

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Commission's Review	)	
of Chapter 4901:1-22, Ohio Administrative	)	Case No. 12-2051-EL-ORD
Code, Regarding Interconnection Service	)	

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**SUPPLEMENTAL COMMENTS OF INTERSTATE GAS SUPPLY, INC.**

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Pursuant to the Entry issued on January 16, 2013 ("January 16 Entry") in the above captioned proceeding, Interstate Gas Supply, Inc. ("IGS Energy" or "IGS") respectfully submits these comments on the interconnection rules set forth in Ohio Administrative Code ("OAC") 4901:1-22. In the January 16 Entry the Commission seeks answers to questions relating to backup electricity supply for partial service customers.<sup>1</sup>

Specifically, the Commission notes that Staff has recommended that standby tariffs be simplified to enable an accurate estimation of partial service costs for the operation of distributed generation.<sup>2</sup>

IGS Energy supports the development of distributed generation, and in particular, combined heat and power systems ("CHP"). CHP offers an efficient and environmentally friendly alternative electric supply source for customers. CHP also provides numerous system benefits, including enhancing system reliability and helping to reduce peak demand.

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<sup>1</sup> January 16 Entry at 6.

<sup>2</sup> Id.

Currently, utility standby tariffs pose a barrier to CHP development. Generally, the utility standby tariffs are confusing, and subject customers to multiple different charges in excess of the actual cost to provide standby service. Further the standby tariffs do not reflect the benefits distributed generation provides to the system. As such, IGS supports any proposed modifications to the rules governing utility standby tariffs to the extent such modifications reduce complexity and appropriately align cost with cost causation.

## **I. QUESTIONS**

### **Commission Question 10(a):**

**Given the current regulatory framework in Ohio, does it make sense for EDU's to offer a standby tariff for generation-related services? If not, should the standby tariff be limited to transmission and distribution-related services and the generation service linked to reflect either (1) the SSO rate contained in the full-service tariff or (2) a rate offered by a competitive retail electric service (CRES) provider?**

Currently, standby tariffs for generation services require an on-site generator to pay above market rates for electric generation delivered to the generator's premises. However, the RTO electric markets are a readily assessable mechanism to ascertain the cost of delivering electric generation to an on-site generator's premises. There is no need to have a separate generation standby tariff that charges above market rates for electricity. Standby charges that are required, if any, should be reflected in distribution rates; and, on-site generators should have the option to either be charged real-time market rates for any electric generation delivered to the generator's premises or enter into a contract with a CRES supplier for standby generation service. Eliminating

punitive standby electric generation tariffs would facilitate CHP projects by removing one of the barriers to distributed generation development.

**Commission Question 10(b):**

**Currently, the majority of standby rates link the reservation demand charge for distribution services to the full-service rates, based on voltage classification. Would it be beneficial to establish a uniform provision for customers willing to take interruptible service? Under such a rate, the customer would only pay for distribution service actually used (on a prorated basis) during a given billing period for the contracted load, given those customers are willing and able to take interruptible service during peak periods.**

Distributed generation customers should be allowed to elect to receive interruptible service rather than be required to take full service distribution rates with a reservation demand charge. In some instances distributed generation is capable of meeting all of a customer's generation needs and distribution service is only required during system outages. It is not reasonable to require a customer to pay a full demand charge, if that customer is only receiving distribution service from the utility during limited times. Further, a customer generator is often able to schedule planned system outages during off-peak periods in order to limit the additional strain on the distribution system.

Customer generators are capable of weighing the risk of receiving interruptible service with the cost of interruptible service. Often interruptible service would be the most logical option for the customer generator in instances when the customer generator has limited requirements of the utility distribution system. Requiring customers to pay a full service demand charge when there is no need for full distribution service artificially raises the cost of distributed generation. As such, IGS is supportive of allowing customer generators to take interruptible generation service.

**Commission Question 10(c):**

**Would it be useful to develop a similar provision for distribution rates charged for planned maintenance services, during non-peak periods, i.e. pro-rated based on actual use?**

It would be helpful to create a provision for distribution rates charged for planned maintenance services. As already noted, a customer generator may be able to schedule planned system outages during off-peak periods to reduce the strain and cost to the distribution system when standby service is needed. If customer generators are willing to do this, the charges for them to receive standby service should reflect the reduced costs of receiving electric generation services during off-peak hours. This, combined with charging customers real-time market generation rates would properly incentivize customer's generators to utilize standby electricity during off-peak times.

**Commission Question 10(d):**

**What is the best way to develop a pro-rated rate structure for distribution services? Would it be beneficial to establish a universal standby rate template, used by all of the EDUs in the state?**

It would be beneficial to establish a universal standby rate template for all EDUs in the state. A standardized rate schedule would simplify the process for establishing standby service and create an equal environment for distributed generation throughout the state. A standardized standby tariff should also allow customers to choose the service that is best for them, as long as the cost of that service is reflected in the customer's price. Customer generators are a diverse group and a one size fits all standby tariff may cause some customers to overpay for service or may prevent other customers from receiving the appropriate service. For these reasons, the Commission

should adopt a universal standby tariff that allows customers to choose certain services that best suits their needs. Such a tariff should:

- allow customer generators to elect interruptible service and avoid a reservation demand charge if they are willing to accept an interruptible rate;
- allow customer generators to choose different levels of interruptible service that contain pricing reflective of the risk of interruption for each level of service;
- allow customer generators to elect real-time market rates for all standby electricity delivered to the customer;
- allow customers to contract with a competitive supplier for electric generation standby service;
- contain distribution rates that reflect reduced costs for receiving standby electricity during off-peak hours; and,
- eliminate any fixed monthly charges to receive standby service.

A standby tariff as proposed above, that gives customers flexibility and aligns cost with cost causation, would be a significant step to removing the barriers to distributed generation development in Ohio.

## II. CONCLUSION

IGS submits these Comments requested by the Commission in the above captioned proceeding.

Respectfully submitted,

/s/ Matthew White

Vincent Parisi (073283)

Email: vparisi@igsenergy.com

Matthew White (0082859)

**Counsel of Record**

Email: mswhite@igsenergy.com

Interstate Gas Supply, Inc.

6100 Emerald Parkway

Dublin, Ohio 43016

Telephone: (614) 659-5000

Facsimile: (614) 659-5073

***Attorneys for***

***Interstate Gas Supply, Inc.***

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Summary: Comments Supplemental Comments electronically filed by Mr. Matthew White on behalf of IGS Energy