

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of Adopting a Portion) DOCKET NO. UE-051106
of)
) GENERAL ORDER NO. R-528
Chapter 480-108 WAC)
)
Relating to Electric Companies –) ORDER ADOPTING RULES
Interconnection With Electric) PERMANENTLY
Generators.)
)
.....)

1 **STATUTORY OR OTHER AUTHORITY:** The Washington Utilities and Transportation Commission takes this action under Notice WSR # 06-03-126, filed with the Code Reviser on January 18, 2006. The Commission brings this proceeding pursuant to RCW 80.01.040, and RCW 80.04.160.

2 **STATEMENT OF COMPLIANCE:** This proceeding complies with the Administrative Procedure Act (chapter 34.05 RCW), the State Register Act (chapter 34.08 RCW), the State Environmental Policy Act of 1971 (chapter 43.21C RCW), and the Regulatory Fairness Act (chapter 19.85 RCW).

3 **DATE OF ADOPTION:** The Commission adopts this rule on the date that this Order is entered.

4 **CONCISE STATEMENT OF PURPOSE AND EFFECT OF THE RULE:** RCW 34.05.325(6) requires that the Commission prepare and provide to commenters a concise explanatory statement about an adopted rule. The statement must include the identification of the Commission’s reasons for adopting the rule, a description of the difference between the version of the proposed rules published in the register and the rules as adopted (other than editing changes), a summary of the comments received regarding the proposed rule changes, and the

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WSR 06-07-017]

Commission's responses to the comments, reflecting the Commission's consideration of them.

- 5 The Commission often includes a discussion of those matters in its rule adoption Order. In addition, to avoid unnecessary duplication, the Commission designates the discussion in this Order as its concise explanatory statement, supplemented where not inconsistent by the Staff memoranda. Together, the documents provide a complete but concise explanation of the agency actions and its reasons for taking those actions.
- 6 The rules establish standards for interconnection of consumer-owned power generation facilities up to 25 kW capacity to electric utility delivery systems. These regulations include standards for applications for interconnection, processing of such applications, technical and engineering standards for interconnections, safety standards, insurance and liability provisions, and other provisions.
- 7 The Commission is adopting this rule to advance state policy to encourage the use of renewable energy technologies.¹
- 8 Substitute Senate Bill (SSB) 5101, Chapter 300, Laws of 2005, states that "the legislature intends to provide incentives for the greater use of locally created renewable energy technologies." SSB 5101 also provides that utilities, in return for a credit against the public utility excise tax, may supply an incentive payment to consumers for consumer-generated electricity from renewable energy systems. However, the incentive payments created by SSB 5101 are only available to customers connected to the distribution system of a light and power business if "uniform standards for interconnection to the electric distribution system" are in effect for utilities serving eighty percent of total customer load in the state.

¹ RCW 80.28.025 establishes a state policy to encourage electric power resources from renewable sources through use of incentives.

Establishing standards for interconnection of customer-owned power generation facilities to the delivery systems of the investor-owned utilities constitutes substantial progress toward meeting the threshold condition established by SSB 5101 for customer incentive payments.

9 The rules encourage small-scale, customer-owned distributed generation facilities by establishing uniformity among the investor-owned utilities regarding technical and process standards for interconnection of such facilities to utility delivery systems.

10 In addition, recently enacted amendments to Section 111(d) of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2621(d)) require the Commission to consider and determine whether to establish standards for interconnection. The Commission's inquiry and adoption of this rule complies with this requirement.

11 **REFERENCE TO AFFECTED RULES:** This Order establishes the first portion of a new chapter of Washington Administrative Code, Chapter 480-108 WAC, Electric Companies – Interconnection With Electric Generators.

12 The Commission intends to continue investigation of facilities greater than 25 kW in a Supplemental CR-102.

13 This Order adopts the following sections of Washington Administrative Code:

WAC 480-108-001 Purpose and scope.

WAC 480-108-005 Application of rules.

WAC 480-108-010 Definitions.

WAC 480-108-020 Technical standards for interconnection.

WAC 480-108-030 Application for interconnection.

WAC 480-108-040 General terms and conditions of interconnection.

WAC 480-108-050 Certificate of completion.

WAC 480-108-060 Required filings—Exceptions.

WAC 480-108-999 Adoption by reference.

14 **PREPROPOSAL STATEMENT OF INQUIRY AND ACTIONS**

THEREUNDER: The Commission filed A Preproposal Statement of Inquiry (CR-101) on August 12, 2005, at WSR # 05-17-083. The statement advised interested persons that the Commission was considering entering a rulemaking to establish regulations to govern the interconnection of consumer-owned power generation facilities to utility delivery facilities.

15 **ADDITIONAL NOTICE AND ACTIVITY PURSUANT TO PREPROPOSAL**

STATEMENT: The Commission informed persons of its inquiry into this matter by providing notice of the subject and the CR-101 to all persons on the Commission's list of persons requesting such information pursuant to RCW 34.05.320(3) and the Commission's lists of all registered electric and gas companies, persons interested in electric and gas issues, as well as to attorneys representing these companies. The Commission posted the relevant rulemaking information on its Internet web site at <http://www.wutc.wa.gov/051106>. In its notice the Commission posed two questions and invited interested persons to respond and make proposals addressing electrical interconnection. The two questions were:

1. If the Commission establishes regulations governing interconnection to utility distribution or transmission facilities that are not FERC-jurisdictional, should it strive for consistency with the FERC standards?
2. Do the FERC regulations in Order No. 2006 (particularly Appendices "E" and "F") represent a good technical framework for Commission regulations to govern interconnection? What modifications and adjustments would be necessary if the Commission were to use the FERC rules as a model?

The Commission also welcomed any comprehensive recommendations or proposals that stakeholders or utilities might propose for state-wide standards for interconnection as an alternative to the FERC model.

- 16 Pursuant to the notice, the Commission received comments on October 14, 2005, from the following companies, organizations, and interested persons: Industrial Customers of Northwest Utilities (“ICNU”), the Renewable Northwest Project (“RNP”)², and the Washington Load-Serving Utilities (“Utilities”)³. The Utilities proposed a set of standards that they jointly developed and recommended as a framework for establishing interconnection standards to be used by both Commission-jurisdictional utilities and public utilities that are not jurisdictional to the Commission.⁴
- 17 The Commission convened a workshop on December 2, 2005, to discuss interconnection issues and the Utilities’ proposal. More than 40 interested persons attended and participated in the workshop.
- 18 Drawing on the written comments received and the discussion at the workshop, the Commission circulated draft rules for comment on December 19, 2005. The Commission received no further comments or suggestions.

² The Renewable Northwest Project submitted joint comments along with the American Wind Energy Association and the Northwest Energy Coalition.

³ The Load-Serving Utilities a group consisting of Puget Sound Energy, Avista Corporation, PacifiCorp, Benton REA, Big Bend Rural Electric Cooperative, Chelan County PUD, City of Port Angeles, Clark Public Utilities, Elmhurst Mutual, Grant County PUD, Kittitas County PUD, Lewis County PUD, Seattle City Light, Snohomish County PUD, Tacoma Power, the Washington PUD Association, Western Rural Electric Cooperative Association, and the Association of Washington Cities.

⁴ The Commission commends the investor-owned and public utilities for working cooperatively to develop a proposed set of uniform interconnection standards. We particularly appreciate the constructive participation in our inquiry and rulemaking process of the public utilities that are not within our jurisdiction.

- 19 **NOTICE OF PROPOSED RULEMAKING:** The Commission filed a notice of Proposed Rulemaking (CR-102) on January 18, 2006 at WSR # 06-03-126, scheduling the matter for oral comment and adoption at 2:30 p.m., Wednesday, February 22, 2006, in the Commission's Hearing Room, Second Floor, Chandler Plaza Building, 1300 S. Evergreen Park Drive S.W., Olympia, Washington. The Notice provided interested persons the opportunity to submit written comments to the Commission by February 8, 2006.
- 20 **COMMENTERS (WRITTEN COMMENTS):** The Commission received one written comment from Mr. Chris Herman urging that the proposed rule be adopted as soon as possible.
- 21 **RULEMAKING HEARING:** The Commission considered the rule proposal for adoption, pursuant to the notice in WSR # 06-03-126, at a rulemaking hearing before Chairman Mark H. Sidran, Commissioner Patrick J. Oshie, and Commissioner Philip B. Jones. Mr. Tom DeBoer of Puget Sound Energy and Mr. Bruce Folsom of Avista Corporation testified in support of the proposed rule.
- 22 **COMMISSION ACTION:** After considering all of the information regarding this proposal, the Commission finds and concludes that it should adopt the rules in the CR-102 Notice at WSR # 06-03-126.
- 23 **CHANGES FROM PROPOSAL:** The Commission adopts the proposal noticed at WSR # 06-03-126 with minor editorial changes, addition of a section of citations to standards and rules adopted by reference and clarification that any disputes arising under the rule will be addressed in accordance with chapter 480-07 WAC.
- 24 **STATEMENT OF ACTION; STATEMENT OF EFFECTIVE DATE:** After reviewing the entire record, the Commission determines that WAC sections 480-108-001, 480-108-005, 480-108-010, 480-108-020, 480-108-030, 480-108-040, 480-108-

050, 480-108-060, and 480-108-999 should be adopted as set forth in Appendix A, as rules of the Washington Utilities and Transportation Commission, to take effect pursuant to RCW 34.05.380(2) on the thirty-first day after filing with the Code Reviser.

ORDER

25 THE COMMISSION ORDERS:

26 The Commission adopts WAC sections 480-108-001, 480-108-005, 480-108-010, 480-108-020, 480-108-030, 480-108-040, 480-108-050, 480-108-060, and 480-108-999 as set forth in Appendix A, as rules of the Washington Utilities and Transportation Commission, to take effect on the thirty-first day after the date of filing with the Code Reviser pursuant to RCW 34.05.380(2).

27 This Order and the rules set out below, after being recorded in the register of the Washington Utilities and Transportation Commission, shall be forwarded to the Code Reviser for filing pursuant to chapters 80.01 and 34.05 RCW and chapter 1-21 WAC.

DATED at Olympia, Washington, this 6th day of March, 2006.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARK H. SIDRAN, Chairman

PATRICK J. OSHIE, Commissioner

PHILIP B. JONES, Commissioner

Note: The following is added at Code Reviser request for statistical purposes:

Number of Sections Adopted in Order to Comply with Federal Statute: New 0, amended 0, repealed 0; Federal Rules or Standards: New 0, amended 0, repealed 0; or Recently Enacted State Statutes: New 8, amended 0, repealed 0.

Number of Sections Adopted at Request of a Nongovernmental Entity: New 0, amended 0, repealed 0.

Number of Sections Adopted on the Agency's own Initiative: New 8, amended 0, repealed 0.

Number of Sections Adopted in Order to Clarify, Streamline, or Reform Agency Procedures: New 0, amended 0, repealed 0.

Number of Sections Adopted using Negotiated Rule Making: New 0, amended 0, repealed 0; Pilot Rule Making: New 0, amended 0, repealed 0; or Other Alternative Rule Making: New 0, amended 0, repealed 0.