

**From:** Terrance Meyer [<mailto:terry@cascadecommunitywind.com>]  
**Sent:** Wednesday, August 22, 2012 9:59 AM  
**Cc:** Wright, Al (UTC)  
**Subject:** Re: Insurance for CC Solar

Hello Al

Could you please include this email chain in the public testimony from Cascade Community Wind Company.

Thank you. and good luck with this

Terry

Terrance Meyer P.E.  
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On 8/21/2012 9:44 AM, Johnson, Steven (UTC) wrote:

Terry,

Thank you for providing your ground level experience with the direct connection of small solar arrays and the insurance conundrum.

Just for the record, the Commission inquiry (Docket UE-112133) is not intended to intervene any specific interconnection application. The email exchange you provide for illustrative purposes is a useful example for the Commission inquiry. However, to be used in the Commission inquiry it would need to be part of the record. You may want to consider submitting this email as part of the comment opportunity currently open in the docket. The insurance issues for small generation is a topic the Commission actively investigating. The Commission is still in an active information gathering phase of its inquiry.

On a personnel update, Ms. Osborne is no longer with the UTC. The lead for this rulemaking is being transitioned to Al Wright, a commission policy advisor. I have included him in the email.

Steve Johnson  
Policy Advisor

**From:** Terrance Meyer [<mailto:terry@cascadecommunitywind.com>]  
**Sent:** Monday, August 20, 2012 1:03 PM  
**To:** Wade, John N - Jake  
**Cc:** Vern Cohrs; Stearns, Tim (COM); Nightingale, David (UTC); Osborne, Elizabeth (UTC); Johnson, Steven (UTC); Stanley Florek; 'Jennifer Grove'  
**Subject:** Re: Insurance for CC Solar

Hello Jake

Below is my request and I am also using it as an illustration for the current UTC process, as well as cc'ing my insurance agent in case he has any bright ideas how to solve this.

Elizabeth, Steve, David

Please see the below response and the email string as an example of the current barrier (unreasonable in my eyes) of allowing utilities free reign to require insurance of customer generators. Our 25 kW community solar array costing just over \$200k is going to be required to have \$2Million in insurance covering PSE for liabilities that have never occurred anywhere ever, and yet the insurance industry which does not understand distributed generation charges ridiculous amounts for the insurance, in this case more than the retail value of the electricity produced. In order for PSE to incur \$2million in property damage our little solar array on a UL inverter would need to wipe out the entire grid for a mile around! This system if net metered would require no insurance but since other programs we are working with require a PPA we are stuck with the insurance payment due to PSE's right to insist on it even in situations where it makes no sense.

Jake

I understand what the PPA Says, and I am working through the UTC to get that changed. What I am asking for is an exception, like I received for my other PPA's so that these will fit under an existing insurance product ( \$1MM per incidence \$2MM aggregate, very close to what you require and already several times too expensive) rather than incurring the cost of having to craft a specialty product with significantly greater cost, and giving no one any further real protection. (a \$2 million liability per incident on a 25 kW solar array?? really?). I know it is a stretch but I am asking for just a step in the direction of common sense, a step PSE has taken before.

Current rules give you the option (an unlimited option) to require insurance, your internal policy is to require \$2million which is the amount to which you self insure. You can blindly hold onto that policy or instead have a policy of requiring insurance that covers reasonable risk to PSE while also supporting other goals such as enabling customer generated renewables. Requiring a custom insurance product hurts one goal while not providing significant additional protection.

Thank you

Terry

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On 8/20/2012 11:56 AM, Wade, John N - Jake wrote:

Terry,

We need proof of insurance that the projects meet the requirements of Schedule 91, the PPA. We need this so that you can go into commercial operation for the arrays. I understand your statement comparing this requirement v. net metering, but these are two different programs. If these arrays had been behind a customer meter under net metering, we wouldn't require the insurance under state law. You applied under a direct connection with the PPA, and as you know, the PPA says: Such insurance coverages shall include the following: Premises/Operations Liability, Products/Completed Operations Liability, Contractual Liability, Owner and Contractors Protective coverage (in all cases where subcontractors are retained to perform the work), And Broad Form Property Damage coverage Such insurance coverage shall provide, at a minimum, the following limits (or such higher limits as may be customer in the electric generation industry): Bodily Injury (including death), \$2,000,000 per person, per occurrence: property damage, \$2,000,000 per occurrence; personal and advertising injury, \$2,000,000 per occurrence.

Please send the insurance document as soon as you have it. I'd like to get these arrays into commercial operation so we can begin payments for the power.

Let me know if you have any questions,

Jake Wade  
PSE - Customer Renewable Energy Programs  
425-462-3459