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**

INITIAL SUPPLEMENTAL COMMENTS OF OHIO POWER COMPANY

Introduction:

By entry dated July 16, 2012 the Commission initiated a workshop held on August 17, 2012 to elicit feedback regarding the current Interconnection rules from interested stakeholders. Based on feedback from stakeholders, an entry dated October 17, 2012, seeks comments from interested parties to review the various rules related to utility matters found in OAC 4901:1-22, Interconnection Standards and file comments no later then November 19, 2012 and file reply comments by December 4, 2012. By entry dated January 16, 2013, Commission Staff proposed further changes not addressed in the initial comment period. Therefore, the Commission has requested a supplemental comment and supplemental reply period with the first set filed no later then January 31, 2013 and the supplemental reply comments by February 7, 2013.

Ohio Power's Supplemental Comments:

Ohio Power's (AEP Ohio) submits the following supplemental comments below in response to the Commission's invitation for feedback.

Item (4)

AEP Ohio is supportive of Staff's recommendation and believes the parameters in the proposed table shown are reasonable.

Item (5)

AEP Ohio is supportive of Staff's recommendation provided the applicant is responsible for all costs as proposed.

Item (6)

AEP Ohio believes it may not be practical to adopt the proposed second and third screens because there are too many variables to address for power quality, voltage issues and aggregate generation. They can only reasonably be addressed through distribution system modeling and the respective studies assessing steady state voltage, flicker, and adverse effects on the distribution system.

To have a flat nonrefundable fee would be ideal. Based on AEP Ohio's experiences to date it would be more appropriate to collect an application fee, but bill at actual cost when completed, so either a refund or additional billing will occur. Often during an impact study the applicants provide revisions to the original application while it is under review. Also, depending on the requested interconnection location, the EDU may have

more information to acquire or other variables to consider. It would be risky to set a flat fee that may over charge applicants or undercharge them and in turn pass costs to all other rate payers.

In Appendix A the following is recommended:

(1)(a)(ii) Since it is possible that onsite electrical load could be greatly reduced or nonexistent for a variety of reasons at any time, the total distributed generation facility's generation capacity must be considered as part of the aggregate generation and revised to state:

> When this screen is being applied to a distributed generation facility that serves some onsite electrical load, ~~only the net export in kilowatts, if known, that may flow into EDU's system will~~ it must be considered as part of the aggregate generation.

(1)(a)(iii) The aggregate generation should be considered and revised to state:

> The EDU will ~~not~~ consider generating facility capacity known to be reflected in the minimum load data as part of the aggregate generation for purposes of this screen. ~~generating facility capacity known to be already reflected in the minimum load data.~~

(1)(b) It is AEP Ohio's understanding that IEEE 1453 is a shadow reference as a guide for limits on voltage flicker and in turn does not establish acceptable limits. Item (2) should be removed. Established limits addressing flicker are included in IEEE 519. This section should be revised to state:

> In aggregate with existing generation on the Line Section: (1) the voltage regulation on the line section can be maintained in compliance with relevant requirements under all system conditions~~, (2) the voltage fluctuation is within acceptable limits as defined by IEEE 1453 or utility practice similar to IEEE 1453, and (3)~~ and (2) the harmonic levels meet IEEE 519 limits at the Point of Interconnection.

(1)(c)(iii) A 600 amp class cable does not mean 600 amp usability in the field. Cable is a term used to identify self-insulated conductor only. This passage should be written to include any conductor and the conductor rating as installed in the field.

(1)(c)(vi) This is not a relevant item as experience has shown the approved UL 1741 listed inverters are only tested as stand-alone units. This means their operational response is unknown for multiple inverter installations in an aggregate generation situation as is becoming the norm on many distribution circuits. EDU experience with such installations show depending upon the individual inverter anti-islanding algorithm the inverter may or may not respond to an island condition in accordance with IEEE 1547. This should be removed:

> ~~If the proposed distributed generation facility utilizes certified anti-islanding functions and equipment.~~

<u>Item (7)</u>

AEP Ohio would agree with Staff that adoption of a pre-application is a more appropriate means to assist developers instead of the previously proposed creation of a field-certified equipment database and a publicly accessible distribution interconnection queue. Concerns remain over providing sufficient beneficial information at a reasonable cost and at the same time maintaining distribution system security.

The proposed information in Appendix B constitutes all data gathered for an impact study and would only be assembled for a Level 3 review. From AEP Ohio's experience to-date the associated cost for this relative information for the majority of the projects would be

in the $500 to $1,000 range. Assuming there are 12 information items, it may be reasonable to refund 1/12th of the fee for each item which there is no information. However, the only information as proposed in section (3) of Appendix B that may normally be available would be items (a), (e), (f), (g), (i) and (j) with a fee of $200 being an appropriate amount. It would require distribution system modeling to determine and provide the information in items (b), (c), (d), (h), (k) and (l) for an additional $800.

In Appendix B the following is recommended:

(1)(c) This item becomes redundant if AEP Ohio's recommendation for (1)(d) below is accepted and should be removed:

> ~~Existing EDU studies relevant to the interconnection request.~~

(1)(d) This item should be moved to Section (3) and only be provided when the proposed pre-application fee is paid. The only relevant system studies would be distributed generation impact studies. Furthermore, if this becomes the rule then compliance by the EDU is mandated and it is not necessary to be stated. This section should be revised to state:

> Reasonable requests from the applicant for EDU information including relevant ~~system~~ distributed generation impact studies ~~as well as other material useful to an understanding~~ of an interconnection at a particular point on the system to the extent such information does not violate confidentiality provisions of prior agreements or critical infrastructure requirements. ~~The EDU shall comply with reasonable requests for such information.~~

(3)(a) For clarification this should be revised to state:

> Total generation capacity (in megawatts) of substation/area bus, bank or circuit based on normal or operating ratings likely to serve proposed site.

(3)(d) For clarification this should be revised to state:

> Available generation capacity (in megawatts) of substation/area bus or bank and circuit most likely to serve proposed site (i.e., total capacity less the sum of existing aggregate generation capacity and aggregate queued generation capacity).

Item (8)

AEP Ohio agrees with Staff's recommendation.

Item (9)

AEP Ohio agrees with Staff's recommendation.

Item (10)

(a) It does make sense for Ohio EDUs to offer a standby tariff for generation-related services as long as Ohio EDUs are required to offer SSO generation service. There are obvious generation costs associated with providing partial requirements generation service to customers that require electricity in excess of their own generation as well as during unplanned outages (backup) and planned maintenance of customers' generation facilities. Conversely, where a partial requirements customer has chosen a CRES provider, the EDU should provide only distribution-related services. Distribution and transmission facilities must be sized to accommodate a customer's maximum load, including any backup or maintenance power required by a partial requirements customer during an outage of customer-owned equipment. AEP Ohio's SSO standby service schedules utilize a backup capacity charge based on the customer's anticipated forced outage rates and corresponding outage hours in addition to backup and maintenance energy charges to account for these costs. The distribution component of the capacity charge is equal to the distribution component of the Company's standard general service

rate. AEP Ohio's Open Access Distribution (OAD) customers pay only the distribution-related portion of the Company's SSO rates.

(b) Interruptible distribution service is quite complex and necessarily location specific, based upon the characteristics of the individual circuit serving the customer. Any benefit to the EDU of offering interruptible distribution service would depend on the loading of the particular circuit in question and cannot be generalized. A uniform provision is not logical as the need for interruptions for distribution purposes could vary widely by location. Under the Company's schedules, customers pay only for distribution service used. Distribution-related capacity charges are based on the level of distribution facilities needed by the customer to support the customer's maximum load. Contract capacities on which capacity charges may be based are established by mutual agreement between the customer and the Company for electrical capacity sufficient to meet the maximum requirements which the Company is expected to supply. Proration of distribution charges is not consistent with cost causation, since the distribution facilities are constructed to meet the customer's maximum demand.

If customers have the capability to manage the demand they place on the utility system when their generator is not operating, they can do this to minimize their distribution charges under existing tariffs. An interruptible tariff is not needed to accomplish this.

(c) Under AEP-Ohio's standby service tariffs, maintenance service is scheduled in advance by mutual agreement. Demand created during scheduled maintenance is

excluded from customer billing. Customers are subject to a maintenance service energy charge per kWh for energy used during the scheduled maintenance period.

(d) As explained above, using capacity charges as AEP-Ohio does in its standby service tariffs, customers do pay only for the distribution service they require. It probably would be beneficial to establish a universal standby service rate design, but rates and underlying costs could vary widely among EDUs. A prorated rate structure for distribution services fails to account for the fixed nature of the distribution investment.

(e) Yes. For generation and transmission service, the Company's standby service schedule does account for the operational diversity of units. For distribution service, due to the localized nature of the costs, a diversity or proration adjustment is not appropriate.

Conclusion

For the foregoing reasons, AEP Ohio respectfully requests that the Commission consider the above comments. AEP Ohio reserves the right to file reply comments.

Respectfully submitted,

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Summary: Comments Initial Supplemental Comments electronically filed by Mr. Matthew J Satterwhite on behalf of Ohio Power Company