This would be consistent with the cycle to update building codes including the state energy code. For the near future, it is clear that distribute energy technologies and business models will continue to evolve.

Distributed Generation Tracking and sharing lessons learned

Distributed Generation will continue to mature along with a smarter grid, storage, renewables and integration. It is vital that we learn from this experience and share it between utilities and distributed generation companies. This way we will have an ever-improving storehouse of knowledge on which to base future system and policy improvements upon.

We would propose the UTC working with the Northwest Power Planning Council to develop a consistent tracking system similar to the one the Council uses to track generating resources.

Responses to Commission questions:

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?

   The new language is a step in the right direction and straightforward. As with all policy implementation information is learned when as it is supplied. Often those whose projects are the first to experience new policies gain insights that would be valuable to other developers and utilities, which is why it is so important to develop a common data approach.

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?

   See comment 1.

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?

   Yes. It is useful to consider both the nameplate ratings along with capacity factors to understand production over a range of conditions.

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?

   The biggest improvement would be adoption of standard forms, processes, studies in addition to the interconnection standards so that developers understand the landscape they are working in.

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?

   Adopting a 25 kilowatts limit would accommodate the vast majority of roof top systems and should be sufficient until the next revision. Between this limit and the inverter requirement limiting it to single phase is likely overkill.

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?

Utilities insure net metered systems up to 100 kw. For system larger than this utilities are authorized to require insurance for not just the project, but also for the utility system it is connecting to. In the case of Puget Sound Energy they require insurance for projects seeking interconnection to insure the PSE system for its $2 million level. For many systems this is more than the value of their whole project.

Today there is not a readily available insurance market for distributed generation projects anywhere that we have found. Commerce researched how new insurance coverage was developed. The Surplus Line Association of Washington works with people seeking insurance for risks not currently covered. The association works with insurance companies willing to consider insuring projects where no market has yet been established. Most are well established insurance companies that offer other products.

We would propose that Commerce and the UTC host a meeting with utility risk managers, current utility insurers, distributed generation companies and Surplus Line Association of Washington to discuss how to improve access to affordable insurance for distributed generation projects. It is in everyone interests to keep these costs manageable and not expect utilities and ratepayers to provide insurance subsidies.

My hope is that we could create an information framework that would enable insurers to understand the risks and over time facilitate the development of a competitive market to offer coverage for distributed generation companies and projects.

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.

   It is clear that third party ownership has fueled solar installations where it has been allowed. Some Washington State manufacturers and installers are concerned that third party ownership could adversely affect them.

   Third party ownership and third party financing could be a significant catalyst for additional installations throughout the state. As capital has been a barrier for many interested in renewable energy.

The State of Washington wants to ensure that incentives:

- Increase solar installations through the state
- Diversify and complement the energy system
- Support in state manufacturing based on the increased revenues and jobs from manufacturing
- Do not subsidize beyond the value provided
- Incentivize increased installations that lead to efficiencies and innovations so solar electricity can be competitive in the marketplace

In our view third party financing is already here and will fuel new solar installations, while contributing to a competitive environment. Thank you for this opportunity to comment. Please don't hesitate to contact us if you need further information.

Sincerely,

Tony Usibelli