



January 30, 2012

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

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

Dear Commissioners,

Northwest SEED is a Seattle-based nonprofit organization focused on empowering community-scale clean energy solutions in the Pacific Northwest. As an organization, we have a decade of experience providing technical assistance, and a proven track record of creating public-private partnerships to address market barriers to the widespread deployment of clean energy projects. Currently, we are working with the Washington Department of Commerce to facilitate the Evergreen State Solar Partnership (ESSP). ESSP is a U.S. Department of Energy-funded initiative to establish standards and processes that streamline rooftop solar energy installations across all utility types and jurisdictions in Washington State. Our team consists of four participating jurisdictions and the electric utilities that serve them, including Puget Sound Energy, an investor-owned utility under UTC jurisdiction.

We are writing this letter in response to the Washington Utilities and Transportation Commission's Notice of Opportunity to File Written Comments on the proposal to review the interconnection rules for electric generators. We appreciate the UTC's recognition of the need to update WAC-480-108, in light of advances in renewable energy technologies.

Washington earns a "D" in the Network for New Energy Choices' 2011 *Freeing the Grid* report, which evaluates state interconnection and net metering standards according to industry best practices. Based on the recommendations in this report, and our experience working with our ESSP partners; we would like to make the following recommendations for Washington's interconnection standards:

1. Prohibit requirements for additional insurance
2. Prohibit requirements for a redundant disconnect switch
3. Establish a streamlined interconnection procedure and process that can serve as a model for the entire state

1. Prohibit requirements for additional insurance

Many states allow utilities to impose liability insurance requirements on distributed generation system owners to protect against potential personal injury and property damage liability associated with interconnection. However, today's technical guidelines for renewable energy equipment make potential safety hazards highly improbable; and nearly impossible. Inverter-based systems with UL 1741 certification shut down automatically when the grid shuts down; and therefore present minimal potential to damage a utility's property. According to the Network for New Energy Choices 2011 *Freeing the Grid* report; there has never been a documented case of a small, net-metered system causing electrical failure or creating potential personal injury or property damage liabilities for a utility. Instead, excessive insurance requirements serve only to discourage customers from investing in renewable energy systems, because the high premiums exceed the economic benefits.

To this end, we support existing regulation (WAC-480-108-040, Part 9), which establishes that systems less than 300 kW in size require no additional insurance. However, the current regulation for systems 300 kW – 20 MW (WAC-480-108-090, Part 1(d)), requires interconnecting customers to pay all costs, including insurance, engineering studies, upgrades and metering. These requirements are cost-prohibitive for most systems on the small end of this scale.

For inverter-based systems in the 300 kW – 1 MW range, we recommend the insurance requirements established in the Interstate Renewable Energy Council's (IREC) Model Interconnection Procedures. These procedures prohibit additional insurance requirements for systems in this size range, and separate the requirements for larger systems into categories: \$1,000,000 in insurance coverage for systems over 1 MW to 5 MW, and \$2,000,000 in coverage for systems over 5 MW.

2. Prohibit Requirements for Redundant Disconnect Devices

Northwest SEED disagrees with the requirement for an external disconnect device for generation systems 300 kW in size or less (WAC-480-108-020, Part 2). This regulation already requires compliance with UL 1741, which applies only to inverters with automatic shutoff capabilities. These grid-tied inverters are capable of detecting when there has been a grid failure, and automatically switch off until utility service is restored. Given this requirement, the current external disconnect switch is redundant, and only adds to the balance of systems cost for small renewable energy systems.

3. Establish a Streamlined Interconnection Procedure & Process that can serve as a model for the entire state

IREC's Model Interconnection Procedures provide an excellent platform for rulemaking, and a streamlined process for fast-tracking interconnection requests using screens and timelines. These model procedures ensure safe system design, and encourage utilities to move forward with processing requests in a logical step-by-step process. While the interconnection standards established by the Utilities and Transportation Commission (UTC) apply only to the Investor Owned Utilities; individual commissions, boards, or municipal utilities serving 80% of customer load in Washington have previously adopted standards similar to those set by the UTC, as a pre-requisite for implementing the State Renewable Energy Production Incentive. By establishing a model for a streamlined process, the UTC can therefore help reduce the cost of interconnecting small renewable energy systems across the state.

Northwest SEED appreciates the Commission's efforts to reduce regulatory barriers to the deployment of distributed generation in Washington. We look forward to contributing further to these efforts, as part of the Evergreen State Solar Partnership.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Jennifer Grove". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

Jennifer Grove
Executive Director