

COPY



OFFICE OF CONSUMER ADVOCATE

555 Walnut Street, 5th Floor, Forum Place
Harrisburg, Pennsylvania 17101-1923
(717) 783-5048
800-684-6560 (in PA only)

FAX (717) 783-7152
consumer@paoca.org

IRWINA. POPOWSKY
Consumer Advocate

February 2, 2005

James J. McNulty
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

RECEIVED
2005 FEB -2 PM 3:53
SECRETARY'S BUREAU

RE: Advanced Notice of Proposed Rulemaking
Regarding Small Generation Interconnection
Standards and Procedures
Docket No. L-00040168

Dear Secretary McNulty:

Enclosed are an original and fifteen (15) copies of the Comments of the Office of Consumer Advocate, in the above-referenced proceeding.

Sincerely,


Tanya J. McCloskey
Senior Assistant Consumer Advocate

Enclosure

cc: W. Blair Hopkin
Assistant Counsel
82817.doc

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Advanced Notice of Proposed Rulemaking : Docket No. L-00040168
Regarding Small Generation Interconnection :
Standards and Procedures :

COMMENTS OF THE
OFFICE OF CONSUMER ADVOCATE

RECEIVED
2005 FEB -2 PM 3:54
SECRETARY'S BUREAU

Tanya J. McCloskey
Senior Assistant Consumer Advocate
Christy M. Appleby
Assistant Consumer Advocate

Counsel For:
Irwin A. Popowsky

Office of Consumer Advocate
555 Walnut Street, 5th Floor Forum Building
Harrisburg, PA 17101
Telephone: 717-783-5048
Facsimile: 717-783-7152

DATED: February 2, 2005

I. INTRODUCTION

At its public meeting on November 18, 2004, the Pennsylvania Public Utility Commission (Commission) approved the publication of an Advance Notice of Proposed Rulemaking Regarding Small Generation Interconnection Standards and Procedures (“ANOPR”) in order to standardize the way in which small generation connects to the distribution grid. The ANOPR was published in the Pennsylvania Bulletin on December 4, 2004 with comments due on February 2, 2005. This ANOPR is based on earlier work by the Commission’s internal Interconnection Working Group (IWG) under Docket No. M-00011450. The IWG studied relevant interconnection models in other jurisdictions and organizations while outlining possible benefits of uniform interconnection requirements. The IWG also considered the extent to which barriers that impede distributed generation from interconnecting to the grid should be eliminated. The work of the IWG was suspended after the Federal Energy Regulatory Commission (“FERC”) issued an ANOPR on the standardization of generation interconnection agreements and procedures. The Commission reinitiated the work of the IWG after the FERC’s release of a NOPR on Small Generation Interconnection Standards in July 2003. In addition, work at PJM to establish rules consistent with the FERC draft rules was successfully concluded in the fall of 2004. Thus, the time is ripe for consideration of small generation interconnection standards for Pennsylvania.

The Office of Consumer Advocate (“OCA”) appreciates the Commission’s initiative in this ANOPR for interconnection of small generators. This initiative is timely for a variety of reasons. First, there has been a growth of distributed generation technologies. Second, there are now well-developed demand response programs at PJM that compensate customers for reducing load on the system using on-site generation. Third, there is now an

available model following the codification of interconnection standards by PJM. Finally, the recent passage of Act 213 of 2004, the Advanced Energy Portfolio Standard (“AEPS”), will likely stimulate the expansion of distributed generation. Each of these factors will result in additional opportunities for customers to construct distributed generation, making appropriate interconnection standards important for Pennsylvania and for the development of these technologies.

The OCA would also note that the expansion of distributed generation may be a significant driver for economic development in Pennsylvania. Distributed generation can play a key role in assuring power quality and uninterrupted power supply for business, government, and institutions. For some customers, improved interconnection will open broader opportunities for hedging against fuel and other price increases. Simplifying and standardizing interconnection requirements should lower project costs and reduce the time required to bring projects on line. Accordingly, in addition to the advantages discussed by the Commission in its Order establishing the ANOPR, effective interconnection rules for small generators will help to promote economic development in the Commonwealth.

The OCA concurs with the conclusion of the Interconnection Working Group that one principle obstacle to distributed generation is the inconsistent standards for interconnection to the electric distribution companies. Costs for manufacturers and developers can be reduced with a more uniform interconnection standard and these cost savings can be reflected in lower prices for the project and consumers. This is not to suggest the elimination of review of individual projects in light of the specific system conditions at the point of interconnection. Such review is necessary to protect reliability, utility employee safety, and public safety. Nevertheless, as the Commission notes in its ANOPR, there are approaches in New Jersey, New

York, Texas and elsewhere that simplify some review requirements and eliminate the need for other review requirements.

As discussed below, the OCA does not have specific technical recommendations for interconnection standards. The OCA anticipates that other commenters will be able to address the technical, safety and reliability aspects of interconnection that should be reflected in the Commission's standards. The OCA proposes some principles to ensure that the standards achieve the intended objectives.

II. COMMENTS

A. Introduction.

The OCA submits that the Commission should base its standards on similar interconnection standards established by PJM and by other states. The Commission in its ANOPR, has correctly recognized that standards closely modeled on existing requirements in neighboring states such as New York and New Jersey, or at the PJM Interconnection, should be the starting point. One thread connecting these standards is IEEE 1541, the national electrical standard for interconnection of small generators.¹ The use of this existing national standard for the specific standards in each region or state will result in increased efficiency for manufactures, developers, and consumers. While the OCA has not identified a specific set of existing interconnection standards that may be fully appropriate for Pennsylvania, the OCA has identified some useful principles that should be recognized in any Pennsylvania interconnections standards. The OCA details below these principles.

¹ The Institute of Electrical and Electronics Engineers (IEEE) establishes and publishes international standards for the operation of electrical equipment and systems through an extensive, expert stakeholder process and trains professionals in compliance with those standards. IEEE 1547 sets technical requirements for interconnecting electric power systems with fuel cells, photovoltaics, microturbines and other local generators.

B. Principles That Should Be Included in the Commission's Standards

As noted, OCA recommends that several specific principles be incorporated into any uniform standards for small generation interconnection. These principles are as follows:

1. Maintenance of central records. To ensure the safety of utility workers and the public, each electric distribution company (EDC) should retain uniform records of all interconnected small generators. These records should be available to licensed contractors and electricians who will work on these systems and to local governments that may inspect installation of new equipment.
2. Clear requirements. Residential consumers, small business owners, and farmers will directly install many of the generation projects falling under these regulations. Requirements that are reasonably clear and at a reasonable level of technical specification are needed to avoid creating additional barriers to entry. This is not to say that requirements should be weakened, only that customers and installers of small generating equipment should be able to understand the standards with which they must comply. To ensure this, and to simplify the process, the OCA requests that the Commission develop a uniform model tariff so that the issue of clarity is adequately addressed.
3. Accessible information. Act 213 of 2004, the Advanced Energy Portfolio Standard, makes special provisions for photovoltaic (PV) energy. Historically, much PV development has been at the residential level with installation by small contractors. The OCA recommends that the Commission consider this when determining how interconnection requirements are made available. Specifically, interconnection standards should be easily and readily available to home owners

and small contractors. EDC web sites should clearly point to the requirements and customer service staff should be effectively trained so that consumers receive quick and appropriate responses when they inquire about interconnection requirements. If customers can easily find interconnection requirements, resources needed to manage customer contacts may be reduced for customers, EDCs and the Commission. In addition, the OCA urges the Commission to ensure that EDCs make reasonable efforts to ensure that employees, who may interact with consumers seeking information about interconnecting small generation, are prepared to respond effectively to consumer inquiries.

4. EDC response to interconnection requests. The evaluation of interconnection requests by EDCs should not significantly delay small generation projects. Consumers should expect to receive a substantive response from their EDC within a reasonable time after filing an interconnection request. Even assuming time lags caused by mailing, processing, analysis and formulation of a thorough response, the response should occur within a number of weeks and not months.
5. Pre-certification of Equipment.

- a. Pre-certification Requirements.

The OCA recommends that the Commission support the pre-certification of equipment and parts. It should not be repeatedly necessary to determine that specific generating equipment models comply with national standards or have certain operating characteristics. Once a specific model is shown to have reliable characteristics that conform to national standards, this function

should be unnecessary within the context of a specific interconnection request. The principle foundation for pre-certification, as indicated in New Jersey and PJM standards, is IEEE 1547 and Underwriters Laboratory (“UL”) standard 1741, which apply specifically to equipment safety. The OCA urges the Commission to adopt these recently established National Standards as the foundation for its requirements. The OCA notes that its recommendation regarding pre-certification assumes that the interconnection process includes a site-specific review to ensure that the installation is safe and does not jeopardize system reliability.

b. Equipment Registry.

A principle requirement for any pre-certification system is a registry of equipment that has been reviewed and assessed. The OCA urges the Commission to consider working with the neighboring states to create a common, regional certification list.

This approach will have far-reaching efficiency benefits.

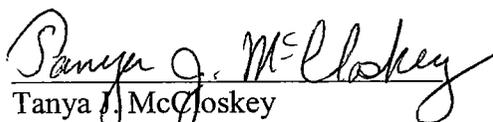
6. Generation Subject to the Final Rule. The OCA recommends that the Commission establish several classes of generation based on nameplate capacity and have separate interconnection standards and processes for different classes of generation. For example, New York, New Jersey and PJM have an upper limit of 2 MW for the project to qualify for the uniform interconnection standards. The OCA concurs that the Pennsylvania standards be consistent with this upper limit.

The OCA suggests, however, that a further distinction is appropriate to streamline the interconnection of very small generation projects. Specifically, the OCA supports the creation of two classes of generators under this rule. One class should be for very small projects not exceeding some reasonably small nameplate capacity. All others would be projects up to 2 MW. This approach is consistent with the distinction in New Jersey's regulations. New Jersey distinguishes between generation projects not exceeding 10 KW and all other generation projects up to 2 MW. (Section 14:4-9.5 under *Adopted Amendments: N.J.A.C. 14:4-9 (Net Metering and Interconnection Standards for Class I Renewable Energy Systems)*, Docket No. EX 03100795 (Filed September 13, 2004)). The OCA also urges the Commission to examine the success of PECO Energy's standards applying to generation projects not exceeding 40 KW.

III. CONCLUSION

The OCA appreciates the opportunity to present Comments regarding this important policy initiative. The OCA hopes that it has assisted the Commission in developing rules that effectively promote the development of distributed generation resources in Pennsylvania.

Respectfully Submitted,


Tanya J. McCloskey
Senior Assistant Consumer Advocate
Christy M. Appleby
Assistant Consumer Advocate

Counsel for:
Irwin A. Popowsky
Consumer Advocate

Office of Consumer Advocate
555 Walnut Street 5th Floors, Forum Place
Harrisburg, PA 17101-1923
(717) 783-5048

Dated: February 2, 2005
82306.DOC

CERTIFICATE OF SERVICE

RE: Advanced Notice of Proposed :
Rulemaking Regarding Small : Docket No. L-00040168
Generation Interconnection :
Standards and Procedures :

I hereby certify that I have this day served a true copy of the foregoing document, Comments of the Office of Consumer Advocate, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 2nd day of February 2005.

SERVICE BY INTEROFFICE MAIL

W. Blair Hopkin
Assistant Counsel
Secretary's Bureau
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

SERVICE BY FIRST CLASS MAIL

John L. Munsch
Senior Attorney
Allegheny Power
800 Cabin Hill Drive
Greensburg, PA 15601

Richard S. Herskovitz
Assistant General Counsel
411 Seventh Avenue
Mail Drop 8-2
Pittsburgh, PA 15219
Duquesne Light Company

Linda R. Evers, Esquire
FirstEnergy
2800 Pottsville Pike
PO Box 16001
Reading, PA 19612
Met Ed, Penelec & Pennpower Companies

Brian D. Crowe
2301 Market Street S15-2
Philadelphia, PA 19103
PECO Energy Company

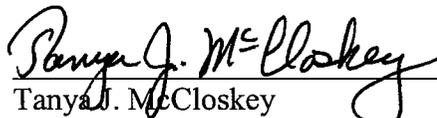
Paul Russell, Esquire
PPL Electric Utilities Corporation
Two North Ninth Street
Allentown, PA 18101

Craig Eccher
President and CEO
Wellsboro Electric Company
33 Austin Street
Wellsboro, PA 16901

Eric Winslow
Bonnie Shadle
Citizens Electric Company
PO Box 551
Lewisburg, PA 17837

David W. Trego
Vice President, Electric Division
UGI Utilities, Inc - Electric Division
400 Stewart Road
PO Box 3200
Wilkes Barre, PA 18773-3200

John L. Carley, Esquire
Assistant General Counsel
Consolidated Edison Co.
4 Irving Place
New York, NY 10003


Tanya J. McCloskey
Senior Assistant Consumer Advocate

Counsel for:
Irwin A. Popowsky
Consumer Advocate

Office of Consumer Advocate
555 Walnut Street 5th Floor, Forum Place
Harrisburg, PA 17101-1923
(717) 783-5048
82823.doc