

**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 FROM:
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I. Introduction

Pursuant to the Commission's Entry of October 17, 2012, The Energy Resources Center ("ERC"), respectfully submits our comments to 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 Energy Resources Center (ERC), located at the University of Illinois at Chicago is an interdisciplinary public service, research, and special projects organization dedicated to improving energy efficiency and the environment. The ERC was established in 1973 by the Board of Trustees as an approved Illinois Board of Higher Education Center. The ERC's stated mandate is to conduct studies in the fields of energy and the environment and to provide industry, utilities, government agencies and the public with assistance, information, and advice on new technologies, public policy, and professional development training.

The ERC presently houses the U.S. Department of Energy Midwest Clean Energy Application and has been actively involved over the last several years in the providing educational information on Combined Heat & Power and Waste Heat to Power to various interested parties in Ohio. Because of our work in the field, our comments will focus solely on Paragraph 10, issues with utility provided standby service. These comments represent the views of the Energy Resources Center only and in no way represent the views of the U.S. Department of Energy (DOE) nor any other ERC funding sponsors.

II. Comments

1. 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?

No, it does not make sense for EDU's to offer a standby tariff for generation-related services. The standby rate should focus on the transmission and distribution-related services of a customer's all-in electric cost and the commission should let market forces cover the generation-related services of the standby rate. Most customers that are sized to best utilize the advantages of Distributed Generation (DG) or Cogeneration (cogen) will likely be able to take advantage of the services provided by CRES providers. Customers with on-site generation

can work with their CRES provider on the generation piece of their electricity supply to structure how to best take advantage of DG/Cogen operations. These structures can include purchasing large band widths when they purchase generation to give the site flexibility when and if they generate or buy full requirements that consider the amount of capacity generated on-site. Customers can also take advantage of on/off peak products so they can buy inexpensive off peak power and generate on-peak when costs are higher. For customers unable to contract with a CRES provider all generation-related services should be charged through the EDU's SSO.

2. 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 pro-rated basis) during a given billing period for the contracted load, given those customers are willing and able to take interruptible service during peak periods.

If a customer has the flexibility in its electric utilization or invests in onsite generation then they should be able to take full advantage of interruptible service. The most difficult times for a utility are during peak periods and if a customer can shed load or generate capacity then they should be given all the incentives possible. Having customers pay fairly for capacity used if they agree to interruptions with appropriate notice benefits all parties involved. When higher voltage customers reduce the utility's cost of service standby fees should be adjusted accordingly.

3. Likewise, 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?

If onsite generators work with utilities and plan their maintenance during off peak and or non-critical periods then they should be given all incentives to do so. Under these conditions fees should be as small as possible and definitely assigned on a pro-rated amount based on actual utilization.

4. 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?

Since we are only focusing on the distribution/transmission (T&D) piece it should be easier to develop a fair and equitable universal rate structure for all involved. The underlining premise should be that investing in clean, efficient and reliable on site generation is good for everyone involved. It should be noted that in many cases the costs of the T&D expenses for servicing existing customers have been fully or partially amortized by the utility. Once everyone agrees to these conditions then a fair cost of service standby structure for T&D can be created for all utilities throughout the state. Conditions should be given for all items mentioned above; flexibility for interruption, service voltage, amortization of existing infrastructure, ability to coordinate outages, pro rate cost based on utilization, etc.

5. Should each generator/customer be charged a rate that accounts for the benefits provided by a diversity of units? If so, should the several (group of) units providing diversity be limited to those within a service territory, or could the diverse group of units extend beyond the service territory?

In most cases the diverse mix of generation, including number of units available, equate to better overall reliability. Where and when this benefit exists, it should be passed on to the customers investing in diverse onsite generation.

If benefits from diversity are shown to exist across multiple service territories they should be passed on to these customers since territories are all interconnected. However, we see this accounting as a role more for PJM or other Regional Transmission Organization (RTO) and not for state regulated EDUs.

III. CONCLUSION

The Energy Resources Center appreciates the opportunity to comment on proposed standby rules within docket No. 12-2051-EL-ORD.

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Summary: Comments Comments on the Standby Rate proposals within Case 12-2051-EL-ORD electronically filed by Mr. Clifford Haefke on behalf of Energy Resources Center