

**From:** Terrance Meyer [mailto:terry@cascadecommunitywind.com]  
**Sent:** Friday, September 07, 2012 4:50 PM  
**To:** Wright, Al (UTC)  
**Subject:** CCWC comments 112133

Hello Mr. Wright

Beyond the inclusion of that email string for Cascade Community Wind's comments on this proceeding include the following:

Firstly I am very happy that the language echoing California's Rule 21 regarding direct transfer trip made it into the proposal produced by the WAPUDA interlude. That is a great step but others need to be made to get to a point where our interconnection rules makes sense for a small distributed generator connecting outside of a net metering agreement.

In the experience of Cascade Community Wind Company's interconnection of three wind projects and two solar projects the cost of insurance required by the utility is universally greater than the value of energy produced by the system. Allowing a utility to require any amount of insurance at their discretion is a great way to give utilities a tool to exclude DG from their system under the guise of protecting their rate payers.

Lets look at the impact to ratepayers. Testimony from Jason Keys said that the actual risk of an incident involving the utility are infinitesimally small, i.e. they have never happened. If fact comments from PSE showed that their insurance provider would require no extra premiums to cover the liability of having DG on their system. The \$2 million insurance PSE requires is to cover their deductible, or their self insured portion of their insurance program. It makes a great story that they are protecting their ratepayers, but is not backed up by their actual insurance provider, but perhaps this 'risk' is just fabricated by those within the utility that just don't want to see more DG, hiding behind the ratepayer. When I installed my wind projects they worked with me and allowed slightly less coverage so I could buy a standard a standard policy. Now with the addition of just 25 kW of solar they are holding the line and requiring that this \$200k system that generates less than \$2,000 in electricity have \$2 million of insurance costing me just under \$5,000. To me this represents a change in the utility from wanting to honestly work with the industry to a policy of doing everything within the law to resist distributed generation. Utilities should not have the freedom to arbitrarily set non sensible insurance requirements because they have proven that they will.

Once you think of the DG generator as also a customer of the utility (and we pay our utility bills, just having a meter costs \$50/month for our wind projects), you see that requiring the customer to have a \$25,000 a year insurance policy to provide the same coverage the utility could provide for nothing (or almost nothing if you count the super small risk to their self insured deductible) The societal cost is huge in going with the current rule. Our solar projects would not require insurance as a net metering customer, and consumption customers are not required to purchase insurance when they install large equipment (some of which, like induction furnaces actually have a realistic chance of causing a liability), and yet our solar array connected under a different accounting structure all of a sudden requires an incredible insurance policy yet is the exact same system connected to the same utility in physically the same way.

Insuring our solar projects to PSE spec can only be done because of the very generous Washington incentive (which when I started I felt was excessive but has proven to be necessary). Is this what we want as a State, over incentivizing renewable energy just so it can afford to pay unnecessary insurance requirements, inflated interconnection costs, and utility staff time to study their own utility?

Insuring our wind projects was done as an overhead cost assuming we would be able to get much more installed by now and share that policy among many projects. Interconnection costs, insurance, and other issues such as permitting and access to market retarded our growth dramatically. Unfortunately we have not grown to that size and our projects are losing money purely because they need to pay the majority of their revenue in insurance premiums (it would be more than all the revenue of a single project under the policy, these projects do not currently get the Washington cost recovery incentive). Even if we had been able to build our fleet to the point where the insurance costs were manageable DG is something a farmer should be able to do with a single wind turbine, something he/she certainly can not do in the current climate for multiple reasons but insurance alone blocks the possibility of farmer owned generation (outside of net metering).

The PSE Representative brought an insurance provider to the table during our last discussion in these proceedings that seemed affordable. I spent much of the last months tracking those guys down, and trying to get an actual quote (part of the reason not much effort was put into the insurance debate during the WAPUDA interlude). It turns out these guys only answer their phone one in ten times, they don't really have what they say they have, and I have been promised a quote 'tomorrow' twice with no result. I suspect if they ever do get back to me they will come up with the same result that four other insurance brokers have come up with. ~\$25,000 a year for a wind project and ~\$5,000 a year for a solar project regardless of size.

Distributed generation serves our state in so many ways, and can flourish with little or no incentive (especially the 100 kw to 5 MW range of projects). But we need fair rules and we need the utilities to accept DG as a normal part of doing business. Insurance requirements, interconnection costs, 'studies', and lack of fair access to market should not be in the way of my industry making its contribution.

Please in the new interconnection rules:

- Remove the ability for utilities to require insurance from projects under 5 MW. Requirements that an interconnection customer 'hold harmless' the utility and other no cost means of reducing perceived risk to the utility are perfectly acceptable.
- Create a standard interconnection application fee schedule on a per KW basis for projects up to 5 MW. Leave the discretion of how much to study a project to the utility. Ideally the standard fee will cover the average cost in staff time for a utility to process an application. This incentivizes the utility to find efficient methods of processing applications.
- Make system improvements that ready the utility for DG in general a cost that is accepted by the utility and not the first DG applicant to need that improvement. This includes

certain substation modification, accounting system updates, etc. Being ready to accept DG we need to see as just a cost of doing business. Assigning direct costs of interconnection to the interconnection customer is totally reasonable (but the customer should have the option of hiring an outside contractor to provide the same work to avoid price gouging)

Thank you

Terry

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