BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Commission's Review of Chapter 4901:1-22 of the Ohio Administrative Code Regarding Interconnection Services.	)) Case No. 18-884-EL-ORD))

REPLY COMMENTS
BY
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL

I. INTRODUCTION

Stakeholders filed initial comments regarding the PUCO's five-year review of Ohio Administrative Code 4901:1-22, which addressed interconnection standards when a customer wants to connect its distributed energy resources ("DER") to the electric grid. The Office of the Ohio Consumers' Counsel ("OCC") appreciates the opportunity to reply to the comments of other stakeholders. OCC's comments contain recommendations for the benefit of Ohio's 4.3 million residential electric consumers.

II. REPLY COMMENTS

A. To protect consumers from increased costs associated with adopting a new standard, the PUCO should not adopt IEEE 1547-2018 at this time.

In initial comments, OCC recommended that the PUCO not adopt IEEE 1547-2018[1] without first analyzing the potential costs and benefits of such adoption.[2] Numerous other parties expressed similar reservations with adopting IEEE 1547-2018 at this time. For example, Duke Energy agreed that "it is crucial to understand all of the costs and benefits of the new changes

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[1] *See* Comments by the Office of the Ohio Consumers' Counsel (Mar. 13, 2020) (the "OCC Comments") at pages 1-3 for background on IEEE 1547-2018.

[2] Comments by the Office of the Ohio Consumers' Counsel at 3-5 (Mar. 13, 2020) (the "OCC Comments").

before adopting IEEE 1547-2018 wholesale" and thus recommended that the PUCO "proceed with caution in adopting aspects of IEEE 1547-2018."[3] Ohio Power Company recommended that the PUCO "wait to adopt IEEE 1547-2018 in the Ohio Administrative Code" until the next version of IEEE 1547-2018 is published.[4] The FirstEnergy utilities recommended that the PUCO not adopt the IEEE 1547-2018 standard in its interconnection rules.[5] One Energy Enterprises LLC agreed that "IEEE 1547-2018 should not be adopted until the accompanying standards for IEEE 1547-2018 are finalized and additional study by technical stakeholders in Ohio has taken place."[6] In short, there seems to be considerable agreement among various diverse stakeholders that it would be premature, at this time, to adopt IEEE 1547-2018 in the PUCO's interconnection rules.

B. If the PUCO convenes a working group on interconnection issues, all stakeholders, including consumers, should be allowed to participate.

Several parties supported the creation of an interconnection working group to discuss and address issues related to the potential implementation of IEEE 1547-2018.[7] FirstEnergy, however, stated in its initial comments that it supports "the creation of a Commission-endorsed working group comprised of EDU and Staff representatives."[8] The PUCO should reject FirstEnergy's proposal to exclude parties other than utilities and the PUCO Staff from the

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[3] Initial Comments of Duke Energy Ohio, Inc. at 1 (Mar. 13, 2020) (the "Duke Comments").

[4] Initial Comments of Ohio Power Company at 5 (Mar. 12, 2020) (the "Ohio Power Comments").

[5] Comments of Ohio Edison Company, the Cleveland Electric Illuminating Company and the Toledo Edison Company at 4-5 (Mar. 13, 2020) (the "FirstEnergy Comments").

[6] Initial Comments Submitted on Behalf of One Energy Enterprises LLC at 2 (Mar. 13, 2020) (the "One Energy Comments").

[7] *See, e.g.,* One Energy Comments at 6 ("The Commission absolutely needs a technical working group to review the nuanced technical issues associated with these proposed rules."); Duke Comments at 4 ("Duke Energy Ohio would support the formation of a working group..."); Comments of Dayton Power and Light Company at 4 (Mar. 13, 2020) (the "DP&L Comments") ("It would be beneficial to continue to study and develop the impacts and challenges of DERs in Ohio. ... DP&L welcomes the opportunity to participate in such a working group.").

[8] FirstEnergy Comments at 9.

working group. Any stakeholder such as OCC and distributed energy resource providers that wants to participate in the working group should be allowed to participate.

C. The PUCO should provide a streamlined process for customers and utilities to resolve disputes regarding an interconnection request.

In its initial comments, One Energy described the difficulty that some customers might have in dealing with utilities for interconnection:

> Many DER companies do not have the resources to be part of [PUCO cases] and are unfamiliar with what options they have if they feel they are being treated unfairly by the utility. Most believe their only option is to file an expensive and lengthy complaint at the Commission. Therefore, when issues arise in the interconnection process, many DER owners and operators get frustrated and give up rather than attempt to "fight" the goliath utility. Unfortunately, EDUs sometimes use this to their advantage.[9]

As the residential consumer advocate, OCC certainly shares this concern. Utilities should not be permitted to frustrate customers into abandoning their attempts to install distributed energy resources simply because they lack the funds and legal expertise to fight the utility for interconnection. To alleviate this concern, One Energy recommends a "simple process to request PUCO oversight or mediation in an interconnection dispute."[10] OCC supports this recommendation. Further, OCC recommends that in any case in which such mediation is requested related to interconnection by or on behalf of a residential consumer, the utility should be required to notify OCC immediately about such request.

Along the same lines, Duke Energy proposes a modification to rule 4901:1-22-06(C)(2), which pertains to smaller distributed energy resources (like rooftop solar), which residential consumers would install. Currently, this rule provides that if a customer's proposed

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[9] One Energy Comments at 7.

[10] *Id.*

interconnection fails any of the screening criteria, the application is simply denied. Duke proposes, however, that the customer be given an opportunity to work with the utility to modify the application so that it complies and to maintain their place in the queue if the amended application is submitted within 10 business days.[11] OCC supports this modification, as it encourages utilities and customers to work together to resolve issues rather than simply denying the application. And if a resolution is not reached, the above-mentioned mediation process could be utilized. In addition, adopting this approach will work to promote competitive markets in Ohio for generation resources. These competitive markets will eventually benefit consumers and Ohio's economy through lower rates, higher innovation, and greater reliability.

D. Customers should not pay additional bill surcharges (riders) to utilities related to implementation of modifications to the interconnection rules.

FirstEnergy argues in its initial comments that it "must be allowed to fully and timely recover any costs associated with the [sic] implementing the proposed rule amendments."[12] FirstEnergy does not explain what additional costs will be incurred, propose how such charges to consumers would be implemented, or explain why additional costs (if any) should not be considered as part of its normal business expenses. The PUCO should not allow FirstEnergy (or other utilities) to add new riders to customers' bills as a result of any rule changes. The costs of complying with any rule revisions (if any) should be covered by the base distribution rate already in place. There is no need for any more surcharges on customers' bills, when currently customers' bills are stuffed full of such charges.

If FirstEnergy spends any additional, substantial money implementing the rules, FirstEnergy already has the ability to seek to collect additional capital investments and operating

[11] Duke Energy Comments at 7-8.

[12] FirstEnergy Comments at 8.

expenses through its next base rate case, assuming it can show that the property is used and useful in providing utility service, as required by R.C. 4909.15. Further, the PUCO recently approved hundreds of millions of dollars in charges to consumers for FirstEnergy's grid modernization.[13] FirstEnergy's grid modernization plan includes, among other things, the installation of an advanced distribution management system, which FirstEnergy described as being "designed to support a broad range of current and future distribution management and optimization, including but not limited to: ... integration of distributed energy resources."[14] Thus, FirstEnergy's grid modernization plan already accounts for potential upgrades necessary to address interconnection issues, so there should not be additional charges to consumers on top of those already approved. Further, some costs of necessary grid upgrades are already borne by the customer requesting the interconnection. For instance, Ohio Adm. Code 4901:1-22-04(G)(2) provides that "[a]ll construction or distribution system upgrade costs shall be the responsibility of the interconnection applicant." Utilities should not be able to then also collect such costs from all customers through a rider or base rates.

E. The PUCO should not socialize the cost of distribution upgrades necessary to accommodate a single customer's interconnection request without clear and convincing evidence that the interconnection will in fact provide benefits to all customers.

Ohio Manufacturers' Association Energy Group ("OMAEG") cites several rules that currently require a party seeking interconnection to pay for necessary upgrades to the distribution system. For example, rule 4901:1-22-04(G)(2) states, "All construction or distribution system upgrade costs shall be the responsibility of the interconnection applicant." OMAEG proposes

[13] *See* Case No. 16-481-EL-UNC, Opinion & Order (July 17, 2019).

[14] *Id.*, Stipulation & Recommendation at 21 (Nov. 9, 2018).

that the rules be modified so that all customers pay for at least some portion of such costs, instead of the applicant.[15]

OMAEG's proposal that such costs be paid by all customers is inconsistent with the fundamental principle of cost causation. The PUCO acknowledged the applicability of this principle in this very case in preparing the required Business Impact Analysis for these rules: "[T]he principle of cost causation directs that the party causing a cost should be required to pay that cost. ... Because the costs are caused by the interconnection applicant, the applicant should bear the expense and utilities should be permitted to charge reasonable fees for the recovery of these costs."[16]

Further, OMAEG's justification for requiring others to share in paying these costs is that, according to OMAEG, "DERs are resources that can provide benefits not only to the interconnector but also to the distribution system as a whole."[17] According to OMAEG, such benefits could include "deferred distribution capacity upgrades, reduction in distribution line losses, voltage regulation, reduction in capacity peak load contribution (PLC) and network service peak load (NSPL) contribution, and reduction in locational marginal prices."[18]

It is certainly *possible* for distributed energy resources to provide benefits to a distribution system. Whether such benefits will *actually* accrue to customers is speculative. For example, determining whether the installation of distributed energy resources in fact results in deferred capacity upgrades is difficult because it requires speculation about whether a utility would or would not have made a distribution upgrade, when such upgrade might have happened,

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[15] Comments of the Ohio Manufacturers' Association Energy Group at 2-4 (Mar. 13, 2020) (the "OMAEG Comments").

[16] Entry, Attachment B at 7 (Jan. 29, 2020).

[17] OMAEG Comments at 3.

[18] *Id.*

how much it might have cost, and numerous other variables. If the benefits to all customers of a single customer's distributed energy resources were tangible and easily quantifiable, it might make sense to consider them when deciding whether all customers should pay for distribution upgrades. But such benefits are rarely quantifiable without numerous assumptions that are subject to debate and dispute. All customers should not be required to pay for distribution upgrades to accommodate a single customer based on speculative benefits that might or might not accrue. At the same time, OMAEG's proposal that individual customers not be required to pay for distribution upgrades that a utility is already contemplating as a part of its grid modernization plan appears to be reasonable.[19]

F. Ohio Power's proposal to allow utilities to delay responding to a party's interconnection application is unfair to consumers and should be denied.

Currently, rule 4901:1-22-04(C)(7) requires a utility to notify an interconnection applicant within 10 business days after the application is received if the utility cannot connect the applicant's distributed energy resources to the distribution system. Ohio Power proposes to change this rule to allow the utility to wait until after "completing the level 1 or level 2 criteria screens or the level 3 engineering studies of the application, as applicable," rather than providing notice within 10 business days of the application.[20] Ohio Power has not shown that it is unable to meet the current 10 business day deadline, so there is no justification for delay beyond that deadline. If anything, the rule should include a penalty if the utility fails to comply with the 10 business day deadline.

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[19] *See* OMAEG Comments at 3-4.

[20] Ohio Power Comments at 3.

G. Duke Energy's proposal that utilities have unilateral authority to deny requests for application deadline extension is unfair to consumers and should be denied.

Currently, rule 4901:1-22-10(C) provides: "When the applicant does not sign the agreement within thirty business days, the interconnection request will be deemed withdrawn unless the applicant requests an extension of the deadline in writing. The request for extension shall not be denied by the EDU, unless conditions on the EDU system have changed." Duke Energy proposes that the second sentence be modified to also allow the utility to deny the request for extension if "the EDU determines that the extension will adversely impact one or more other queued projects."[21]

The PUCO should reject this proposed modification as vague and unnecessary. It is not clear what factors the utility would be required to consider when making such a determination. In effect, the utility would have carte blanche to reject a request for extension using Duke's proposed language, which is unreasonable and unfair to consumers and potentially to competitive markets for distributed energy resources.

III. CONCLUSION

In considering potential modifications to the current interconnection rules, which have generally worked well for the few residential consumers seeking to connect distributed energy resources to the grid, the PUCO should adopt OCC's consumer-protection recommendations, both as found in these reply comments and in OCC's initial comments.

[21] Duke Energy Comments at 10.

Respectfully submitted,

Bruce Weston (0016973)
Ohio Consumers' Counsel

/s/ Christopher Healey
Christopher Healey (0086027)
Counsel of Record

Office of the Ohio Consumers' Counsel
65 East State Street, 7th Floor
Columbus, Ohio 43215
Telephone: (614) 466-9571
christopher.healey@occ.ohio.gov
(willing to accept service by e-mail)

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Reply Comments was served on the persons stated below via electronic transmission, this 3rd day of April 2020.

/s/ *Christopher Healey*
Christopher Healey
Assistant Consumers' Counsel

The PUCO's e-filing system will electronically serve notice of the filing of this document on the following parties:

SERVICE LIST

john.jones@ohioattorneygeneral.gov

Attorney Examiners:

patricia.schabo@puco.ohio.gov

mdutton@aep.com
cmblend@aep.com
tswolffram@aep.com
stnourse@aep.com
ktreadway@oneenergyllc.com
rocco.dascenzo@duke-energy.com
Jeanne.kingery@duke-energy.com
Larisa.vaysman@duke-energy.com
rendris@firstenergycorp.com
Michael.schuler@aes.com
bojko@carpenterlipps.com

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