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February 2, 2005

VIA FEDERAL EXPRESS

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

**Re: Rulemaking Regarding Small Generation Interconnection
Standards and Procedures; Docket No. L00040168**

Dear Secretary McNulty:

Enclosed please find an original and 15 copies of the **Comments of Allegheny Power** in the above-captioned rulemaking. This filing is made by Federal Express and is deemed filed today, February 2, 2005.

Very truly yours,


John L. Munsch
Senior Attorney

Enclosure

cc: W. Blair Hopkin, Esq. – PA Public Utility Commission

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2005 FEB - 4 AM 8:40
PA P.U.C.
LAW BUREAU

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Re: Rulemaking Regarding Small :
Generation Interconnection Standards : Docket No. L00040168
and Procedures :

2005 FEB -4 AM 09:40

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Comments of Allegheny Power

Allegheny Power (AP)¹ submits Comments to the Pennsylvania Public Utility Commission's (Commission) in response to the Commission's November 18, 2004 Advanced Notice of Proposed Rulemaking Regarding Small Generation Interconnection Standards and Procedures at Docket No. L00040168, published in the Pennsylvania Bulletin December 4, 2004 (34 Pa. B. 6426).

The Commission's Order describes the rulemaking goals as follows: (1) eliminate unnecessary barriers to entry in the distributed generation market; (2) promote distributed generation in order to provide peak demand responsiveness; (3) enhance grid reliability; (4) increase transparency in the interconnection process; (5) create uniformity and thereby ease the difficulty presented by a patchwork of different procedures; and (6) lower the overall cost of locating and placing distributed generation across the Commonwealth. AP comments sequentially on the Commission's goals:

1. AP supports the goal of eliminating unnecessary barriers to entry in the distributed generation (DG) market.

2. AP favors promoting DG as a method of providing "peak demand responsiveness," provided that only those installations that actually provide "peak demand responsiveness" are given credit for it. The PJM Open Access Transmission Tariff (OATT) distinguishes between Capacity Resources and Energy-Only Resources. Because most DG installations would fall in the "Energy-Only" category, they should not

¹ Allegheny Power is the trade name of West Penn Power Company, an electric distribution company providing utility service to approximately 700,000 customers in 23 Pennsylvania counties.

be classified as providing “peak demand responsiveness.” In addition, net metering rules generally do not offer an incentive for peak demand reduction, and the net metering rules may conflict with the goal of providing “peak demand responsiveness.”

3. AP favors enhancing “grid reliability,” which is loosely defined as “keeping the lights on.” But we need to assure the security of the system, such as assuring that DG does not impact personnel or public safety, interfere with service quality for other connected customers, or create objectionable operating practices that would reduce the reliability of the traditional supply system.

4. AP supports increasing the transparency in the interconnection process, which AP interprets to mean an open, and relatively uncomplicated process to obtain an interconnected DG system.

5. AP favors creation of uniformity in the DG interconnection process. The key is to recognize that there are existing rules for both the utility and the DG. Pennsylvania rules must not contradict these rules, and must avoid a patchwork of different procedures. AP shares the Commission’s goal of a uniform, easily understood, clear set of procedures for interconnection. To further that goal, AP suggests a set of “preferred wiring rules” for interconnected generators. These rules would ensure compliance with Underwriters’ Laboratory (UL) 1741, Institute of Electric and Electronic Engineers Standard (IEEE) 1547, the National Electric Code, and all other applicable regulations. Other interconnections would be allowed, but they should undergo more detailed study and approval, which would add time to the interconnection process. The “preferred wiring rules” should be company specific, recognizing that companies in Pennsylvania and elsewhere utilize different transmission and distribution voltages, construction methods, and design philosophy.

6. AP believes that a uniform set of rules will result in the lowering of the cost of placing distributed generation across the Commonwealth, ultimately resulting in lower

cost of service to the consumer. AP supports standardization of policies and practices to help uniformity of interconnection and the lowering of costs for all parties.

Additional Comments

Pennsylvania's utilities have been responsible for energy supply system security, reliability and safety. For AP to perform this role effectively, it's essential that a consistent set of rules be established for all players in the DG market.

Pennsylvania is not itself a market and most Pennsylvania utilities are members of PJM. As such Pennsylvania should not adopt rules in conflict with PJM. The long-term goal should be nationwide uniform standards.

Utilities have generally based their break points in the classification of service levels on the size of equipment installed on their systems. Allegheny recommends differentiating between smaller installations, not exceeding 10 kW single-phase and 25 kW three-phase, and other larger installations. If one set of break points is chosen, allowances must be made for utilities whose equipment cannot easily accommodate these installations.

Application fees should be structured to allow the utility to recover all prudently incurred costs, including processing, reviews, and studies. The regulations should clearly identify the responsibilities and financial obligations of all parties. A customer that understands and follows the regulations should achieve the lower cost objective.

The regulations should provide an appropriate schedule to review plans. AP proposes that applications would be sent to the utility, with return receipt requested, as confirmation of receipt by the utility of information from the DG, followed by a ten-business-day turnaround on notification from the utility to the DG regarding the completeness of the information. AP proposes that the utility review the information offered by small DG units (10 kW single-phase, and 25 kW three-phase) within 30 days. For the larger DGs, AP would propose a 90-day review period.

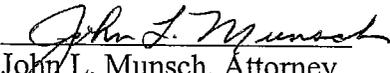
The regulations must stress compliance with all applicable safety standards. It is possible to have an installation containing individual components complying with UL 1741, but not complying fully with IEEE 1547. The regulations should not allow this. AP also notes that the National Electrical Code as incorporated in the Uniform Building Code in Pennsylvania would also apply to DG installations.

AP supports interconnecting DG facilities as efficiently as possible. But frequently the DG is not ready for interconnection. The utility should not be penalized when the DG misses requirements or when unqualified contractors design and construct the interconnection facilities. The customer should bear the burden of meeting the requirements of published consensus industry standards.

Respectfully Submitted,

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By:


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