BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Commission’s )

Review of Chapter 4901:1-22, Ohio )

Administrative Code, Regarding )

Interconnection Services )

Case No. 12-2051-EL-ORD

**COMMENTS OF INTERSTATE RENEWABLE ENERGY**

**COUNCIL, INC. ON PROPOSED MODIFICATIONS**

**TO INTERCONNECTION SERVICES AND STANDARDS**

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On behalf of the Interstate Renewable

Energy Council, Inc.

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Pursuant to Rules of Administrative Provisions and Procedure, Chapter 4901:1-1, *et seq.*, Ohio Administrative Code (O.A.C.), and the Public Utilities Commission of Ohio’s (Commission) Entry dated October 17, 2012, the Interstate Renewable Energy Council, Inc. (IREC) respectfully submits these comments on the proposed rule changes to Chapter 4901:1-22, O.A.C. (Interconnection Rule).

IREC is a non-profit organization that has worked for nearly three decades to expand retail electric customer access to renewable energy resources through the development of programs and policies that reduce barriers to renewable energy deployment and increase consumer access to renewable technologies. IREC has worked in over 40 states to implement successful regulatory policies that have greatly expanded customer access to solar and other distributed renewable energy technologies, including net metering rules, interconnection procedures, and community renewable power programs. IREC publishes model rules on these policies and its team members, who are considered national experts on these policies, have authored several reports for the Solar America Board for Codes and Standards (Solar ABCs) on the topic of interconnection. IREC is presently active in interconnection reform efforts in several states, including California, Hawaii, New Jersey, Massachusetts, Delaware and Maryland.

The Commission’s Entry requests comments on the proposed revisions to the interconnection rule and on certain other proposals that the Commission will consider including in the interconnection rule. IREC supports the proposed revisions to the Interconnection Rule as improvements that move the general interconnection framework in Ohio closer to consistency with nationally prevalent standards. IREC also supports the Commission’s consideration of public input on other important issues that could bring incremental, but important, improvements to the interconnection process, such as a database of approved field-tested equipment, a rational framework of security postings in the interconnection process to provide greater certainty to developers and electric distribution utilities (EDUs), and greater access to queue data that could enable developers to make more efficient siting decisions.

IREC appreciates the opportunity to offer its support and to provide its perspective and input on the proposed revisions and the prospective policy additions identified in the Commission’s Entry.

**I. Proposed Rule Revisions Will Make Ohio Interconnection Rules More Consistent with Prevailing National Standards.**

IREC is an organization of national scope and has worked closely with many policy makers and regulators to help state interconnection standards evolve toward best practices and national consistency. Consistency across jurisdictions is an important goal because many solar developers and utilities operate in multiple regulatory environments or in multiple states. Additionally, for technical standards and procedural aspects of interconnection, there is usually no technical reason and no benefit to local variation from industry-wide norms.

IREC recognizes the Federal Energy Regulatory Commission’s Small Generator Interconnection Standards (SGIP) as a good starting point and framework for state interconnection procedures. The SGIP is well-vetted and is a widely used, as it is the procedure used nationally for interconnections subject to FERC jurisdiction. Moreover, many states have modeled their procedures on the SGIP and most states that use an expedited technical screening process use screens are using the SGIP’s “Fast Track” technical screens.

IREC observes that many aspects of proposed rules will move Ohio interconnection practices closer to the SGIP standards and, thus, closer to national best practices. In particular, IREC notes that the following revisions will bring Ohio more in line with prevalent national standards:

* **the addition of Area Network Requirements for Level 1 interconnection**: IREC notes that this screen differs slightly from the SGIP Fast Track screen (which addresses spot networks) and suggests that it could be improved by mirroring the SGIP’s standard to allowing aggregate generation up to 5% of maximum load on the network *or* up to 50 kW.
* **the removal of the 2 MW limit for aggregate generation on a circuit under Level 2 interconnection**: IREC supports eliminating this 2 MW cap on aggregate generation on a circuit because it unnecessarily limits the expedited review path without improving the safety, reliability or power quality of that circuit. Eliminating this restriction brings Ohio in line with the SGIP and the majority of other states that feature expedited review.
* **an improved general framework for Level 2 supplemental review**: IREC notes that more could be done to develop supplemental review (e.g., Hawaii and California have both recently overhauled supplemental review to include new technical screens), but strongly supports the proposed interconnection rule for providing a more solid framework for supplemental review that establishes a timeframe and a basic process for resolving issues arising during the initial review process.
* **a clear three-level review process:** IREC supports eliminating separate Level 1 review for renewable (former Level 1) and non-renewable (former Level 1.1) inverter-based generators of 10 kW or less. The proposed levels match the capacity breakpoints of the SGIP and numerous other state procedures.
* **the improvement of technical screens to meet or exceed the SGIP:** IREC supports changes to the “transient stability screen” (proposed Level 2 screen (c)) and the “short circuit contribution screen” (proposed Level 2 screen (f)). IREC would encourage the Commission to consider, for the sake of consistency, modifying the language of proposed screens for Level 1 (screen (b)) and Level 2 (screen (d)) to match the SGIP “penetration screen” (SGIP § 2.2.1.2).

The Commission’s proposed revisions, alone, are a positive step and look to create greater consistency between federal and state interconnection standards at use in Ohio, meaning that smaller generators applying under “fast track” procedures will face more similar circumstances, regardless of whether the interconnection is subject to state or federal jurisdiction. IREC supports these general framework improvements that aim to create a clearer path to expedited interconnection, a key building block in any vibrant market for renewable, distributed generation.

**II. IREC Supports Further Commission Consideration of Additional Proposals to Improve Efficiency and Certainty in the Interconnection Process.**

In addition to the proposed revisions to the interconnection rule, the Commission set out several potential issues for public comment that could be incorporated into the current proposed rules to further improve upon the efficiency, clarity, and transparency of the interconnection process. IREC comments on the topics identified by the Commission in the Entry at paragraphs (9) through (12).

**A. The Field-Tested Equipment Proposal Reflects Best Practices (Entry Paragraph 9)**

IREC is encouraged that the Commission is seeking comments on “whether an interconnection rule recognizing standard procedures for field-tested equipment would quicken the interconnection review process.” Allowing field-tested equipment to be approved for interconnection is a best practice because it eliminates unnecessary duplication, where an equipment package or configuration has already been vetted and there is no corresponding increase in safety or reliability for “re-testing” an identical equipment scenario. IREC applauds the Commission for being forward-thinking in proposing that the EDUs maintain a database of approved equipment or configurations that is accessible by developers. This improves upon the recognized best practice of allowing alternate certification (e.g., “self-certification” based on these pre-approved packages or configurations).

**C. It Is Important for Security Postings to Balance the Risks of Developers and EDUs, but They Should Also Be Rational and Related to Important Development Milestones (Entry Paragraph 10).**

IREC recognizes that distribution system upgrades are significant expenditures and that cost uncertainty can stifle investment in otherwise viable projects. A well designed financial security framework will balance the interests of developers and utilities and will not demand “too much, too soon” or require “too little, too late.” Sufficient security requirements are necessary to give the EDUs more confidence that they will be able to recover their costs, but they should be balanced and staged to match the level of risk commensurate with a given stage of interconnection. Overburdening developers with large security requirements too early in the process could discourage investment in projects because financial institutions will view the risks as unbalanced. Not requiring security postings, or requiring very small postings, can lead to speculative projects, that are ultimately likely to fail and never enter operation, advancing past milestones in the interconnection process without the prospect of viability. IREC encourages the Commission to consider a framework for financial security postings that appropriately balances the risks of parties and requires an amount that is rationally related to the stage of project development.

Specifically, IREC suggests that the Commission consider the following principles:

* **Financial postings should allow common forms of financial security**;
* **The timing of financial security requirements should relate logically to milestones in project development in order to support project finance and confidence from financial institutions that underwrite projects**;
* **No security should be required before the period where the EDU will actually start incurring costs**.

California recently overhauled its state interconnection rule (Rule 21) and made significant improvements in regards to security posting requirements. The revised Rule 21 requires an applicant for interconnection to post “certain portions of the cost of triggered upgrades within established deadlines” and provides refunds of postings to developers where a “portion of the posted financial security [is] not used by costs incurred by the utility or already irrevocably committed.”[[1]](#footnote--1) Additionally, IREC suggests that the Commission allow common forms of security to be used to satisfy posting requirements.[[2]](#footnote-0) This framework satisfied stakeholders to the reform process as a fair and even-handed approach to balancing risks and responsibilities. IREC encourages the Commission to consider California’s Rule 21 as a model for instituting rational security posting requirements that balance risk and optimize certainty for EDUs, developers, and the marketplace.

**D. It Is Reasonable to Extend the Interconnection Standards to Generators Larger than 20 MW (Entry Paragraph 11).**

System size limitations in state interconnection procedures are important, from a best practices perspective, because they can dictate whether state or federal standards apply to a given interconnection request, even where an interconnection would otherwise be state jurisdictional. For this reason, IREC supports a 20 MW cap, at a minimum. SGIP procedures apply to generators up to 20 MW, and any state procedure that limits the size of generators below that creates the risk of jurisdictional gaps or confusion. Along the same logic, IREC notes that qualifying facilities under the Public Utilities Regulatory Policy Act of 1978 (PURPA) are typically state jurisdictional interconnections, so long as the QF sells its full output to the interconnected utility. It is important to consider that QFs may be sized up to 80 MW.

For this reason, IREC considers removing all system size caps for interconnection procedures, as a best practice. This approach has been taken in several states, including New Mexico and Massachusetts. It is important to note that it is rare for generators over 20 MW to interconnect to a distribution grid, probably due to the prohibitive costs of upgrades to facilitate such generation. Technical standards and economic feasibility, thus, sit as the ultimate arbiter of allowable system size, and it is not necessary for state interconnection procedures to limit the allowable system size. IREC would encourage taking the step to eliminate size restrictions, but also notes that a 20 MW limit is consistent with the prevailing national standards and SGIP.

**E. Providing Detailed Queue Information to Developers at Early Stages of Development Can Foster More Efficient Siting Decisions (Entry Paragraph 12).**

IREC supports policies that maximize the transparency of the interconnection process; one way of accomplishing this is to share sufficient data regarding the interconnection queue to give developers an accurate picture of the size and location of pending projects. An even more detailed approach, one that is currently being employed in California and Hawaii, is to provide detailed maps that show either the available capacity of circuits and line sections (relevant to the Fast Track “penetration screen”) or the general area of preferred locations where a generator might be expected to interconnect successfully under expedited procedures.[[3]](#footnote-1) IREC encourages the Commission to explore approaches, like those used in other states, to provide developers with sufficient information to locate projects where: (1) the distribution system would benefit from distribution generation and its ability to reduce congestion or reduce peak demand on a circuit; and (2) where a Level 2 interconnection request is likely to succeed and the developer can avoid expensive upgrades or lengthy study.

IREC suggest that such queue data, and such other data that Commission finds appropriate and useful to share with developers, could be shared with developers in a pre-application report. Several states, including California under its revised Rule 21, encourage prospective applicants to seek information or the assistance of utilities prior to submitting an application for interconnection. This concept is an emerging best practice and IREC supports the Commission’s further consideration of this issue.

**III. Conclusion**

IREC appreciates the opportunity to offer these comments and its perspective on the Commission’s proposed revisions to its interconnection rules and its further consideration of additional topics that will advance the efficiency, clarity, and transparency of the interconnection process in Ohio. IREC looks forward to future additional opportunities to assist the Commission in this and related matters.

Respectfully submitted,

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1. California Public Utilities Commission Decision 12-09-018 (Revised Rule 21 is attached to the decision), *available at* <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M028/K168/28168335.pdf>. [↑](#footnote-ref--1)
2. For example, revised Rule 21 subsection F.4.a provides the following types of security instruments to be used to satisfy postings: “(a) an irrevocable and unconditional letter of credit issued by a bank or financial institution that has a credit rating of A or better by Standard and Poor’s or A2 or better by Moody’s; (b) an unconditional and irrevocable guaranty issued by a company has a credit rating of A or better by Standard and Poor’s or A2 or better by Moody’s; (c) a cash deposit standing to the credit of Distribution Provider and in an interest-bearing escrow account maintained at a bank or financial institution that is reasonably acceptable to Distribution Provider.” *See id.* [↑](#footnote-ref-0)
3. For example, Southern California Edison maintains an “Interconnection Map” that shows whether a circuit is preferred for new interconnection, the voltage of the distribution circuit, the amount of queued generation, and the available capacity on the distribution circuit. A further description is *available at* <http://www.sce.com/EnergyProcurement/renewables/renewable-auction-mechanism.htm>. [↑](#footnote-ref-1)