

TIER Environmental Forecast Group
Advocates for the West
iRWorks, Inc.
Alaska Housing Finance Corporation
Alliance to Save Energy
Alternative Energy Resources Organization
American Rivers
BlueGreen Alliance
Bonville 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
DF Renewable Energy
Formative 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
Indrola Renewables
Jahro Conservation League
Jahro Rural Council
Jahro Rivers United
Interfaith Network for Earth Concerns
Intercross 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
The 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
World Institute for a Sustainable Humanity
World Steward



NW Energy Coalition
for a clean and affordable energy future

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 strategy¹. 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.

Sincerely,



Lynne Dial

¹ Department of Commerce, [2012 State Energy Strategy](#), p.124-140