

DRAFT RULES - COMMENTS SUMMARY
From October 16, 2009, Comments
PURPA Rulemaking on Energy Independence and Security Act of 2007 (EISA)
Docket U-090222

State Consideration of Smart Grid

Part A

(18) CONSIDERATION OF SMART GRID INVESTMENTS—

(A) IN GENERAL.—Each State shall consider requiring that, prior to undertaking investments in nonadvanced grid technologies, an electric utility of the State demonstrate to the State that the electric utility considered an investment in a qualified smart grid system based on appropriate factors, including—

- (i) total costs;
- (ii) cost-effectiveness;
- (iii) improved reliability;
- (iv) security;
- (v) system performance; and
- (vi) societal benefit.

Commission Staff Draft Rules
COMMENTS

The Commission received written comments on the commission Staff's discussion draft rules relating to PURPA Standard 18(A) from Avista, PacifiCorp, Puget Sound Energy (PSE) and Public Counsel.

Avista reiterated its conclusion that smart grid is not a separately definable “thing” but rather a “system of systems.” Avista asserts that Smart Grid, or a system of systems, is a collection of new and old technologies configured to achieve a strategic goal. Applying this view of smart grid to the draft rules, Avista suggests the first reporting requirement should present a smart grid road map that establishes the smart grid vision and expected benefits of the vision with subsequent reports updating the path and progress toward that vision. Avista suggests that the road map focus on smart grid technologies that are *transformational* technologies. Avista envisions the reporting rules to be an educational partnership.

PacifiCorp provides one suggested language addition and several comments mostly focused on the availability of the information sought by the report.

PSE proposes nine language additions or changes to the rules and multiple comments. In general, PSE advises that the report be placed in the context of information gathering on smart grid that is occurring in coordination with American Recovery and Reinvestment Act grants.

Public Counsel's comments focused primarily on the extent to which the draft reporting rules incorporated Public Counsel's three previous recommendations in this docket. The three recommendations were that the rule should be mindful of existing and forthcoming federal guidance, the rule should have consistency of scope and content requirements among utilities and that the reporting should be for informational purposes only.

**WAC 480-100-xxx (1)
COMMENTS**

Avista proposes to change the purpose of the rule to the filing of periodic "Smart Grid Road Maps" defined as a report describing the utility's plans for evaluation and implementation of smart grid technologies/solutions. In 2(a) of the rule Avista defines "Smart Grid technology/solution" as a *transformational* technology/solution that may improve reliability, increase energy efficiency, improve operational efficiency, or reduce operating costs. Subsequent reports would contain details on evaluation, selection and implementation of Smart Grid solutions.

PacifiCorp, concerned about reporting requirements in Washington that might require reporting on activities in other jurisdictions, requests that the reporting requirement only apply to smart grid technologies that have an impact in Washington state.

PSE asserts that some smart grid technologies may already be existing technologies that the utility evaluates. PSE suggests that the purpose of the reports should be "to inform the commission about the commercially available, transformational smart grid technologies that the utility has actively studied."

**WAC 480-100-xxx (2)(a)
COMMENTS**

Avista suggests its term “Smart Grid Road Maps” be defined as plans for evaluation and implementation of Smart Grid technologies/solutions.

**WAC 480-100-xxx (2)(b)
COMMENTS**

Avista defines its term “smart grid technology/solutions” as a *transformational* technology/solution that may improve reliability, increase energy efficiency, improve operational efficiency, or reduce operating costs.

PSE suggests a definition of smart grid technology that is very similar to Avista’s definition. PSE cites Federal Department of Energy publications as the bases for its definitions. PSE proposes that “Smart grid technologies” be defined as commercial technologies that are transformative and enable smart grid functions for the purpose of increasing reliability, operating efficiency, reduce operating costs of the electrical transmission and distribution systems or that increase utility’s situational awareness of the electrical transmission and distribution systems.

Public Counsel suggests that because of the evolving nature of the definition of smart grid the rule should allow an update of its definition of smart grid to incorporate any changes in the federal definition of “smart grid technology.” Public Counsel also suggests that smart grid technologies should improve “overall cost-effectiveness” rather than solely reduce operating costs.

**WAC 480-100-xxx (2)(c)
COMMENTS**

Avista suggests that the replacement of analog equipment with digital equipment as described in the draft rules is not sufficient to qualify as smart grid. Avista suggests that the definition under smart grid function (2)(c)(i) should include the ability to send and receive information in real-time or near real-time.

Avista asserts that the draft language in WAC 480-100-xxx (2)(c)(ii) describes existing technologies rather than exclusively Smart Grid technologies. Avista suggests that the ability to use information to predict equipment failure and enable the grid to become self-healing with automated system response be added to draft language at WAC 480-100-xxx (2)(c)(ii). Avista suggests that terms such as “self-healing”, automated restoration and predictive equipment failure should be added because they are *transformational* Smart Grid concepts.

Avista comments that smart grid functions (demand response, electric car charging, and the integration of customer-owned generation) described in (2)(c)(vi)-(viii) are functions that can be achieved without smart grid technologies.

PSE makes similar comments as Avista that customer demand response, electric car charging, and the integration of customer-owned generation can be implemented without transformational smart grid technologies.

Similar to Avista, PSE suggests that “the ability to use digital information” to achieve various goals of smart grid be added to the list of “Smart grid functions” at 480-100-xxx (2)(c)(ix).

**WAC 480-100-xxx (3)
COMMENTS**

Avista suggests that the first report not be due until September 1, 2011 and that the subsequent reports be in 2014 and 2017 at which point the reporting rule would sunset.

PSE proposes precisely the same language as Avista.

Public Counsel requests that the rule also require the utility to provide a copy of the report to Public Counsel at the time of filing.

**WAC 480-100-xxx (4)(a)
COMMENTS**

Avista suggests that the report only contain details listed in 4(a) if they are applicable to the smart grid technology that the utility is considering or implementing.

PSE suggests that the requirements of the report at 480-100-xxx (4)(a) be limited to smart grid technologies the utility has actively studied and is considering or planning to implement. PSE argues it will not have the detail required in (4)(a) for smart grid technologies it has considered but is not implementing.

PacifiCorp ask for clarity on section WAC 480-100-xxx (4)(a)(ii) through (vi). PacifiCorp notes the difficulty of getting the information required in these subsections and suggests the rules should allow the utility to supply estimates.

PacifiCorp suggests that the cyber and physical security reporting requirements in WAC 480-100-xxx (4)(a)(viii) are overly broad and should be narrowed to existing consumer protection policies “*of this Commission.*”

PacifiCorp also seeks clarity on whether reporting on the “customer acceptance and behavioral response” in WAC 480-100-xxx (4)(a)(x) requires reporting from studies conducted in Washington state or whether applicable studies performed by other entities can be cited.

Public Counsel suggests language that adds three elements to the report’s contents. Public Counsel suggests including information in the report on the overall cost-effectiveness of smart grid technologies as well as the cost-effectiveness of the retirement and/or early replacement of existing equipment (based on remaining depreciable life.) The report should also include an overall bill impact for deployment of smart grid technology.

Public Counsel recommends elimination of the last item listed under 4(a) that allows the utility to report on “any other factors considered by the utility” because it is overly broad and would lead to a lack of uniformity on reporting among electric utilities.

**WAC 480-100-xxx (4)(b)
COMMENTS**

Avista cautions that regulatory mandates, such as security, may require expenditures related to smart grid that are not cost effective.

PSE cautions that identification of all technologies and their costs over the ten-year timeframe specified in the rule may not be accurate. PSE suggests, instead, the identification and discussion of commercially available smart grid technologies that are “appropriate to be actively studied” over a ten-year period.

**WAC 480-100-xxx (4)(c)
COMMENTS**

Public Counsel suggests that after the initial report utilities be required in subsequent reports to provide information on any smart grid pilots undertaken since the initial report. In addition, Public Counsel suggests that utilities be required, in the initial report, to provide information on smart grid pilots completed within the prior five years.

**WAC 480-100-xxx (4)(d)
COMMENTS**

Avista opposes a reporting requirement in WAC 480-100-xxx (4)(d) that “singles out” pilot activities. Avista believes the pilot activities would be reported on as part of the evaluation process of the Smart Grid road map that they propose. Avista proposes replacement language for (4)(d) that requires, after the initial report, an update of the “Smart Grid road map” that contains a discussion of deployment and evaluation efforts of each Smart Grid technology/solution.

PSE asks that more clarity be provided on the term “smart grid pilot.”

**WAC 480-100-xxx (6)
COMMENTS**

To further Avista’s vision of the reporting rules as an educational and informational opportunity, Avista proposes the rules include express permission for utilities to collaborate with commission Staff to enhance the understanding of the content.

PSE suggests the rules should be written with enough clarity that consultation with commission Staff is unnecessary. PSE suggests that WAC 480-100-xxx (6) be deleted because it is unnecessary.

**WAC 480-100-xxx (7)
COMMENTS**

PacifiCorp believes WAC 480-100-xxx (7) is unnecessary since the Commission has broad authority to consider information made available in other proceedings. PacifiCorp notes that much of the information may become obsolete and utilities should have an opportunity to update the information provided in the report in other proceedings.

**WAC 480-100-xxx (8) (as proposed by commenters)
COMMENTS**

Avista suggests that since commercially sensitive information and security information may be in the reports it is necessary to include in the rule a provision to assure that an electric utility can designate and protect as confidential information in the report. Avista provides model language for inclusion in the rule.

Similar to Avista, PSE proposes language that provides express confidentiality protection to the information provided in the report. PSE proposes that “all security information subject to protection under RCW 42.56.420” shall not be released to the public and commercially sensitivity information be allowed the highest level of confidentiality designation.

WAC 480-100-xxx (9) (as proposed by commenters)
COMMENTS

Avista asserts that the report is not for the purpose of determining whether or not a utility is subject to penalties. Avista suggests rule language that a utility shall not be subjected to “any penalties” for failing to implement smart grid technologies that it said it would in previous reports.

PSE also suggests that the report be for informational purposes only and that if the utility decides not to implement smart grid technologies as stated in a previous report “it shall not be subject to any penalties.”

WAC 480-100-xxx (10) (as proposed by commenters)
COMMENTS

Avista suggests that the Commission formally “indicate” that the utility has met compliance with the reporting requirements.

PSE also suggests that the Commission determine that the filed report meets the requirements under the rule and that the report is reasonable.