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.

November 19, 2012

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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 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 solar and other distributed renewable energy technologies. IREC has worked in over 40 states to implement successful regulatory policies that further deployment of these 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 topics, 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 California, Hawaii, New Jersey and Massachusetts. IREC appreciates the opportunity to submit these comments.

The Commission’s Entry requests comments on proposed revisions to the interconnection rule and on certain proposals related to the interconnection rule. IREC supports those revisions to the interconnection rule that better align the Ohio interconnection framework with nationally prevalent standards, which we discuss below. IREC also supports the Commission’s consideration of public input on 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.

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

IREC has worked nationally with policy makers and regulators to move state interconnection standards 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. Familiarity with common practices increases the efficiency and cost effectiveness of the interconnection process for both the developer and the facilitating utility. Additionally, there is typically no technical reason and no benefit to local variation from industry-wide norms for the technical standards and procedural aspects of interconnection.

IREC recognizes the Federal Energy Regulatory Commission’s Small Generator Interconnection Standards (SGIP) as a solid starting point and framework for state interconnection procedures. The SGIP is well vetted and is a widely used, as it is the process 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 SGIP’s “Fast Track” technical screens.[[1]](#footnote--1) IREC notes that the current Ohio interconnection rules use a similar structure and screening process as SGIP, and IREC supports proposed rule modifications that would move Ohio interconnection practices closer to the SGIP standards and, thus, closer to national practices. In particular, IREC supports the following proposed revisions:

* **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. Eligibility for the proposed three levels of review match the generator eligibility breakpoints for the three levels of review in SGIP and numerous state procedures and therefore align Ohio rules with national practices.
* **The removal of the 2 MW limit for aggregate generation on a circuit under Level 2 interconnection**: IREC supports elimination of the 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 states that feature expedited review.
* **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)).
* **The improved framework for Level 2 supplemental review**: IREC supports the proposed framework for supplemental review, which establishes a timeframe and basic process for resolving issues arising during the initial review process.

The proposed revisions discussed above are a positive step that will create greater consistency between federal and state interconnection standards used in Ohio. In addition to those modifications, the Commission may also wish to consider three others that would either further align Ohio rules with national practices or incorporate evolving best practices for generator interconnection.

* IREC encourages the Commission to preserve the ability for generators up to 50 kW to interconnect to secondary networks under some form of expedited procedure. The proposed revisions limit the path to interconnection for these generators over 10 kW that would interconnect to these networks, as compared to existing rules that allow 50 kW systems to interconnect to area networks. Additionally, IREC notes that the Ohio spot network screen differs slightly from the SGIP Fast Track screen and suggests that the screen in the Ohio rules could be improved by adopting the SGIP’s standard, which allows aggregate generation up to 5% of maximum load on the network *or* up to 50 kW.[[2]](#footnote-0) To accomplish this, the Commission would need to move the spot network screen—and the area network screen and process—from Level 1 to Level 2, and would need to modify proposed Level 2 screen (b) to allow for secondary network interconnections.
* IREC encourages the Commission to retain its current timeframe for notifying customers whether or not an application is complete. The current rules provide that such notice will sent to the customer within three business days, but the proposed revisions would allow for ten. IREC suggests that lengthening the time for a simple administrative determination of completion is not consistent with the purpose of the rule revisions to improve the speed and efficiency of the interconnection process.
* The Commission may wish to consider incorporating the specific supplemental review screens recently adopted in California, which provide basic parameters for reviewing generators during supplemental review while also allowing the facilitating utility to maintain local distribution system safety, reliability and power quality.[[3]](#footnote-1)

**II. Comments on 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 below on the topics identified by the Commission in the Entry at paragraphs (9) through (12).

**A. Allowing the Use of Field-Tested Equipment Furthers Best Practices (Paragraph 9).**

Allowing field-tested equipment to be approved for interconnection eliminates unnecessary duplication where an equipment package or configuration has already been vetted and there is therefore no need for “re-testing” an identical equipment scenario. IREC supports the idea of having the EDUs maintain a database of approved equipment or configurations that is accessible by developers.

**B. IREC Supports Well-designed Security Posting Requirements (Paragraph 10).**

It is important for security postings to balance the risks of developers and EDUs. A well designed financial security framework does not demand “too much, too soon” or require “too little, too late.” Sufficient security requirements will give the EDUs confidence that they will be able to recover costs that are actually being incurred, while not overburdening developers with large security requirements that come prior to the time costs are actually being incurred by an EDU or prior to the time a developer has reasonable certainty that a project will obtain financing and move forward. IREC encourages the Commission to consider a framework for financial security postings that appropriately balances the risks of the 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.”[[4]](#footnote-2) Rule 21 allows common forms of security to be used to satisfy posting requirements.[[5]](#footnote-3) 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.

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

IREC supports a 20 MW cap, at a minimum. However, 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, the Commission may want to remove all system size caps for interconnection procedures. This approach has been taken in several states, including New Mexico and Massachusetts.

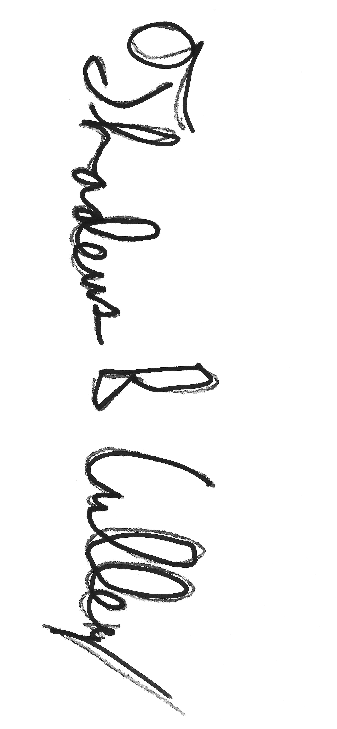
**D. Providing Detailed Queue Information to Developers at Early Stages of Development Can Foster More Efficient Siting Decisions (Paragraph 12).**

IREC supports policies that maximize the transparency of the interconnection process. One way of accomplishing this is to share 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.[[6]](#footnote-4)

Although a mapping of circuits and line sections may be more than what is necessary in Ohio at this time, IREC encourages the Commission to explore approaches that 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. Several states, including California under its revised Rule 21, encourage prospective applicants to seek such information through a pre-application report prior to submitting an application for interconnection. At a minimum, IREC believes it would be helpful for developers to have access to queue data to see whether the review of a proposed interconnection may be contingent upon an earlier queued application.

**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 opportunities to comment on this and related matters.

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Respectfully submitted,

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1. For example, Connecticut, Illinois, Kentucky, North Carolina, Pennsylvania, South Dakota, and others adopted the SGIP technical screens for their respective Fast Track processes. Other states feature slight variations to certain of the SGIP screens, or do not include certain of the screens, including Virginia and Oregon and high penetration states such as Colorado, New Jersey and Massachusetts. Although initial review in Hawaii and California is structured differently, the technical review screens are highly consistent with the SGIP. [↑](#footnote-ref--1)
2. *See* SGIP § 2.2.1.3 (“For interconnection of a proposed Small Generating Facility to the load side of spot network protectors, the proposed Small Generating Facility must utilize an inverter-based equipment package and, together with the aggregated other inverter-based generation, shall not exceed the smaller of 5 % of a spot network's maximum load or 50 kW.”). [↑](#footnote-ref-0)
3. *See* Attachment A: California Rule 21 Supplemental Review Screens (Rule 21 G.2) [↑](#footnote-ref-1)
4. 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-2)
5. 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-3)
6. 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-4)