

**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

**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 October 17, 2012, Ohio Edison Company ("Ohio Edison"), The Cleveland Electric Illuminating Company ("CEI"), and The Toledo Edison Company ("Toledo Edison") (collectively, the "Companies"), respectfully submit their reply comments to comments filed in this proceeding addressing several Staff questions contained in the Commission Entry and recommended amendments to rules contained in Chapter 4901:1-22 of the Ohio Administrative Code ("O.A.C."). The Companies respectfully request the Commission consider their reply comments in addition to their initial comments and appropriately modify and/or add the proposed rules.¹

II. COMMENTS

1. Level 1 Limits [Paragraph (8)]

The Companies support the recommendation of Staff that the Level 1 Simplified Review 10 kW remain in place and respectfully disagree with the commenters who propose that the level instead be set at 25 kW or higher. (*See* Comments of Ohio Power d/b/a AEP Ohio, Dayton Power and Light Company (DPL), Labyrinth Management Group (LMG), and Ohio Consumers' Counsel (OCC)). Contrary to the view of other commenters, the review levels are not designed to target a particular customer class. Rather, the level is set at which the potential impact upon the reliability of the distribution system lends itself to an abbreviated and expedited review process that serves to reduce costs, completion time, and risks to all parties involved. Installations above 10 kW,

¹ The Companies' decision not to include a reply to all comments filed in this proceeding may not be interpreted as the Companies' agreement with or acquiescence to other parties' comments.

however, are much more likely to drive the need for distribution equipment upgrades.

In addition, the new Level 1 review process does not provide for EDU recovery of system upgrade costs, raising the limit above 10 kW increases the risk that other customers would have to pay for costs caused by Level 1 distributed generation interconnections. If the cap is not set at 10 kW as recommended by Staff and construction of facilities by the EDU on its system is required, then the new rule should require either that the application be re-filed under the Level 2 process *or* the Level 1 process should require the applicant to pay for any associated construction costs. Under the existing rules, the Level 1 and Level 1.1 simplified review is limited to no more than 10 kW *and* no required EDU construction. The existing Level 1.2 projects (i.e., above 10 kW and/or construction required) should not be included in the new Level 1 group.

The Companies also note that the incremental application cost to the customer in moving from Level 1 to Level 2 is relatively low at the proposed cutoff levels, and that the Level 2 Expedited Review process only lengthens the interconnection approval as necessary to ensure safety and reliability. To avoid new problems that will arise, the Companies propose that the Staff recommendation of 10 kW for Level 1 Simplified Review be adopted.

2. Field-tested Equipment [Paragraph (9)]

The Companies' strongly disagree with the commenters who advocate elimination of field testing for non-certified equipment. The Companies continue to believe that every installation of uncertified equipment must be field-tested to better ensure the safety of customers, employees, and the public because there is simply no way to know whether

alterations or modifications have been made to the equipment, or if the equipment will perform to specifications,.

The OCC suggests it is wasteful to field test equipment “if the utility has previously approved interconnection equipment for use in its service territory that is *identical* to the interconnection equipment that is being proposed.” (emphasis added). However, a lack of uniformity of the equipment (i.e., that it cannot be demonstrated or assumed to be identical) could be the very reason that the equipment lacks certification. The decision to perform field-testing must rest with the EDU responsible for the safety and reliability of the distribution system. “*Identical*” equipment simply cannot be assumed.

The Companies agree with AEP Ohio that field testing confirms that the installed distributed generation system meets the requirements of IEEE 1547. The requirements to obtain certification and the corresponding industry standards have been established over many years and represent a best practices approach to safety and reliability. The Companies reiterate their position that the distinction between certified and non-certified equipment warrants field-testing of all non-certified equipment as an important safeguard in the interconnection process. As Ms. Karlak observes, it is better for the system operator to know what is installed on the system.

3. 20 MW Limit for Level 3 Review [Paragraph (11)]

Several commenters support eliminating the 20 MW limit for interconnection under these rules. Recycled Energy opines that the 20 MW limit “distorts the market” while Cleveland Thermal states that the limit may effectively signal the Commission’s lack of encouragement to pursue larger projects. The OCC notes that 12 states have no

such limits on capacity. AEP Ohio and DPL note that projects of this size are likely to interconnect to transmission system facilities and therefore be subject to PJM interconnection procedures. DPL opposes removal of the limit, while AEP Ohio states that its removal may not be an issue.

From the Companies' perspective, the crux of this issue is whether these relatively very large projects should be expected to be processed under standard review and interconnection procedures, or whether some limit exists to warrant distinct treatment. The Companies note that the Federal Energy Regulatory Commission threshold between its Small and Large Generator Interconnection Procedures is 20 MW. The Companies suggest that these standard procedures for interconnection were developed and implemented for projects of 20 MW or less. Simply applying the same rules to potentially much larger non-standard projects is at odds with the original scope and understanding of the applicability of the rules. Without a specific proposed maximum size, it is understandably difficult for EDUs to determine the scope and depth of analysis that should appropriately be undertaken to protect the safe and adequate operation of the distribution system. Further, the 20 MW limit does not preclude larger projects from going forward; it only prevents the automatic application of these rules to that potentially much larger project. Therefore, the Companies support retaining the existing 20 MW limit.

4. Publicly-Available Queue [Paragraph (12)]

Several commenters suggest that the EDU would benefit from making the queue publicly available, but do not say how this would help the EDU predict the feasibility or cost of projects. A number of commenters suggested that a publicly-available queue

would assist customers and developers, but none argued that the current methods are problematic or have hindered deployment of desired projects. Interstate Gas Supply, for example, states that a publicly available queue would ensure that all interconnection applicants are treated fairly, but does not assert that applicants presently are not being treated fairly. Cleveland Thermal, LLC states that a publicly available queue would be “helpful” for the Commission to effect Cleveland Thermal’s requests, but offers no specifics.

The prospect of vaguely hinted benefits is a poor reward for the certain costs involved, particularly given the privacy and trade secret concerns raised by several commenters. The Companies agree with AEP Ohio that sound communication between the EDUs and applicants obviates any incremental value of a publicly available queue. However, if the Commission approves a requirement that EDU interconnection queues be made publicly available, the Companies agree with AEP Ohio’s proposal that the costs incurred to develop and maintain the publicly available queue be recovered from interconnection applicants.

5. Backup Electricity Rates

Commenters Fosdick & Hilmer, and Labyrinth Management Group suggest that a problem exists with respect to EDU distribution charges for backup electricity. However, such allegations regarding any of the Companies’ tariffs are unsubstantiated and unfounded. To the extent these commenters have identified that any given EDU’s rate design disadvantages or discourages customers from engaging in otherwise economic distributed generation projects, their relief is more appropriately obtained via participation in the respective utility’s regulatory proceedings where rates and tariffs,

including the balancing of rate design objectives, are specifically approved by the Commission based upon the record evidence.

6. O.A.C. 4901:1-22-06(B)(1)(h)

The Companies suggest that the OCC's proposed language be clarified by striking the word "other" before the word "facilities" so that the total interconnected facilities, including the new application, may not exceed five percent of the area networks' maximum load.

7. Application received notification

Interstate Renewable Energy Council (IREC) opposes changing from three business days to ten business days the initial notification whether an application is complete. IREC's opposition fails to recognize that the proposed change combines the current two contemplated notifications into a single notification. Since one of the goals of the rules is a streamlined and efficient process, it makes sense for EDUs to be able to send one notification instead of two. The Companies support the Staff's recommendation,

III. CONCLUSION

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

/s/ James W. Burk

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Reply Comments were served upon the following parties of record this 4th day of December 2012, *via* hand-delivery, electronic transmission, or first class mail, U.S. postage prepaid.

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This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

12/4/2012 3:58:06 PM

in

Case No(s). 12-2051-EL-ORD

Summary: Reply Comments electronically filed by Ms. Carrie M Dunn on behalf of The Cleveland Electric Illuminating Company and Ohio Edison Company and The Toledo Edison Company