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Steven V King
Acting Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S Evergreen Park Drive SW
PO Box 47250
Olympia, WA 98504-7250

Re: Comments toward Washington UTC Docket #UE-112133

Mr. King,

The staff at Cascade Power Group has been actively engaged in this rulemaking since it was first adopted in Washington State in 2007, and has been an active participant in the most recent round (2012) of stakeholder meetings and workgroups. We sincerely appreciate leadership of the Washington UTC in tackling the inherent intricacies of this difficult topic.

Local advocates of ‘distributed generation’ simply wish to see more of it deployed throughout Washington State. These advocates view distributed generation through a certain ‘set of glasses’ - based on the things they have learned, seen, and experienced... and are aware of specific benefits that distributed generation can offer over traditional, centralized-generation. Interestingly enough, these Washington-based advocates are not alone... entire countries, including the United States, are also advocates for distributed generation - citing real benefits in their reports and findings¹.

Treating all MWh’s as if they were equal gives no validity to the superiority of the MWh’s created by distributed generation. Even ‘Wikipedia’ recognizes the benefits of distributed generation... “Capital markets have come to realize that right-sized resources, for individual

¹ <http://www.ferc.gov/legal/fed-sta/exp-study.pdf>



customers, distribution substations, or microgrids, are able to offer important but little-known economic advantages over Central Plants”². Washington State cannot show any documented benefits to distributed generation, and so therefore the advocates that are attempting to bring a superior product into the marketplace are being held back through lack of clear policy and direction. The failure (inability?) of the Legislative leadership to increase the State net-metering system cap above 100kW sends a very clear message to the advocates of distributed generation that topics like ‘energy storage’, ‘carrying forward conservation targets’, and other special interest efforts hold higher priority than achieving system-wide societal benefits of mass-scale distributed solar or micro-CHP deployment.

In 2011, the Washington UTC outlined a series of recommendations in their “UTC Study of Distributed Generation and Recommendations”³, including a very specific recommendation to “Gather Information to Analyze the Costs and Benefits of Varying Levels of Distributed Generation”. This study has not been done. How can distributed generation be deployed in Washington State if Legislature has yet to move forward with a clear policy or any analysis for the benefits of distributed generation in the State? We recommend that the Legislature: *take action and sanction the analysis recommended by the UTC.*

Investor Owned Utility (IOU) companies in Washington are supposed to make power purchasing decisions based on the results of their mandated Integrated Resource Plans (IRP). This law is intended to require utility companies to choose resources that offer better solutions for them and their customers, not simply the lowest cost product. If the mandated IRP’s do not assess or analyze ‘distributed generation’ as a means of acquiring resources, then these resources will not be considered for purchase. We recommend that the Legislature fix this ‘loophole’: *require the utility companies to study distributed generation in their IRP’s.*

We reject the conclusion in the SBEIS (section VI) that there is not a disproportionate economic impact on small business or any other stakeholders involved in these proceedings, and offer specific suggestions in the paragraphs below. We are a ‘small business’ that is headquartered in Washington State and our business success plan involves the deployment of case-specific customer-sited distributed generation. If our business grows, the state will make more money from our growth and the citizens of the state will benefit from our deployment of distributed generation. The fact that we do not explicitly state our potential economic hardship during

² http://en.wikipedia.org/wiki/Distributed_generation

³

<http://www.wutc.wa.gov/rms2.nsf/177d98baa5918c7388256a550064a61e/3eb2ead2c1ed2f248825792f0063e1c1!OpenDocument>



these interconnection proceedings does not mean we will not be impacted and that there are no impacts to anyone. Please remember that the small distributed generation companies do not have full-time lobbyists and economists on staff to do this level of analysis. We recommend that the Legislature: *provide clear policy for, or against, distributed generation so that local businesses can have a better sense for their probability of success within Washington State.*

We applaud the involvement of the State Insurance Commissioner for assistance on insurance product offerings, as well as the Washington Department of Commerce’s participation and active involvement in this proceeding, consistent with the revised recommendations in their Washington State Energy Strategy.

Comments on specific language revisions

We *disagree* with the proposed language in WAC 480-108-010 that a “third-party owner” shall not be allowed to resell the electricity produced from a net metered facility. If our privately owned, locally-owned company can create, market, and sell a superior product directly to a Washington-based consumer and provide them with some benefit over another private company offering an inferior product – why would any regulator want stop that? We believe this is a broader policy decision and should not be part of this interconnection rule. Either distributed generators should also be regulated or electricity should be de-regulated altogether. The State is unfairly choosing winners and losers through this policy, and we believe this not only has immediate economic impacts to our company but also broader implications affecting the creation, marketing, and sales of any product to any consumer in Washington State.

We *disagree* with the proposed language in WAC 480-108-010 that allows the utility company to maintain a net metering relationship with an interconnection customer. We believe the net metering relationship should exist between the electricity generator and the customer, and see no basis for allowing the utility company to retain the customer in a net metering relationship. The third-party owner and the utility company should have a business relationship, not the customer. The third-party can elect to sell electricity directly to the customer, so there is no basis for retaining a relationship with a customer that is not being served by them.

We *request* that the UTC also allow a customer generator be explicitly allowed to operate in the higher voltage ranges referenced in WAC 480-109-030 (b) in order to maximize the ability of a generating facility to export power to the grid. If this is not allowed then the utility company



should not be allowed to operate in conditions that limit the probability of delivery of a superior product to a consumer. A little-known trick of utility companies that don't want distributed generation on their system is to increase the voltage on their distribution grid, making it physically impossible for any electricity generated at a lower voltage to be accepted by the system. This is analogous to someone driving at a normal speed and trying to merge onto a freeway where the flow of traffic is going much faster.

We *agree* that the 'lockable disconnect' is an appropriate L&I issue, as stated in WAC 480-108-020, section 2, part (a), subsection (iv).

We *agree* with the additions in WAC 480-108-030, section 8, part (a) which explicitly explain the process, steps, requirements, and timelines. We believe this will add some sense of 'certainty' to distributed generation projects.

We *agree* with a three-tier process for interconnection and detailed in WAC 480-108-030, and applaud the UTC for adopting the mid-tier recommendations.

In closing, we again appreciate the leadership and technical resources the UTC have put into this process, however we maintain that the lack of clear State policy on distributed generation as well as the proposed changes to this rule will disproportionately hurt small business interested in offering distributed generation products in Washington State. By disproportionately affecting companies that wish to offer these products we are proportionately hurting the chances of distributed generation becoming a reality in the state, and proportionately never achieving the benefits that distributed generation offers.

Chuck Collins

Board Chairman, Cascade Power Group LLC