



October 13, 1999

Graciela Etchart  
Washington Utilities & Transportation Commission  
1300 S. Evergreen Park Dr. SW  
P.O. Box 47250  
Olympia, WA 98504-7250

Re: Docket UE 990473, Electric Companies Rulemaking

Dear Ms. Etchart:

We are writing on behalf of the NW Energy Coalition and the Renewable Northwest Project to object to the imposition of additional requirements on net metering customers beyond those specified in the Washington net metering statute, codified at RCW 80.60.020.

There are two specific items that we seek to bring to your attention: a section of the proposed regulations implementing the net metering law and a section of Puget Sound Energy's Net Metering Agreement. These items are addressed in detail below.

**Proposed Regulation Regarding Interconnection Requirements**

We are troubled by a provision of the proposed net metering regulations, which seeks to authorize, without adequate explanation or justification, the imposition of utility-specific interconnection requirements beyond those specified in the language of the net metering law.

The language of the net metering law reads as follows:

Sec. 5. (1) A net metering system used by a customer-generator shall include, at the customer-generator's own expense, all equipment necessary to meet applicable safety, power quality, and interconnection requirements established by the national electrical code, national electrical safety code, the institute of electrical and electronics engineers, and underwriters laboratories.

(2) The commission, in the case of an electrical company, or the appropriate governing body, in the case of other electric utilities, after appropriate notice and opportunity for comment, may adopt by regulation additional safety, power quality, and interconnection requirements for customer-generators that the commission determines are necessary to protect public safety and system reliability.

Subsection (1) establishes specific, rigorous requirements that must be met by net metering facilities in order to be interconnected. These facilities must comply with standards established by the Institute of Electrical and Electronics Engineers (IEEE), must use Underwriters Laboratories (UL) listed components, and must be installed in compliance with the National Electrical Code and National Electrical Safety Code. Subsection (2) makes it clear that no additional interconnection requirements are to be imposed on net metering facilities, unless and until the Commission, after appropriate notice and opportunity for comment, adopts

- Assoc. for the Advancement of Sustainable Energy Policy
- Alaska Housing Finance Corporation
- Alliance to Save Energy
- Alternative Energy Resources Organization
- American Rivers
- A World Institute for a Sustainable Humanity
- Citizens' Utility Board
- Clallam-Jefferson Community Action Council
- Climate Solutions
- Cold Spring Conservancy
- Earth and Spirit Council
- Emerald People's Utility District
- Eugene Future Power Committee
- Eugene Water & Electric Board
- Fair Use of Snohomish Energy
- Friends of the Earth
- Golden Eagle Audubon Society
- Greenhouse Action
- Greenpeace
- Housing & Community Service Agency of Lane Co.
- Human Resources Council, District XI
- Idaho Citizens Network
- Idaho Conservation League
- Idaho Consumer Affairs
- Idaho Rivers United
- Idaho Rural Council
- Idaho Wildlife Federation
- Kootenay-Okanagan Electric Consumers Association
- League of Utilities and Social Service Agencies
- League of Women Voters - ID, OR & WA
- Metrocenter YMCA
- Montana Environmental Information Center
- Montana Public Interest Research Group
- Montana River Action Network
- MissoulaUrban Demonstration Project
- Mountaineers
- National Center For Appropriate Technology
- Natural Resources Defense Council
- Northern Plains Resource Council
- Northwest Energy Efficiency Council
- Northwest Resource Information Center
- Opportunity Council
- Oregon Action
- Oregon Energy Coordinators Association
- Oregon Environmental Council
- Oregon Student Public Interest Research Group
- Pacific Rivers Council
- Portland Energy Conservation, Inc.
- Puget Sound Council of Senior Citizens
- Renewable Northwest Project
- Rivers Council of Washington
- Salmon-For All
- Save Our Wild Salmon
- Seattle Audubon Society
- Seattle City Light
- Sierra Club
- Sierra Club of British Columbia
- Snohomish County Public Utility District
- Solar Energy Association of Oregon
- Solar Information Center
- South Central Community Action Agency
- South East Idaho Community Action Agency
- Spokane Neighborhood Action Programs
- Tahoma Audubon Society
- Tennessee Valley Energy Reform Coalition
- Trout Unlimited
- Union of Concerned Scientists
- WA Association of Community Action Agencies
- Washington Citizen Action
- Washington Environmental Council
- Washington Public Interest Research Group
- Washington Solar Energy Industries Association
- Washington Wilderness Coalition
- Working for Equality and Economic Liberation
- Yakima Valley Opportunities Industrialization Center

Associate Members:  
Avisa Utilities  
City of Ashland  
Puget Sound Energy

Supporting Members:  
Clackamas County Weatherization  
Housing Authority of Skagit County  
Multnomah County Weatherization  
Rocky Mountain Institute

WA Dept. of Community, Trade & Econ. Development

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additional requirements *that are necessary to protect public safety and system reliability.*

By contrast, the Commission's proposed regulations read in relevant part:

(2) Technical requirements. The net metering system used by a customer-generator must include, at the customer's own expense, all equipment necessary to meet applicable safety, power quality, and interconnection requirements *of the serving electric utility* [emphasis added]. The equipment used by the customer-generator must meet the applicable parts of the national electrical code, national electrical safety code, the institute of electrical and electronics engineers, and underwriters laboratories.

It is the italicized portion of the proposed rule to which we object. We believe that it is inappropriate for the Commission to adopt a generic rule requiring net metering customers to comply with whatever interconnection requirements a utility may impose. Instead, the Commission should carefully scrutinize any such requirements and make the necessary findings regarding public safety and system reliability.

The NW Energy Coalition and the Renewable Northwest Project were vigorous advocates for the Washington net metering law in part because utility customers throughout the region and nation were complaining that existing utility requirements for the interconnection of non-utility generation were developed with large, multi-megawatt, utility-scale generating facilities in mind (such as industrial cogeneration facilities). Rules that apply to large generating facilities are wholly inappropriate for newly-emerging small-scale generating technologies. If the Commission were to adopt the proposed rule, it would be allowing utilities to subject net metering facilities to the very requirements the net metering law was intended to avoid.

Representatives from the equipment manufacturers, the utilities, and the national laboratories (among others) have collaborated in the development of consensus-based national standards for utility interconnection of small-scale generating facilities. Commission staff have been provided with copies of the leading standards, including the IEEE P929 standard. For these standards to have any meaning, however, they must be adopted *without substantial modification* by the states. There is obviously little point in having standards that vary from utility to utility, yet the Commission seems to be headed in the direction of approving such "non-standards."

Accordingly, we urge the Commission to revise the language in Subsection (2) to read as follows:

(2) Technical requirements. The net metering system used by a customer-generator must include, at the customer's own expense, all equipment necessary to meet applicable safety, power quality, and interconnection requirements developed by the institute of electrical and electronics engineers and the underwriters laboratories, and must be installed, at the customer's own expense, in accordance with the requirements of the national electrical code and the national electrical safety code, as appropriate.

Additional requirements beyond those included in the above standards should be approved if, and only if, the Commission makes a specific finding that the above standards fail to address a legitimate concern regarding safety, power quality, or system reliability.

### **Section 10.3 of PSE's Net Metering Agreement**

We are also troubled by Section 10.3 of Puget Sound Energy's Schedule 150 Net Metering Agreement, which states that the net metering customer "shall reimburse the Company for all costs and expenses reasonably incurred by the Company for engineering, reviewing plans, inspection,

or other activities related to installation of the facility not otherwise recoverable under Section 1.2, including, without limitation, costs incurred by the Company in connection with the procurement and installation of interconnection facilities."

This section imposes additional interconnection requirements and additional costs on net metering customers in violation of the requirements of the net metering law. The law states, in relevant part:

Sec. 3. An electric utility:

[ . . . . ]

(3) Shall charge the customer-generator a minimum monthly fee that is the same as other customers of the electric utility in the same rate class, but shall not charge the customer-generator any additional standby, capacity, interconnection, or other fee or charge unless the commission, in the case of an electrical company, or the appropriate governing body, in the case of other electric utilities, determines, after appropriate notice and opportunity for comment that:

(a) The electric utility will incur direct costs associated with interconnecting or administering net metering systems that exceed any offsetting benefits associated with these systems; and

(b) Public policy is best served by imposing these costs on the customer-generator rather than allocating these costs among the utility's entire customer base.

Section 10.3 of PSE's Net Metering Agreement appears to reserve to the utility the unilateral right to impose an additional fee or charge. It is our view, however, that this provision in the agreement was established without adequate notice or opportunity for comment, and moreover that the Commission has not made the necessary findings described in subsections (a) and (b) above with respect to any such additional fee or charge.

This is not a trivial issue. The intent of the net metering law is not only to impose all the costs of meeting legitimate safety and power quality requirements on the customer but also to prevent the utility from arbitrarily imposing additional costs that undermine the purpose of the legislation, which is to encourage private investment in renewable energy resources. Because some renewable generating technologies, including solar and wind electric systems, are available in sizes as small as 100 Watts and produce as little as 15 kilowatt-hours per month (worth approximately \$1 at retail rates), it is imperative that the transaction costs of interconnecting these facilities be kept to an absolute minimum.

The net metering law requires all equipment used in net metering facilities to comply with rigorous standards established by the IEEE, to use UL listed components, and to be installed in compliance with the National Electrical Code and National Electrical Safety Code. All the protective features necessary to meet these requirements are built into the equipment, and will be subject to an electrical inspection by Washington Labor & Industries personnel. There is no need for utility engineering, reviewing plans, or other activities referenced in Section 10.3. Although the utility may wish to conduct an inspection to verify that the installed equipment complies with the IEEE requirements and is UL listed, any such inspection should be no more burdensome than the site visits associated with new customer hookups.


Even if the utility were to incur any additional costs, the Commission would need to establish that public policy is best served by allocating these costs to the individual net metering customer, rather than spreading these costs among the utility's customer base. This requirement of the net metering law has not been made.



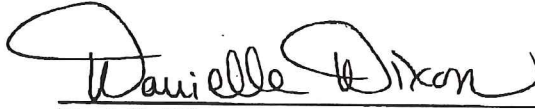
Accordingly, we respectfully request that the Commission require PSE to delete Section 10.3 from its Net Metering Agreement. Further, we urge the Commission to prohibit PSE and the other jurisdictional utilities from imposing any fees or charges on net metering customers unless and until the requirements of the net metering law, with respect to notice and comment and with respect to specific findings regarding cost allocation, are met.

Thank you for providing the opportunity to comment on these issues.

Sincerely yours,



Thomas J. Starrs  
On behalf of the Renewable Northwest Project



Danielle Dixon  
On behalf of the NW Energy Coalition