

developing small power production facilities in Oregon, Sorenson is formally representing the following entities in this proceeding: Central Oregon Irrigation District, Swalley Irrigation District, Real Energy LLC, and PaxStar Energy.

The following informal comments have been prepared with the assistance of John R. Lowe, director of Business Development for Sorenson Engineering, and with significant experience in the matter of interconnections and interconnection agreements for small power production facilities. These comments are for the purpose of aiding in the continuing informal discussions between the parties of the draft generator interconnection rules, and specifically in preparation for the workshop scheduled for June 11, 2008.

II **SUMMARY OF SORESON'S CONCERNS**

Sorenson and its clients continue to strongly believe, as demonstrated in its November 27, 2008 comments, that the costs associated with interconnection are of paramount concern. Any reasonable means by which to reduce interconnection costs to the interconnection customer, provided there are no negative impacts upon safety and reliability, along with ensuring that the public utility costs are fully reimbursable, should be considered and drafted into the proposed rules. Specifically, use of consistent time frames for actions throughout the rules, clarity in Operation and Maintenance reimbursement administration and valuation, the ability of interconnection customers to study, design, construct, own and operate interconnection projects and, the threshold for applying common public utility metering and monitoring requirements are all commented on below. Sorenson also recognizes that some of its comments related to cost control discussed below may be more suitable for addressing by means other than changes to the draft rules.

A. Consistency in the applicable time frames to perform and action.

Throughout the rules are numerous references to the type of number of days to perform an action or respond to a party. Use of a consistent basis or type for determining the number of days would be helpful and reduce administrative costs or delays. Both “business” days and “calendar” days are used, with a majority of the references to business days. Conversion to the exclusive use of business days would be preferred. Additionally, there are numerous references to the specific number of days allowable for such actions or responses throughout the rules, commonly 5, 10, 15, 20 or 30 days. The consistent use of one or two of these timeframes while only using others as rare exceptions may be less confusing.

B. Operation and maintenance cost reimbursements to the public utility

Operation and maintenance (“O&M”) reimbursements to the public utility for the interconnection facilities should be fully addressed in the agreements between the interconnection customer and the public utility, preferably in the interconnection agreement or, an appendix to the same. The basis for such reimbursements should, at a minimum, be consistent within a public utility whether distribution or transmission interconnection are involved. Further, some consideration should be given to requiring all public utilities to provide a similar basis for such reimbursements. It is our understanding that PacifiCorp is now using actual O&M for all new transmission and distribution interconnections. This is a very positive and welcomed change in practice from the previous basis which utilized historical average for similar facilities in Oregon. Since the total value or cost of O&M reimbursements over the term of the typical agreement, ten to twenty years, is often greater than the combined cost of all the studies and the original interconnection costs, it is necessary to assure the adequate addressing of

this issue in the rules.

Related to the cost basis for O&M reimbursements is the agreement implementing the arrangements between the parties providing for such reimbursements. Currently, the rules require accepted forms of agreements for every step of the interconnection process except the O&M reimbursement. The rules require maintenance of the interconnection equipment by the interconnection customer, and cost reimbursement to the public utility for the interconnection facilities without any further explanation or contract form to accomplish the O&M reimbursements. PacifiCorp's current approach to the O&M agreement, separate from the interconnection agreement, in both function and time, anticipates the utility maintaining the interconnection customer's interconnection equipment. Sorenson strongly encourages the Commission to establish both an accepted form of O&M agreement, preferably as an appendix to the form interconnection agreement which is consistent with the draft rules with regard to the interconnection customer's responsibility for maintaining its interconnection equipment, and a basis for O&M that recognizes the many benefits of consistent O&M basis application and lower initial costs associated with actual incurred interconnection facility expenses (see Sorenson's November 27, 2008 comments for further details).

C. Flexibility of the interconnection customer to perform interconnection work on own or through third parties.

Further potential interconnection cost control lies in the ability and flexibility of the interconnection customer to perform, through qualified third party engineers, consultants or contractors feasibility, stability or facility studies, and to design, construct, own, operate and maintain interconnection equipment. This includes the flexibility to design, construct, own, operate and maintain facilities that might otherwise have been interconnection facilities, such as Sorenson Engineering, Inc.'s Informal Comments AR 521

line extensions where the appropriate land rights are obtained by the interconnection customer. The rules anticipate as measured amount of such flexibility.

D. Threshold to trigger common public utility requirements for metering and monitoring

Another potential significant interconnection cost control relates to a variety of common public utility requirements such as, but not limited to, telemetry, primary metering, and telephonic communication with metering. The 3MW threshold for requiring telemetry is a major improvement from the 1MW threshold previously required by some public utilities. The technical requirements for the implementation of telemetry generally result in lower costs. However, Sorenson believes that the public utilities should be required, at some point, to demonstrate the actual need and threshold for telemetry. The 3MW threshold is a convenient, consistent and improved value; however, it does not necessarily reflect the actual needs of any specific public utility. The primary metering could be substituted with lower cost secondary metering when the specifics of the interconnection design can facilitate such substitution. Generally this results in lower costs to the interconnection customer, but does necessitate a transformer loss adjustment be applied in the interconnection or power purchase agreement. The application of secondary metering should be encouraged for small projects of 500kw or less. Telephonic integration of the metering for billing or payment purposes is a reasonable requirement under most circumstances. However, if an expensive hard wire telephone line extension is necessary there needs to be flexibility to allow for a variety of optional fixes. Additionally, there should be consistent availability and application of such fixes so that all parties have the full variety of options available to them.

III.
SPECIFIC COMMENTS OR RULE CHANGES

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860-082-0005

Scope and Applicability

- (2) Add to the end of the section “ A proposed small generator facility that has not begun operation but has an existing interconnection agreement must submit an application within 60 days after the rules become applicable in order to utilize the standard form of interconnection agreement available under these rules or must wait until the expiration of the then-current interconnection agreement.”

860-082-0015

Definitions

- (8) “Distribution System” Delete “a” and insert “an interconnection”, to read ... connection to an interconnection customer’s premises.
- (15) “ Interconnection Equipment” Add transformers, substations, line extensions, telemetry, and isolation devices to the list of included equipment.
- (30) “Scoping meeting” Add to the end of the definition “ Such Scoping meeting may occur as a result of either or both the pre-application process or application process, and should include technical personnel if needed.”
- (32) “Small generator facility” Why doesn’t a small generator facility include the interconnection equipment owned, operated, maintained and critical to the facility?

860-082-0020

Pre-application process

- (1) No changes provided the Scoping meeting definition is revised as suggested above.

860-082-0025

Applications to Interconnect a Small Generator Facility

- (7) (e) The choices are for an applicant to sign an interconnection agreement within 15 business days or request a non-standard negotiated interconnection agreement. This may not work well for Tier 4 interconnections that, until completion of the facilities study, may not have adequate information to make such a choice at the time an application to interconnect is made. If the facility study agreement and results were part of the interconnection agreement, as well as a standard approved O&M agreement, the interconnection customer may want to utilize the standard form agreement, but later in the process.

860-082-0035

Cost Responsibility

- (2) Add to the end of the section: “ The cost of the interconnection facilities includes an annual O&M reimbursement by the interconnection customer to the

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public utility for the actual verified costs incurred by the public utility for operation and maintenance of the interconnection facilities. Such reimbursement shall be made in accordance with the standard O&M agreement attached to the interconnection agreement as Appendix ____.

- (5) (a) The rule discusses possible progress payments for the interconnection facilities. Does the vintage rule (mid-80's?) providing for financing of interconnection facilities by the utility still exist? If so, should it be referenced in this section?**

Respectfully submitted this 11th day of June, 2008.

RICHARDSON & O'LEARY PLLC

By: /s/ Peter J. Richardson

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Attorneys for Sorenson Engineering, Inc.

CERTIFICATE OF SERVICE

I certify that I have caused to be served the foregoing Sorenson Engineering Informal Comments in OPUC Docket No. AR 521 by electronic mail only. Dated this 11th day of June, 2008.

/s/ Benjamin J. Otto
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