

MEMO

Date: May 31, 2012

To: Commissioners, Washington Utilities and Transportation Commission
George Caan, Executive Director, Washington Public Utility Districts Association
Kent Lopez, General Manager, Washington Rural Electric Cooperative Association
Victoria Lincoln, Legislative and Policy Advocate, Association of Washington Cities

CC: WA Department of Commerce

From: Dave Warren, Washington Public Utility Districts Association
Tom DeBoer, Puget Sound Energy
Richard Damiano, Inland Power and Light & Washington Rural Electric Cooperative Association
Jason Keyes, Interstate Renewable Energy Council

Re: Interconnection Standards Workgroup Progress Report

On December 21, 2011, the Washington Utilities and Transportation Commission (UTC) opened a rulemaking to investigate its rule, WAC 407-108, on interconnection standards for facilities sized from 0 kW to 20 MW. On January 30, 2012, The Washington Public Utility Districts Association (WPUDA), the Washington Rural Electric Cooperative Association (WRECA) and the Association of Washington Cities (AWC) as the Joint Publics, filed comments in the UTC proceeding. The comments suggested establishing a workgroup outside of the UTC process that would include all parties to the UTC proceeding plus consumer-owned utilities. The Joint Publics suggested that the workgroup would report its recommendations to the respective public power trade organizations and the UTC. At its workshop held on March 29, 2012, the UTC agreed with the Joint Publics suggestion and the parties agreed on a timetable. The Interconnection Standards Workgroup committed to provide a progress report to the UTC and trade organizations by May 31, 2012, and present final recommendations by June 30, 2012.

The Interconnection Standards Workgroup has held two all day meetings, April 19 and May 21, 2012, and has a final meeting scheduled for June 20. The meetings focused on three areas of discussion: the requirement for an external disconnect; insurance; and areas to streamline the application process.

External Disconnect

A technical committee was formed to review the requirement for a visible external disconnect. The Committee is chaired by Richard Damiano, Chief Engineer at Inland Power and Light, and includes participants from the investor and consumer-owned utilities, IREC, and the International Brotherhood of Electric Workers (IBEW). The committee review centered on inverter-based technology and whether inverter technology was reliable enough to prevent islanding and protect worker safety if the external disconnect was not required. Utility representatives were polled to determine specific situations where this requirement could be exempted or where there was significant benefit to its installation. IBEW

representatives have agreed to survey their fellow chapters in states where the disconnect is not required for certain facilities

Insurance

RCW 80.60.040(3) prohibits utilities from requiring insurance for net metered facilities, and both UTC and public power rules allow, but do not mandate, utilities to require insurance for non-net metered facilities. Given that the only way to change the rules would be to prohibit utilities from requiring insurance for any interconnected facilities, an option not acceptable to utilities, the discussion focused on ways to reduce the premiums for insurance when it is required by the interconnecting utility. Several participants agreed to research various approaches to reducing the cost including asking the utility insurance carrier if the DG facility could be named as an insured on the utility policy and contacting the State Insurance Commissioner to see if their office could facilitate educating carriers on the risks of DG. It was reported back by several utility representatives that their insurance carriers would not consider adding a distributed generation facility to a utility's policy unless the utility could demonstrate control of the generator – an option that the DG advocates realize is not really an option. Department of Commerce representatives are pursuing the avenue of the Insurance Commissioner facilitating a discussion with insurance carriers.

Streamlining the Application Process

This issue has various components under discussion by the parties including tightening the timelines for a utility to respond to an application and standardized application forms. The former has not received much support from the utilities, particularly the consumer-owned utilities as they range in size from hundreds of thousands of customers to one customer, with commensurate staffing levels. The latter is under review, with the Workgroup reviewing the applications of both Puget Sound Energy and Pacific Power. The use of screening criteria discussed below is another aspect to this item.

Screening Criteria

The Workgroup is considering an expanded screening process similar to the process in the Oregon interconnection rules. If the Workgroup agrees to recommend an expanded screening process, such a process could modify the interconnection requirements to allow fast track approval of facilities that use approved technologies and will not otherwise cause adverse impacts. This would facilitate the application process by providing both parties with greater certainty regarding required studies.