

3TIER Environmental Forecast Group

Advocates for the West

AirWorks, Inc.

Alaska Housing Finance Corporation

Alliance to Save Energy

Alternative Energy Resources Organization

American Rivers

BlueGreen Alliance

Bonneville Environmental Foundation

Centerstone

Citizens Utility Board of Oregon

City of Ashland

City of Seattle Office of Sustainability & Environment

Clackamas County Weatherization

Climate Solutions

The Climate Trust

Community Action Partnership of Oregon

Community Action Partnership Assoc. of Idaho

Conservation Services Group

David Suzuki Foundation

Earth and Spirit Council

Earth Ministry

Ecova

EDF Renewable Energy

eFormative Options, LLC

Emerald People’s Utility District

The Energy Project

Energy Trust of Oregon

Environment Oregon

Environment Washington

Friends of the Earth

Grasslands Renewable Energy

Home Performance Guild of Oregon

Home Performance Washington

Housing and Comm. Services Agency of Lane Co.

Human Resources Council, District XI

Iberdrola Renewables

Idaho Conservation League

Idaho Rural Council

Idaho Rivers United

Interfaith Network for Earth Concerns

Laborers International Union of North America, NW Region

League of Women Voters – ID, OR & WA

Local Energy Alliance of Washington

Metrocenter YMCA

Montana Audubon

Montana Environmental Information Center

Montana Renewable Energy Association

Montana River Action

Montana Trout Unlimited

The Mountaineers

National Center for Appropriate Technology

Natural Resources Defense Council

New Buildings Institute

Northern Plains Resource Council

Northwest Energy Efficiency Alliance

Northwest Energy Efficiency Council

Northwest Renewable Energy Institute

Northwest Solar Center

NW Natural

NW SEED

Olympic Community Action Programs

Opportunities Industrialization Center of WA

Opportunity Council

One PacificCoast Bank

Oregon Energy Coordinators Association

Oregon Environmental Council

Oregon HEAT

Oregonians for Renewable Energy Policy

Pacific Energy Innovation Association

Pacific NW Regional Council of Carpenters

Pacific Rivers Council

The Policy Institute

Portland Energy Conservation Inc.

Portland General Electric

Puget Sound Alliance for Retired Americans

Puget Sound Cooperative Credit Union

Puget Sound Energy

Renewable Northwest Project

River Network

Salmon for All

Save Our wild Salmon

Seattle Audubon Society

Sea Breeze Power Corp.

Seattle City Light

Sierra Club

Sierra Club, Idaho Chapter

Sierra Club, Montana Chapter

Sierra Club, Washington Chapter

Silicon Energy

Smart Grid Oregon

Snake River Alliance

Solar Oregon

Solar Washington

South Central Community Action Partnership

Southeast Idaho Community Action Partners

Southern Alliance for Clean Energy

Spokane Neighborhood Action Programs

Student Advocates for Valuing the Environment

SustainableWorks

Sustainable Bainbridge

Sustainable Connections

Trout Unlimited

Union Of Concerned Scientists

United Steelworkers of America, District 12

Washington Environmental Council

Washington State Department of Commerce

Washington State University Energy Program

A World Institute for a Sustainable Humanity

World Steward

May 17, 2013

Steven V. King

Acting Executive Director and Secretary

Washington Utilities and Transportation Commission

1300 S. Evergreen Park Dr. S.W.

PO Box 47250

Olympia, WA 98504-7250

**RE: Docket No. UG 112133, Rulemaking to Consider Proposed Changes in Existing Interconnection Rule, WAC 480-108**

Dear Mr. King:

The following comments are provided by the NW Energy Coalition (“Coalition”) in advance of the Commission’s June 13, 2013 Proposed Rule Adoption Hearing. The Coalition has participated in the House Technology, Energy and Communications Committee’s 2011 Legislative study on the potential for distributed generation, UE-110667, and appreciates the UTC’s resulting work to review and streamline the interconnection process. We support the overall changes and are limiting our comments to the issue of third-party ownership.

In previous comments submitted for docket UE-110667, the Coalition has advocated for allowing third-party ownership of distributed generation systems along with several other stakeholder groups. This issue has been part of the discussion leading up to this rulemaking since 2011 and as such should not be considered ‘premature’ as the State Senate suggests. The UTC has taken a good first step in these proposed rules by affirming that RCW 80.60.005 allows for third-party ownership. The Coalition concurs that the statute defines a “customer-generator” as a “user” of a net metering system rather than an “owner”. The UTC has the clear authority to interpret existing rules and provide guidance to the marketplace.

The third-party installation and financing model has proven to be a highly popular and effective method for driving the development of distributed generation due to its ability to overcome the upfront capital cost barrier, which is the main hurdle for most potential customer-owners.

Third-party ownership is already legal in 22 states—it is a proven, established model that has driven the expansion of solar in the rest of the country. In addition to the market benefits of driving down the cost of solar installations, third-party ownership allows many community groups the latitude necessary to adopt distributed generation systems in the first place. Because entities like local governments and schools are unable to claim federal tax credits, solar projects are often difficult to pencil out. Leases provide an opportunity for schools to afford distributed generation systems.

Community solar projects also suffer because of how their program rules are structured. Because they must site their projects on government land, they are for all practical purposes third-party owners. They lack the ability to sell power back to their host because it is unclear whether doing so is allowable. It is also unclear whether doing so would subject community solar groups to regulation as utilities, an interpretation which would be overly burdensome for small community organizations. As IREC has noted earlier, there is little incentive for a host to participate in a community solar project if it cannot use the power.

The Coalition urges the UTC to address whether or not third-party owners are subject to jurisdiction as public service companies. The Coalition views third-party ownership primarily as a financing mechanism and supports the distinction that only customers should maintain the net-metering relationship with their utility. A similar exemption was recently granted for electric vehicle charging stations and third-party owned systems deserve the same consideration. The Coalition agrees with Renewable Northwest Project’s assertion that third-party financing provides a supplemental service to certain customers that qualify for and choose to adopt it. It does not represent a basic service provided by a public service company.

Finally, it’s worth noting that the expansion of distributed generation was featured as a key component of the state’s 2012 energy strategy[[1]](#footnote-1). The Department of Commerce identified “a more diverse supply portfolio through distributed energy” as one of three areas of emphasis that represent “our greatest potential to transform energy use in ways that promote jobs, fair prices, and climate stability.” And the intent section of the net metering statute (RCW 80.60.005) finds that “it is in the public interest to encourage private investment in renewable energy resources.” Third-party ownership systems account for 70-90% of the solar market in mature markets such as California, Arizona, Massachusetts and Colorado. This means that Washington State’s current market is only capturing about 10-30% of potential overall demand.

The UTC’s proposed rules are a measured and balanced approach towards removing some of the barriers needed to achieve our state energy strategy. Coalition staff plans to participate in the Proposed rule adoption hearing scheduled for June 13th. Any questions regarding this submission should be directed to Lynne Dial, 206-621-0094 or [lynne@nwenergy.org](mailto:lynne@nwenergy.org).

Sincerely,

signature

Lynne Dial

1. Department of Commerce, [2012 State Energy Strategy](http://www.commerce.wa.gov/Documents/2012WAStateEnergyStrategy.pdf), p.124-140 [↑](#footnote-ref-1)