

# LocalEnergyAlliance of Washington

Commission Chair Jeffrey Goltz  
Commissioner Philip Jones  
Commissioners Patrick Oshie  
Re: Utility Interconnection Rules

Commissioners,

Washington State faces a crucial crossroads. Should we lead in energy innovation, making the best use of our energy opportunities, preserving our competitiveness and pioneering a smarter more diverse grid? Or should we take it slow and let others lead the way?

The Commission sanctioned a joint IOU/public utility effort to explore improvements to the state's "Interconnection to Electric Generator" rules, which are intended to facilitate the interconnection of distributed generation (defined in Washington as under 5MW) to the electric grid. Unfortunately, the draft proposal and report prefers caution and making a few changes that don't even catch us up to states leading the way.

Distributed generation is an emerging sector composed of primarily small businesses. Any participation in proceedings such as this are entirely volunteer whereas the others in the room are as a rule paid to be there. Thus it is difficult for the industry to get an equal voice in these proceedings.

The documents do represent modest progress especially for inverter-based small-scale solar pv on residential and small commercial buildings. The committee generally found that small systems can be connection to the system with modest oversight.

These interconnection improvements parallel other improvements to permitting, zoning and financing being made through the Rooftop Solar Challenge effort of consortium of cities and utilities.

Unfortunately, for distributed generation (particularly non-solar pv) above 10 kW the approach appears to put all of the burden on anyone hoping to explore distributed energy production. The current draft requires the applicant to fully pay the full costs of:

- 1) Understanding the current state of the local utility system (voltages and other operating conditions) to see if distributed generation could be accommodated;
- 2) Studying what upgrades would be necessary to accommodate new distributed generation;
- 3) Paying for any upgrades necessary;
- 4) Insuring the utility system for any damage resulting from an interconnection.

Initiative 937 was passed by voters to supplement the energy system with all cost-effective efficiency and new renewable energy production as the best way to retain the competitive advantages created by the development of the northwest power system. The initiative provides double credit for renewable resources under 5 megawatts to reward local investment.

We do not advocate automatic connection to local utility systems with no analysis or strategy. What we seek are clear standards, a defined process and a reasonable sharing of the costs and benefits of adding new distributed generation to the utility system. We want Washington State to be a leader in creating a more distributed, efficient and reliable energy system to maintain our competitiveness.

Our hope is that sensible interconnection standards will create a level playing field for beneficial distributed generation projects. We are mindful that it will be necessary for the commission to consider ensuring that utilities are rewarded for improving the energy system and allowing distributed generation to connect to the system. The opportunity to make better use of energy resources and develop new revenue streams will be vital to keep the northwest economy competitive and may be the only way many companies can continue.

WALEA's original comments had the overarching theme that these proceedings should result in at minimum Washington adopting the most enabling practices from other states. Five points were focused on:

1. **Insurance**, currently utilities have unlimited discretion to require insurance from non net metered distributed generators, though the actual risk to utilities is miniscule. Insurance products available are unreasonably expensive with premiums that can exceed the value of power produced.
2. **Redundant Disconnect Switch**, this is not required in other states and has been shown to be superfluous.
3. **Direct Transfer Trip**, requiring direct transfer trip as a matter of policy rather than in cases of proven need
4. **Studies**, currently utilities have unlimited freedom to study their own system at an applicants expense.
5. **Process**, simpler standard processes are needed to make DG a normal part of utility operations.

Every one of these points has the potential to be abused by a utility in preventing distributed generation on their system. Progress was made in the WAPUDA interlude but we need more.

1. The Rule developed in the WAPUDA process does nothing to address the insurance issue. Bad (Utilities need to insure themselves, at 1/1000 the cost for applicants to provide insurance, for the hypothetical potential for harm from distributed generators).
2. The Rule does provide some options to the utility around the disconnect switch but leaves it to the utility. Middling
3. The Rule does have language similar to California's rule 20 which limits direct transfer trip to situations in which it is actually necessary. Good
4. The Rule does little to limit the utility's ability to charge an interconnection customer for understanding their own system. Bad (Standard per KW interconnection fees should be set)
5. The Rule proposed a tiered interconnection process similar to those recommended. Good (two small edits on tier 2 applicability, the first word on point 8 should be 'If' instead of 'Is', and on point 6 it should make clear that a synchronous generator passing through an inverter is ok for tier 2)

We feel the role of a utility needs to evolve to include serving all of their customers including the ones that generate electricity. The utilities should have an understanding of their own systems at their own cost, they should have insurance that covers liability of having distributed generation tied to the system (they typically do already and it is the 'self-insured' portion of their policy they seek to cover with requirements of applicants), and that the cost of system upgrades should be shared fairly with DG generators split along the lines of improvements necessary for that individual generator and those necessary to ready the distribution system in general for DG.

The promise of distributed generation is huge, but can only be achieved if the framework is clear, solid and fair. We have the opportunity to be a leader in developing the power system of the future – we should embrace it.

Sincerely,

Local Energy Alliance of Washington  
Solar Washington, Bellingham chapter  
Cascade Community Wind Company  
Convivium Renewable Energy  
Whole Energy  
Artisan Electric  
A & R Solar Corp  
Winter Sun Design  
Tangerine Solar  
Ecotech Energy Systems  
Power Trip Energy Corp  
Cascade Power Group

Chinook Wind  
Liquid Sun  
Aquacare  
Heron Reach Services  
Peter Drewes  
Jim Meyer  
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