



MEMORANDUM

June 10, 2013

TO: David W. Danner, Chairman
Jeffrey D. Goltz, Commissioner
Philip B. Jones, Commissioner

FROM: Ann Rendahl, Al Wright, Dave Nightingale, Yochi Zakai, Roger Kouchi,
Marguerite Friedlander

SUBJECT: Rulemaking to Consider Standards for Interconnection with Electric Generators in
WAC 480-108; Docket UE-112133

RE: Adoption Hearing, June 13, 2013

RECOMMENDATION

Staff recommends the commission adopt the changes to WAC 480-108 as circulated on April 17, 2013, with minor changes described in the notice circulated on June 5, 2013, and attached to this memorandum.

BACKGROUND

The commission initiated this rulemaking in late December 2011, following a study, in Docket UE-110667, of distributed electric generation requested by the State of Washington House Technology, Energy, and Communications Committee. In March 2012, the commission formed a workgroup of technical representatives to recommend changes to the rule. The commission circulated model rules developed by the stakeholder workgroup in July 2012, and received comments on the model rules on September 7, 2012.

This rulemaking streamlines and simplifies the application process for interconnecting distributed generation with the electrical system. The model rules embraced this purpose. The commission issued draft rules on November 21, 2012, including most of the substantive changes included in the model rules. The commission received comments on those rules on December 21, 2012. In response to these comments, the commission issued a second set of draft rules on February 5, 2013, and received comments on the second set of rules on March 6, 2013. A

summary of the comments filed in this docket, and the commission's response to the issues raised in the comments are available on the commission's website for this docket.

The commission filed a CR-102 notice and proposed rules with the Office of the Code Reviser on April 16, 2013, and received written comments on the proposed rules on and after May 17, 2013. The Commission received comments on the proposed rules from Puget Sound Energy, Northwest Sustainable Energy for Economic Development (NW Seed), members of the Washington State Senate Energy, Environment and Telecommunications Committee, Cascade Power Group, NW Energy Coalition, PacifiCorp, Avista Utilities, Renewable Northwest Project and NW Seed, jointly, Tacoma Power, and the Washington Public Utilities Districts Association, Washington Rural Electric Cooperative Association, Inland Power and Light, and Klickitat Public Utilities District, jointly as COU Parties. With a few exceptions, stakeholders support the latest proposed revised rule.

Commenters agree on the majority of the revisions to the rules, which focus on streamlining and simplifying the process for applying to interconnect distributed generation with the electrical system. The commenters concentrate primarily on three narrow issues regarding whether the commission should:

- (1) address the ownership of net-metered systems in these rules,
- (2) regulate third-party owners as public service companies, and
- (3) require an external disconnect switch.

In addition to these three issues, commenters also raised several other issues and requested minor technical changes. A detailed summary of the comments and the commission's response to the issues raised in those comments is provided in Attachment B.

PROPOSED CHANGES AND PENDING ISSUES

After reviewing the comments, the commission proposes several changes to the proposed rules and to address inadvertent errors. On June 5, 2013, the commission circulated a notice of revisions to the proposed rules, described in Attachment A, and a notice of opportunity to respond to stakeholder comments on the commission's jurisdiction over third-party owners of net-metering facilities.

Staff recommends the commission adopt the changes to the proposed rule identified in Attachment A.

The following three issues remain for consideration:

1. Should the commission address the ownership of net-metered systems in this docket?

The state net-metering statutes, as currently enacted, allow third parties to own net metering systems. RCW 80.60.010 defines a customer-generator as a "user", not as an "owner" of a net-metering system. Staff believes it is an appropriate role for an agency to interpret statutes through a rulemaking. The commission has no separate net metering rules, thus WAC 480-108 is an appropriate place to address this issue. The current rule addresses net metering in several places, and has since the rule's original adoption in 2006.

2. Does the commission have jurisdiction to regulate third-party owners as “Public Service Companies?”

This issue is not addressed in the proposed rules. However, several commenters requested the commission provide guidance on the regulation of third-party owners in the order adopting these rules. The commission’s June 5, 2013, notice requested that stakeholders address this issue at the adoption hearing.

3. Should the commission require an external disconnect switch?

The proposed rule prohibits electrical companies from requiring a visible, lockable AC disconnect switch for Tier 1 systems, unless the Washington State Department of Labor and Industries (L&I) requires a switch. The record in this docket, including the use of inverters in other states, does not persuade us that worker safety requires a redundant disconnect switch on the small inverter-based systems in Tier 1. The rule defers this decision to L&I, an agency dedicated to the safety, health and security of workers that is well positioned to make this determination.

CONCLUSION

Staff recommends that the commission adopt the revised rules circulated on April 17, 2013, with the minor changes identified in Attachment A.

ATTACHMENTS: **A:** Draft Proposed Rule (Changes from the CR-102 version released on April 17, 2013, are indicated as strikethroughs and underlines in red).
B: Matrix Summary of the May 17, 2013, comments and the commission’s response to the issues raised in those comments.