

**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**

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**SUPPLEMENTAL REPLY COMMENTS OF OHIO EDISON COMPANY,  
THE CLEVELAND ELECTRIC ILLUMINATING COMPANY, AND  
THE TOLEDO EDISON COMPANY**

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## **I. INTRODUCTION**

Pursuant to the Commission's Entry of January 16, 2013, Ohio Edison Company ("Ohio Edison"), The Cleveland Electric Illuminating Company ("CEI"), and The Toledo Edison Company ("Toledo Edison") (collectively, the "Companies"), respectfully submit their supplemental reply comments in this proceeding addressing the supplemental comments submitted in this proceeding regarding Chapter 4901:1-22 of the Ohio Administrative Code ("O.A.C."). The Companies respectfully request the Commission consider their supplemental reply comments in addition to their initial, reply, and supplemental comments and appropriately modify and/or add the proposed rules.

## **II. COMMENTS**

### **1. Level 2 Expedited Review Procedure [Paragraph (4)]**

The Companies support the goal to improve the timing and cost involved with interconnection application requests. However, the Companies share DPL's concerns regarding Fast Track Eligibility for Level 2 reviews.<sup>1</sup> The Companies also have many long circuits for which distance from the substation would not be an effective determinant of safe and reliable interconnection. IREC quotes the Staff Entry that such projects are "less likely to create impacts"<sup>2</sup>. But simply because such projects may be "less likely" to create impacts does not mean that there will be no impacts or that the "less likely" impacts may not be severe in some circumstances.

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<sup>1</sup> DPL Supplemental Comments at 1.

<sup>2</sup> IREC Supplemental Comments at 2.

Similarly, the Companies share Duke Energy Ohio's experience that projects over 1 MW are likely to fail other screens.<sup>3</sup> In this respect, the Companies would caution against fostering among potential applicants an unrealistic expectation for Fast Track Eligibility under Level 2 Expedited Review when additional study, or even reapplication under Level 3, is a likely outcome. The Staff's proposed Fast Track limits approach the total maximum substation limits in Table 1 provided by the Companies in their Supplemental Comments.

The technical report cited by IREC states, "[e]stablishing a reasonable threshold provides transparency regarding the timeframe likely to interconnect, and it helps ensure that generator interconnections that may pose impacts on safety or reliability may be studied so a utility has an opportunity to determine the requirements necessary to mitigate those impacts."<sup>4</sup> (emphasis added) These larger projects are square pegs trying to fit the round hole of Fast Track Eligibility rules. A square peg only fits through a round hole if the peg is small enough.

## **2. Level 2 Supplemental Review (Paragraph 5)**

The Companies agree with the comments of Duke Energy Ohio that supplemental review "need not be as formalized a process as that in the Federal Energy Regulatory Commission (FERC) Small Generator Interconnection Procedures (SGIP)."<sup>5</sup> The Companies submit that the current process permits adequate time to address any easily

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<sup>3</sup> Duke Energy Ohio Supplemental Comments at 2.

<sup>4</sup> Kevin Fox, Sky Stanfield, Laurel Varnado, Thad Culley, Michael Sheehan, and Michael Coddington, *Updating Small Generator Interconnection Procedures for New Market Conditions*, NREL/TP-5500-56790, at p. 21. (December 2012).

<sup>5</sup> Duke Energy Ohio at 2.

identifiable issues without Level 3 Standard Review, and that the more formalized process proposed may actually increase costs and reduce flexibility for applicants.

### **3. Backup Supply for Partial-Service Customers (Paragraph 10)**

The Companies reiterate their earlier position that generation peak periods do not correlate to each and every distribution circuit, and moreover, that distribution facilities cannot be instantaneously moved around an EDU's system in the same manner as EMS-controlled generation dispatch. Emergency outages of customer generation equipment can occur at times of circuit peak and EDUs may be prevented from meeting their reliability obligations by simply relying upon distributed generation operations to maintain circuit capacities. Non-operation of the generating units could put the customer's full load onto the distribution circuit at any time without notice, just as a drop in load could put the customer's full generation source onto the distribution system at any time. Unless the EDU installs necessary equipment to meet that load and to accept the generation source, service reliability to other customers may be affected. The EDU's other customers should not subsidize the costs for facilities to reliably and safely serve these customers due to one customer's desire to have interconnected generation. The costs of installing, inspecting and maintaining facilities and equipment necessary to maintain safe and reliable service due to customer-owned generation must be properly recognized.

Several of the comments in favor of discounted standby distribution rates assert, without proof, that distributed generators are being charged in excess of the actual cost. For example, Energy Resources Center opines that "in many cases the costs of the T&D expenses for servicing existing customers have been fully or partially amortized by the

utility.”<sup>6</sup> Similarly, Interstate Gas Supply (“IGS”) declares that utility standby rates “subject customers to multiple different charges in excess of the actual cost to provide standby service.”<sup>7</sup> OMA Energy Group (“OMAEG”) seemingly just wants a handout.<sup>8</sup> The better forum to argue cost of service is a distribution rate case where evidence and expert testimony can be presented, cross-examined, and rebutted in the context of full and fair design of rates.

With respect to interruptible standby rates, the Companies agree with AEP Ohio’s comment that “customers that have the capability to manage the demand they place on the utility system when their generator is not operating...can do this to minimize their distribution charges under existing tariffs.”<sup>9</sup> Given the realities of distribution system reliability planning, interruptible and maintenance discounts do not make sense from a cost causation standpoint. The Companies recommend the Commission not pursue incentive or non-cost based discounts to standby service rates.

With respect to the OMAEG’s charts attached to their comments, the Companies state that in recognition of the initiatives in Ohio to promote the development of Combined Heat and Power, the Company is willing to work with customers installing CHP systems to craft an agreement, on an individual basis, for standby delivery service that is likely more acceptable to them than the Companies’ currently existing partial service tariffs. In addition, the Company is willing to consider the characteristics of such customers’ operations, recognizing their individual efforts to mitigate the potential impact to the distribution system during non-operation of the CHP system, such as

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<sup>6</sup> Energy Resources Center Supplemental Comments at 4

<sup>7</sup> IGS Supplemental Comments at 2.

<sup>8</sup> OMAEG Supplemental Comments at 3 (“The OMAEG recommends that reserved capacity tariff costs be lowered to incent the development of CHP in the state, whether through pro-rating or another mechanism”).

<sup>9</sup> AEP Ohio Supplemental Comments at 7.

operations having integral systems where the load and generation operate as one process, certain customer backup generation systems, and customer load curtailment programs in force during non-operation of the CHP system.

### **III. CONCLUSION**

The Companies again appreciate the opportunity to provide supplemental reply comments on the proposed interconnection rules. The Companies urge the Commission to adopt the recommendations of the Companies set forth in both their initial, reply, supplemental, and supplemental reply comments.

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