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PUGET SOUND ENERGY

The Energy To Do Great Things

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Via electronic mail – records@utc.wa.gov

May 14, 2013

Mr. Steven V. King
Acting 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. King:

Puget Sound Energy, Inc. (“PSE” or the “Company”) submits these comments in response to the April 17, 2013 Notice of Opportunity to File Written Comments On Proposed Rules (“Notice”). PSE appreciates the opportunity to be a participating party in this rulemaking proceeding and to comment on the proposed rules.

Puget Sound Energy General Comments

The proposed rules attached to the Notice included many changes from the draft rules proposed on February 5, 2013. The Company appreciates the color coded draft highlighting the February 5, 2013 and April 16, 2013 changes in the same format as previously circulated as it made review of those changes much easier.

In general PSE has found the draft rules workable but has some specific concerns which are described below.

Puget Sound Energy Comments on April 17, 2013 Proposed WAC 480-108

Proposed WAC 480-108-010 Definitions –

The definition of “Interconnection customer” provides that “A net metered interconnection customer may lease from, *or purchase power from*, a third party owner of an on-site generating facility.” (emphasis added) seems to conflict with the definition of “Third-party owner” which provides that the electrical company shall not allow a third-party owner to resell the electricity. This conflict can be eliminated by adding a definition of “resell” to WAC 480-108-110 or by deleting the last sentence of the definition of Third-party owner (“The electrical company shall not allow a third-party owner to resell the electricity produced from a net metered generating facility”). The electrical company cannot control the export of small amounts of electricity from the net metered facility for sale to an off-site location and would have no knowledge of such off-site sale if it were to take place. In addition, the electric company would accumulate this excess generation for use by the net metered customer when usage exceeds generation. In addition, the electric company has no way of determining if the net-metered customer is purchasing power from the on-site generator who is re-selling the power to the on-site net-metered customer, that would be reflected in contract between the generator and the net-metered customer. Due to these issues, PSE suggests that the last sentence of the definition of Third-party owner be deleted.

The definition of “Interconnection customer” is a little confusing as presently proposed which can be remedied by adding the word “or” between condition (1) and (2) so that it reads as follows “(1) owns a generating facility interconnected to the electric system; *or*, (2) is a customer-generator...” (emphasis added). This will eliminate the conflict between condition (1) which requires ownership and the last sentence of the definition which allows the net metered interconnection customer to lease the generating facility.

The definition of Third-party owner could be clarified, as follows, so that it ties to the definition of “Interconnection customer” and so that the issue of the electric utility not being able to determine if the Third-party owner is reselling electricity is resolved:

“Third-party owner” means an entity that owns a generating facility located on the premises of an net-metered interconnection customer and has entered into a contract with the net-metered interconnection customer for provision of power from the generating facility. When a third party owns a net-metered generating facility, the net-metered interconnection customer maintains the net metering relationship with the electrical company. ~~The electrical company shall not allow a third-party owner to resell the electricity produced from a net metered generating facility.”~~

PSE has commented on the definition of “Nameplate capacity” in the past and continues to be concerned that the Interconnection Customer can easily replace the inverter and increase the

output of the system and thereby causing electrical problems on PSE's system. The Company hopes that this situation can be addressed in its revised tariff.

Proposed WAC 480-108-020 Eligibility and technical requirements for Tier 1, Tier 2, and Tier 3 interconnection.

Section (2)(a)(iv) Technical requirements, Tier 1, Disconnect switch has been revised from prior versions that allowed some flexibility for the electric company. The revised rule prohibits electric companies from requiring a disconnect switch for certain Tier 1 Interconnection customers unless required by the Washington state department of labor and industries. As PSE noted in its January 30, 2012 the Company is not opposed to eliminating the requirement for a disconnect switch, but hopes that revising its tariff so that it informs Interconnection customers that the switch is not required but also informs Interconnection customers of the possible impacts of not installing a disconnect switch will be an acceptable approach. Elimination of the requirement for a disconnect switch on the customer's side of the meter for Tier 1 interconnection does not eliminate the requirement that a lockable, visible-break point of disconnection be utilized before a lineman can work on the system interconnected with a generator.

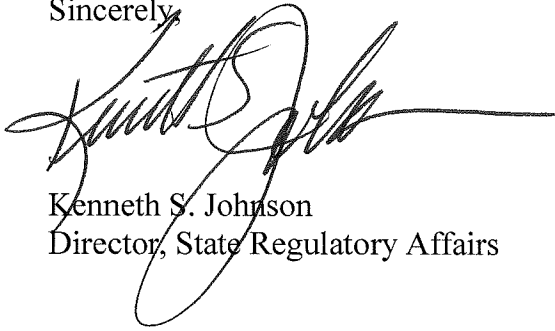
As also mentioned in PSE's January 30, 2012 comments, elimination of the disconnect switch will likely impact PSE's service restoration guarantee and its Service Quality Indices ("SQIs") which may result in changes being proposed to the SQIs and the restoration guarantee tariff schedule. To reflect the Interconnection customer's choice to use the electric service meter base (or some point on the electric company's system) as a disconnect switch (rather than installing a generation disconnect switch) will need to be addressed in the general rules of PSE's tariff to clarify the impacts of an "upstream" point of disconnection being used, including that electric service to the premises will be disconnected, without notice as provided in WAC 480-100-128, when the generation must be disconnected.

Proposed WAC 480-108-020 Eligibility and technical requirements for Tier 1, Tier 2, and Tier 3 interconnection.

Section (2)(b) Technical requirements, Tier 2 has been revised to a great extent from the prior draft and the requirement for a disconnect switch for these generators up to 500 kW has been moved from the customer facilities to the electric company's interconnection facilities. Also, a new provision that allows the interconnection of a generator of up to 50 kW to a single-phase electric system has been added. The Company has not had time to evaluate the impacts of these new changes.

PSE appreciates the opportunity to comment on the proposed rules and hopes that the comments are helpful in developing a final version. 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) 456-2110.

Sincerely,

A handwritten signature in black ink, appearing to read "Kenneth S. Johnson", with a long horizontal line extending to the right.

Kenneth S. Johnson
Director, State Regulatory Affairs