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Executive Secretary
Washington Utilities and Transportation Commission
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RE: Docket UE-060649

I. SUMMARY

The U.S. Environmental Protection Agency (EPA) understands that the Washington Utilities and Transportation Commission (UTC) is currently seeking comments responding to UTC questions regarding whether new regulations are needed to govern aspects of investor-owned electric utility operations for which new federal standards are included in the Energy Policy Act of 2005. We would like to congratulate you for undertaking this process and we are pleased to share elements of interconnection rules gleaned from EPA's experiences with other states.

As you may be aware, EPA operates numerous voluntary efforts to promote clean energy, including the Combined Heat and Power Partnership, which is a voluntary effort focused on reducing air emissions through implementation of environmentally beneficial, cost-effective combined heat and power (CHP) projects. Several of the Partnership's 175 Partners have developed CHP projects in Washington totaling over 180 Megawatts. These Partners include energy users, project developers, gas utilities and energy service companies. EPA also works with state policy makers across the country to identify policies and programs that encourage the development of clean energy.

EPA has developed a *Clean Energy-Environment Guide to Action* which describes 16 policies and strategies that are delivering economic and environmental results for states. Interconnection standards are among the policies featured in the *Guide to Action* because states and energy users have identified it as a significant factor affecting the success of new clean energy projects. Included for your information is the *Guide to Action* fact sheet which distills state best practices in developing an interconnection standard. The full *Guide to Action* chapter on interconnection standards is available at http://www.epa.gov/cleanenergy/pdf/gta/guide_action_chap5_s4.pdf

The *Guide to Action* fact sheet on interconnection highlights the successful two-prong approach of developing technical standards and application processes with clearly defined timelines, fees and agreements. California and New Jersey have adopted standard interconnection rules that include this approach, as well as utilizing a tiered or screened approach to interconnection to further increase certainty for applicants.

Also included for your information is the *Survey of Interconnection Rules*, prepared by the Regulatory Assistance Project for the Oregon Public Service Commission Workshop on Interconnection of Distributed Generation, June 20, 2006.

II. COMMENTS

EPA is pleased to submit comments in response to the following UTC questions.

1.) Should WAC 480-108 be amended to include customer-owned facilities up to 100 kW? If so, would the increase in facility size necessitate any other changes to the rule?
2.) Is there another "break-point" to which it would be appropriate for practical reasons to increase the scope of WAC 480-108 (e.g., 300 kW, 500 kW)? If so, would the increase in facility size necessitate any other changes to the rule?
3.) Should interconnection of facilities larger than those covered currently by WAC 480-108 be governed by a standard rule? If so, would the Federal Energy Regulatory Commission's (FERC) Small Generator Interconnection Rule serve as a good model? If so, how should the FERC rule be adapted to Washington's circumstances?
4.) If interconnection of facilities larger than those covered currently under WAC 480-108 should to be governed by a standard rule, what principles should apply to such interconnection?

While we do not answer each of these questions individually, we provide information responsive to these questions that shows how other states have addressed these issues. In working with state policy makers and clean energy project developers, we have found that standard interconnection rules which apply to systems larger than 100 kW are helpful in supporting increased clean energy supply. FERC, in addition to several states, have developed standard interconnection rules for systems larger than 100 kW:

- The FERC Small Generator Interconnection Rule, 20 MW capacity limit.
- Connecticut, 25 MW
- Minnesota, 10 MW
- New Jersey and New York, 2 MW
- Wisconsin, 15 MW

States have found it is important for larger units to have the protection of a comprehensive interconnection process. As such, they have provided consistent rules and procedures for larger systems, even though these systems require additional studies

and procedures relative to smaller systems (such as 25 kW). The interconnection rules address the appropriate technical requirements and application procedures, including studies and timelines, for both small and large systems.

States with interconnection rules for larger systems frequently utilize a tiered system to differentiate the technical and application requirements between various system sizes. For example, New Jersey has a three tier system which addresses specific procedures and timelines for each level. If the WAC 480-108 were amended to increase the eligible system size, additional changes to the rule would follow. For example, the current rule could become tier 1, while additional tiers could be created with specific procedures for larger systems. FERC also utilizes a tier system for review processes, there is a "fast track" process systems not larger than 2 MW and a 10 kW inverter process for small inverter-based systems..

It should be noted that the UTC current interconnection standard does address technical standards but does not address timelines for application processing. These process requirements provide a level of certainty, both financial and length of time, for the energy user as they move through the project development process. Many states, including Minnesota and New York, have specific application fee structures and application timelines included in their interconnection rule.

III. CONCLUSION

Again, EPA congratulates Washington for initiating this process to determine the role that interconnection standards for larger systems can play in increasing the amount of clean energy supply in your state. Please contact me if EPA can assist by providing further information or experiences from other states.

Respectfully submitted,

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