

## Renewable Northwest Project

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Renewable Northwest Project

November 9, 2007

Public Utility Commission of Oregon  
Attn: Filing Center  
PO Box 2148  
Salem OR 97308-2148

RE: Docket No. AR 521

To the Public Utility Commission of Oregon:

Renewable Northwest Project (RNP) appreciates the opportunity to comment on the OPUC's draft Small Generator Interconnection rules (SGI), AR 521, and applauds the Commission and participating utilities for taking the first steps in promulgating rules that will encourage the non-discriminatory interconnection of small renewable generators.

The benefits of connecting small and distributed renewable electricity generators are many. Small generators distributed throughout a network area decrease the energy losses and costs associated with long-distance transmission, provide local economic benefits through energy savings and energy sales (net metering), increase the diversity and reliability of the entire grid, decrease congestion, decrease security threats, provide environmental benefits, insulate consumers from price shocks, and can provide local emergency services.

Recognizing these benefits, state and federal policy makers have recently passed clear policy directives aimed at reducing regulatory barriers and increasing the number of small generator interconnections. The Energy Policy Act of 2005 requires state regulatory authorities to consider an interconnection standard based on the IEEE 1547 standard and current best practices by August 2007, and FERC issued Order 2006-A to clarify the SGI standards under its jurisdiction. In Oregon, the recent passage of Senate Bill 838 amended ORS 757.612 to direct a portion of the state's public purpose charge to small-scale renewable generation.

Strong policy directives were deemed necessary because past interconnection policies proved an insurmountable barrier for small generators. These regulatory barriers persisted because the incentives were not sufficient for utilities to actively facilitate SGI, for which they do not earn revenue. Policy makers recognized and signaled that new government policies were necessary to correct these adverse incentives. By the very nature of this policy

change, a successful SGI policy requires utilities to increase their attention and resources devoted to accommodating this industry evolution.

A number of states have now adopted SGI rules, offering both positive and negative examples from which to learn. The details of these state interconnection standards are critical in determining the success of the policy goal. As an overarching measure of a state's SGI policy success, the number of completed interconnections is the most telling. New Jersey and California have interconnected over 1,000 and over 10,000 small generators respectively and are obvious models of success. In contrast, the MADRI and NARUC models have produced far fewer interconnections.

RNP offers the following comments and suggestions relevant to OPUC's most current draft SGI rules (Draft 2, 11-1):

1. RNP supports the reference to IEEE-1547 standards and the general direction of the proposed tiered screening process, insurance requirements, third-party arbitration and application fees.
2. 860-082-0080: A single party should be able to unilaterally request third-party arbitration after the outlined informal dispute process fails. OPUC should approve qualified third-party arbitrators and mutual agreement should be required in selecting an arbitrator from this pool. The proposed rule of requiring mutual agreement for pursuing third-party resolution gives no additional ability to customers to pursue expedient and less costly forms of arbitration.
3. Once a customer's interconnection request passes the requisite screen, the public utility should bear the burden and cost of studying and establishing that additional requirements are necessary for reliability and/or safety standards. If these additional requirements prove to be necessary, the costs should be passed on to the interconnection customer.
4. 860-082-0060: The OPUC should periodically review public utility interconnection reports as well as the experiences in other jurisdictions with the goal of improving best practices generally, and the specific goal of expanding the list of specifications falling under the tier 1 definition. Where experience proves less risk is present, interconnection requirements and associated costs should be equally decreased. Specific rules should be added to codify and outline this learning process.
5. 860-082-0035: Interconnection customers should not be required to provide general liability insurance coverage as part of the interconnection agreement. There is no competitive commercially available insurance product specifically designed to insure against the very small risk of a properly interconnected small generator causing a problem on the grid. Interconnection customers are naturally required to carry liability insurance appropriate for the entity's type and size; this insurance does not generally exclude incidents involving electricity generation. The U.S. DOE's "Best Practices for Distributed

Generation” calls for liability insurance to be set “commensurate with levels typically carried by the respective customer class.” To date, there are no known liability awards related to the malfunction of interconnected customer-sited renewable-energy systems.

6. 860-082-0005(3)(b). A public utility should not be granted unilateral waivers of the timelines set forth in the OSGIR. The OSGIR sets forth the best practices by which utilities and interconnecting applicants must abide. If utilities find themselves with backlogs of requests, they should take appropriate steps to speed up their process. Additional administrative costs should be prudently recovered.
7. Another option for dealing with backlogs of interconnection requests is to draft rules outlining under what situations it would be acceptable for interconnection customers to hire a private third-party contractor licensed to design, construct, and install the requisite system upgrades.
8. 860-082-0040: The requirements for tier 1 interconnection should be further tiered and appropriately adjusted. Massachusetts, New York and New Jersey have adopted SGI rules that allow certified inverter-based units of 10 KW or less to be interconnected by a licensed electrical contractor to a radial feed with no study or fees and with short-term prior written notice to the public utility.
9. 860-082-0015(2): The proposed application fees appear “reasonable.” However, a more flexible approach to setting application fees for first and second tier interconnections is to use a per-kilowatt charge. Massachusetts, Michigan, Indiana and New Jersey currently utilize this approach; Indiana and New Jersey have no application fee for generators smaller than 10 KW.

Summary:

RNP appreciates the hard work OPUC, the public utilities, and interested parties have put into crafting the draft OSGIR. The above comments and suggestions are intended to improve upon the positive foundation laid out in the current draft. Successful SGI rules will ensure future Oregonians enjoy the many benefits of distributed renewable generation. Thank you for the opportunity to participate in this important process.

Sincerely,

Cameron Yourkowski  
Renewable Northwest Project