Appendix B: Interconnection Rulemaking
Docket UE-112133
Comment Summary – May 17, 2013

WAC 480-108 / Topic	Commenter	Comment	Response
		Major Issues	
010 Third Party Ownership	Avista; Washington Senate Energy, Environment, and Telecommunications Committee	Avista and the Senate Committee members comment that the legislative process is the best setting for this policy-making discussion. The Committee members urge the Commission to omit references to third-party ownership from the rule.	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. The Commission 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, as the rule currently addresses net metering in several places.
	NW Energy Coalition, Renewable Northwest Project (RNP) and Northwest Sustainable Energy for Economic Development (NW SEED)	Commenters support the inclusion of third-party ownership in this rule. The NW Energy Coalition suggests that including third-party ownership in this rule is not "premature" as members of the State Senate suggest.	
	RNP and NW SEED; NW Energy Coalition; COU Parties[1]	RNP and NW SEED, and NW Energy Coalition urge the Commission to use its rule adoption order to signal that a third-party owner, in factual circumstances described in the comments, would not be subject to regulation as a public service Company. COU Parties urge the Commission to regulate third-party owners of net metering systems.	The Commission heard comments at the adoption hearing on this issue. IREC submitted a legal memo on September 29, 2011 in a prior docket regarding distributed generation, UE-110667, arguing that third-party owners are not subject to UTC jurisdiction.

[1] Washington Public Utility Districts Association, Washington Rural Electric Cooperative Association, Inland Power and Light, and Klickitat PUD submitted joint comments on May 22, 2013 identifying themselves as the COU Parties.

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	Cascade Power Group and PSE	PSE is concerned that the definition of "third-party owner" prohibits a utility from allowing a third-party owner to resell electricity produced from a net-metered system. PSE suggests minor edits to the definition of "third-party owner." Cascade Power disagrees that a third-party owner may not resell electricity produced from a net-metered facility. Cascade Power thinks the third-party owner and the utility should have a business relationship.	The Commission does not believe there is a conflict between the two definitions, as a third-party owner is selling, not reselling, power to a customer-generator. Nevertheless, one purpose of these rules is to eliminate ambiguity in the interpretation of the state's net metering statutes. Thus, we modify the last sentence of the definition of "third party owner" to read: "A third-party owner does not resell the electricity produced from a net metered generating facility." By making this modification, we exclude from the definition of "third-party owner" one who resells electricity produced from a net metering system. One purpose of this rule is to interpret RCW 80.60 to clarify that a third-party owner may legally provide power to a host customer on whose property a net metering system is located. The host customer may export power to the grid pursuant to a legal net metering arrangement. The definition of third-party owner in the proposed rule, as modified by this Order, excludes a person that resells power produced by the net metering system to a person who is not the customer-generator.

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	COU Parties	The COU Parties request the Commission remove all references to third-party ownership, launch an investigation into the issue, and open a new docket for net metering rules. Alternatively, the COU Parties request that this rulemaking include an investigation into the issue of third-party ownership. The COU Parties request the Commission delay the rulemaking and launch an investigation into smart inverters.	The Commission is thoroughly familiar with the issue of the third-party ownership of net metering systems. Beginning with our investigation of distributed generation in Docket UE-110667, the Commission has closely examined this question concerning third-party ownership. Over the last two years, we received extensive comments on the issue in the distributed generation docket and this rulemaking docket. A complete record on this question of third-party ownership, including multiple rounds of comments, is available in this docket. The Commission does not wish to delay its rulemaking at this time. The Commission may choose to open an investigation into smart inverters at a later date, as well as whether to modify the rules to address smart inverter issues.
	Puget Sound Energy (PSE)	Add "or" in between subsection (1) and subsection (2) of the definition of interconnection customer.	To add clarity, this sentence is broken into two and subsection (c) is modified to be grammatically correct. The list is separated by "or" in between (b) and (c), thus adding another "or" in between (a) and (b) is unnecessary.

020 (2)(a)(iv) Disconnect Switch	Avista, COU Parties	A disconnect switch should be required unless the utility agrees that a switch is not required.	The Commission intends these rules to promote the adoption of distributed generation and reduce the cost of interconnecting distributed generation facilities. Accordingly, the proposed rule prohibits electrical companies from requiring a visible, lockable AC disconnect switch in Tier 1 systems (inverter-based systems up to 25 kW), 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 the Commission that worker safety requires a redundant disconnect switch on the small inverter-based systems in Tier 1. Through this rule, the Commission 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. The Commission removed any reference to a Tier 2 disconnect switch in the April 17, 2013, proposed rules. The provision in WAC 480-108-BBB(2)(b)(ix) from the February 5, 2013, draft will be restored in the proposed rules, but modified to not require a specific placement of the switch. A utility may specify the placement of the switch in its tariff.
	Cascade Power Group	The disconnect switch requirement is an appropriate issue for the Department of Labor and Industries.	
	NW SEED	Requiring a disconnect switch is obsolete and unnecessary.	
	Puget Sound Energy	PSE "is not opposed to eliminating the requirement for a disconnect switch." The elimination of the disconnect switch requirement "will likely impact PSE's service restoration guarantee and its Service Quality Indices." PSE will address the impact of not installing a disconnect switch in its tariff.	
030(1)(b) Voltage	Cascade Power Group	Allow a generator to operate at higher voltages, or prevent the utility from operating in conditions that limit the probability of the generator to export power.	After careful consideration of the concerns raised in comments filed on March 5, 2013, the Commission revised the voltage requirement to include a standard notification to interconnection customers. The Commission encourages interconnection customers that experience high voltage or voltage irregularities to work with their electrical company to resolve the problem. If an electrical company and interconnection customer are unable to resolve a voltage issue, the customer should contact the Commission for assistance.

Other Issues			
010 Nameplate Capacity	Puget Sound Energy	PSE is concerned that the definition of "Nameplate capacity" allows an interconnection customer to replace the inverter and inappropriately increase the size of its system. PSE will address this issue in its revised tariff.	Using an inverter with a nameplate capacity larger than the size approved by the electrical company in the interconnection agreement is a violation of this chapter. Under WAC 480-108-040(9)(a)(iii), an electrical company may disconnect "a generating facility [that] does not operate in a manner consistent with this chapter or an approved tariff."
010	Tacoma Power	Tacoma Power suggests a minor modification to the definition of "network protectors" and deleting the unused definitions of "spot network distribution system" and "grid network distribution system."	The proposed changes are included. The Commission will also delete the unused definitions of "in-service date," "model interconnection agreement," and "PURPA qualifying facility" as these terms are not used in the chapter.
020(2)(b) Technical Require-ments	Puget Sound Energy	"[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."	No new provisions were added to WAC 480-108-020(2)(b) in the proposed rules circulated on April 17, 2013.
020 Radial distribution circuit	Tacoma Power	Tacoma Power recommends adding the following language to the Tier 1 applicability requirements so that Tier 1 and Tier 2 applications have the same restrictions: "The aggregate nameplate capacity of all inverter-based systems must not exceed the smaller of five percent of a spot network's maximum load or 50 kW."	Tacoma Power's recommendation is reasonable because it incorporates a provision equivalent to one found in the Tier 2 standards and FERC's Small Generator Interconnection Agreement. The Commission nonetheless declines to make the change at this late date.
030(7) Queue timeline	PacifiCorp	Change the date that a project enters the queue from the date that the utility sends a notice of complete application to the date the utility sends a notice of application receipt.	PacifiCorp's suggestion could allow an interconnection customer who submits an incomplete application to be placed in a more advantageous queue position than a similarly situated person who originally submitted a complete application. Thus, the Commission declines to make this change.
030(9)(b)(i) Tier 2 timeline	Inadvertent error	The wrong number of days for the notice of complete application in Tier 2 was inadvertently included in the proposed rules.	As requested by the utilities, timelines are standardized when possible. For all tiers, utilities shall send a notice of complete or incomplete application within 10 business days after a notice of receipt of application is sent.

030(10)(c)(iii)(A) Cost Allocation	Avista	Add "replacement" to the list of costs that an interconnection customer must pay for when a utility adds facilities to its electric system that are dedicated solely to the interconnection customer's use.	The Commission declines to make this substantive change to the rule at this late stage in the rulemaking process. Other parties have not had the opportunity respond to this proposal regarding replacement costs. The proposed language is not included in the current rule, the model rules, or FERC's Small Generator Interconnection Agreement.
030(10)(c)(iii)(B) Cost Disputes	PacifiCorp	Remove the provision allowing a customer to provide an "alternative cost estimate from a third-party qualified to perform the studies required."	The subsection in question is available to customers under the current rules, and provides a consumer protection function should a utility drastically overestimate the time or cost of required studies. Under the current rules, the utility and the interconnection customer must come to an agreement on the cost and timeline for performing any required studies, and if no agreement can be reached, the Commission's normal dispute resolution procedures are available. In other states, the timing and cost of system impact studies have been sources of disagreement between interconnection customers and utilities. The Commission hopes that such disputes do not become common in this state, but retains this consumer protection provision in the event such disputes do arise.
040(16)	Inadvertent error	WAC 480-108-040(11) currently reads: "The electrical company also may restrict or prohibit new or expanded interconnected generation capacity on any feeder, circuit or network if engineering, safety or reliability studies establish a need for restriction or prohibition." In the proposed rule, the Commission inadvertently changed the language allow restrictions "supported by" engineering, safety or reliability studies.	The Commission retains the intent of the current rule by reverting to the original language that requires studies to "establish" a need for the restriction or prohibition.