

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

AR 521

In the Matter of a Rulemaking to Adopt Rules
Related to Small Generation Interconnection

Comments of
Portland General Electric Company

1 PGE appreciates the opportunity to provide formal comments on the proposed Oregon
2 Small Generator Interconnection Rules (“Proposed Rules”).

I. General Comments about the Proposed Rules.

3 PGE believes the Proposed Rules for small generator interconnections (up to a 10 MW
4 capacity) demonstrate strong support for the development of small generators, including
5 Qualifying Facilities under the Public Utility Regulatory Policy Act of 1978. The rules, through
6 a defined procedure, cover the entire spectrum of interconnection steps, starting with the small
7 generator’s initial inquiries and application for interconnection, to the identification and
8 preparation of any necessary system impact studies and cost estimates, and ultimately to the safe
9 energization and interconnection of the small generator. Finally, the rules provide a mechanism
10 for resolution of interconnection issues should such issues arise. Of course, the Proposed Rules
11 are new and thus untried in Oregon, so as experience is gained, modifications to the rules may be
12 useful.

13 In addition, the rules recognize the interconnecting utility and the utility’s other
14 customers’ requirement to have a safe and reliable system, now and in the future. Because the
15 potential range of different small generator interconnection configurations is wide, the Proposed
16 Rules are designed to allow the interconnecting utility and small generator to work on the needs

1 of the specific interconnection. This is a good approach, allowing flexibility, tempered with
2 specific rule requirements for the parties to meet certain conditions and timelines. We further
3 respond below to comments filed by ICNU and Staff.

II. ICNU's Comments filed August 12, 2008.

4 ICNU's concerns may be premised, in part, on a potential misunderstanding of the
5 Proposed Rules. Specifically, ICNU is concerned with Proposed Rule OAR 860-082-0035(3),
6 which declares that "[a]n applicant or interconnection customer must pay *all expenses*, including
7 overhead expenses, associated with constructing, owning, operating, maintaining, repairing, and
8 replacing its interconnection equipment." [emphasis added] ICNU Comments at 1-2. ICNU's
9 general concerns, based on this rule are that: "[e]ssentially, under the Proposed Rule, the
10 interconnection customer is liable for all interconnection costs, regardless of whether they are
11 reasonable, legal, or were incurred through the negligent acts of the utility." *Id.*

12 OAR 860-082-0035(3), however, applies only to "interconnection equipment," which is
13 defined under Proposed Rule OAR 860-082-0015 (15) to mean: "a group of components or an
14 integrated system *provided by an interconnection customer or applicant* to connect a small
15 generator facility to a public utility's transmission or distribution system, including all interface
16 equipment such as switchgear, protective devices, inverters, or other interface devices."
17 [emphasis added]. PGE's understanding of "interconnection equipment," and how the rules
18 apply to it, is that the interconnection customer provides, installs and owns this equipment,
19 which is located on the interconnection customer side of the point of interconnection. (*See*
20 *generally* Proposed Rules). The interconnection customer may either provide "lab-tested
21 equipment," or provide interconnection equipment that undergoes a "witness test." *Id.* "Lab-

1 tested equipment” is equipment that complies and is tested in accordance with IEEE 1547 by a
2 nationally recognized testing lab and therefore must be accepted by the utility. OAR 860-082-
3 0015 (18). Witness tested equipment is equipment that undergoes on-site review by the utility in
4 accordance with IEEE 1547. OAR 860-082-0015(38).

5 Thus, because the small generator provides, owns, and operates the interconnection
6 equipment located on the small generator’s side of the point of interconnection, and the utility
7 has little discretion to determine what that equipment may be, it makes sense that the rule
8 regarding costs (OAR 860-029-0035(3)) should be broad to apply to “*all expenses*.” Since the
9 utility is not providing this equipment, OAR 860-029-0035(3) is not a *cost recovery* rule (i.e.,
10 payment of such expenses is presumably by the customer to 3rd parties). Insertion of the word
11 “reasonable” in this Proposed Rule does not make sense, because it would imply that the small
12 generator, who has discretion to determine the interconnection equipment it purchases and owns,
13 might not have to pay others (not the utility), if the costs did not meet a “reasonableness”
14 standard.

15 On the other hand, “interconnection facilities” are facilities that need to be added to the
16 *utility’s system* in order to accommodate the interconnection. OAR 860-082-0015 (16). The
17 utility does get to determine what interconnection facilities may be required and installs and
18 charges the interconnection customer for costs associated with these facilities. *See* OAR 860-
19 082-0060 & -0035. Although ICNU does not cite the cost recovery rule for interconnection
20 facilities, PGE believes ICNU’s concerns may be more relevant to this Proposed Rule
21 (specifically OAR 860-082-0035(2)). And, ICNU does express concerns with cost recovery for
22 “system upgrades,” which like “interconnection facilities” are determined by the utility through
23 the system impact and facilities study process, constructed on the utility’s system, and owned by

1 the utility.

2 To address ICNU’s concerns, PGE would be willing to insert the word “reasonable” in
3 the cost recovery provisions for “interconnection facilities” and “system upgrades.” However,
4 PGE does note that the Proposed Rules, by their very nature, are designed to provide a process,
5 with various safeguards in place, to assure small generator applicants of their ability to pursue
6 the development of their small generator projects on a level playing field with all other small
7 generator applicants, regardless of any affiliation. The rules incorporate a variety of
8 reasonableness standards for the protection of the small generator, the utility, and the utilities’
9 customers. From PGE’s perspective, the Proposed Rules represent a fair and balanced approach.

10 Rules, such as OAR 860-082-0035(5), expressly require a public utility to provide “good-
11 faith” estimates. That particular rule also allows an applicant the opportunity to evaluate the
12 estimate and to choose whether or not to accept the estimate, before the work is commenced.
13 Proposed Rule OAR 860-082-0035(5)(b) makes clear that the utility must refund, to the
14 applicant, the unused portion of the deposit, implying that an applicant is only expected to pay
15 the actual costs incurred. PGE submits that the establishment of standardized processes, like the
16 ones sought to be achieved through these Proposed Rules, will facilitate non-discriminatory
17 treatment, rather than causing discriminatory treatment, as ICNU has alleged.

18 PGE also disagrees with ICNU allegations that the rules may allow the utility to have
19 small generators pay for system upgrades benefiting other customers and, further, that the rules
20 allow for double recovery of investment costs. The Proposed Rules provide for a process that is
21 open and interactive between the potential small generator and the utility in the development of
22 interconnection requirements. System upgrades and changes that are unrelated to the small
23 generator’s interconnection are clearly outside the scope of such requirements, and the utility

1 does not have the right to seek recovery of costs related to such upgrades. *See* OAR 860-082-
2 0035 (2) & (4), and 860-082-0015(16) & (34). The utility is obligated, however, to ensure that
3 the small generator pays for the costs of system upgrades to accommodate their own
4 interconnecting small generator, and to mitigate adverse impacts the small generator may create
5 on the utility’s system by virtue of its interconnection and operation. We believe the rules
6 properly balance these types of interests.¹

7 PGE also points out that the rules contain arbitration provisions to resolve disputes
8 “arising during review of an application to interconnect a small generator facility or during
9 negotiation of an interconnection agreement.” *See* OAR 860-082-0080. In the event a small
10 generator is concerned with interconnection facilities or system upgrades proposed by the utility
11 and contained in the interconnection agreement, the small generator may utilize this streamlined
12 dispute resolution process provided in the rules. We are confident that through this process, the
13 Commission would not impose unreasonable costs on the small generator or costs that were
14 incurred through gross negligence or illegal conduct on the part of a utility.

III. Staff Comments filed August 12, 2008

15 Staff submitted additional language and edits to the Proposed Rule at OAR 860-082-0070
16 by adding a new paragraph (2), “Metering Requirements” and changing the renumbered
17 paragraph (6), “Telemetry” to a table format. After review, PGE does not support the proposed
18 new paragraph (2), “Metering Requirements.” The existing Proposed Rule as drafted in
19 paragraph (1) provides a reasonable basis and references to address the metering requirements

¹ PGE notes that double recovery of investment is not going to occur as a result of these rules. If a utility does not make an investment (i.e. the system upgrade is paid for by another party), the utility does not recover any costs through rates. There is no addition to rate base. If the utility incurs additional O&M costs, either utility customers or the small generator will have to cover those costs, but double recovery is not an option.

1 for the generating facilities both less than and greater than 3 MW. In particular, paragraph (1), as
2 written, appropriately provides that metering requirements may be specified in the applicable
3 agreements, such as a power purchase agreement. For generating facilities less than 3 MW, the
4 additional language may conflict with paragraph (1) and does not establish workable parameters
5 or standards for making a determination that metering options would be acceptable to the utility
6 and that data would be accurate. As general matter, the metering of generating facilities' output
7 typically utilizes meters approved by and under the control of the utility and this approach should
8 be maintained. For many reasons, including power purchase payments, it is important that the
9 metering be highly reliable and accurate. Therefore, we recommend that the Commission not
10 adopt the proposed language at (2).

11 The proposed changes at (6), "Telemetry" represent a useful clarification of a number of
12 technical items. Because the proposed table does not appear to change the content of the original
13 draft rule, we support the proposed changes.

IV. Conclusion

14 PGE believes that the Proposed Rules on interconnections establish an environment that
15 strongly supports small generator development and recognizes the wide diversity of specific
16 interconnection configurations that must be addressed by the utility and small generators. The
17 rules ensure that interests of both the small generator and the utility and its customers for a safe
18 and functional interconnection are met. The rules are not, as alleged by ICNU, unreasonable nor
19 will they allow utilities to "charge illegal and grossly negligent costs." Nevertheless, PGE is
20 willing to agree to insert the word "reasonable" in the cost recovery provisions for
21 "interconnection facilities" and "system upgrades" (but not interconnection equipment).

1 Of course, because the rules are new, in the future changes may be warranted based on
2 experience and evolving needs related to small generator interconnections.

Dated this 20th day of August, 2008

Respectfully Submitted,

s/s: James Richard George
Assistant General Counsel
Portland General Electric Company



Portland General Electric Company

Legal Department

121 SW Salmon Street • Portland, Oregon 97204

(503) 464-7717 • Facsimile (503) 464-2200

August 20, 2008

Via Electronic Filing and U.S. Mail

Oregon Public Utility Commission

Attention: Filing Center

550 Capitol Street NE, #215

PO Box 2148

Salem OR 97308-2148

Re: AR 521

Attention Filing Center:

Enclosed for filing in the captioned dockets are an original and one copy of:

- **COMMENTS OF PORTLAND GENERAL ELECTRIC COMPANY.**

This document is being filed by electronic mail with the Filing Center.

An extra copy of this cover letter is enclosed. Please date stamp the extra copy and return it to me in the envelope provided.

Thank you in advance for your assistance.

Sincerely,


J. RICHARD GEORGE

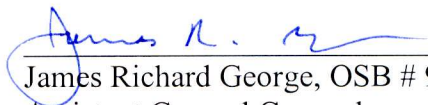
JRG:smc
Enclosure

cc: Service List-AR 521

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused **COMMENTS OF PORTLAND GENERAL ELECTRIC COMPANY** to be served by electronic mail to those parties whose email addresses appear on the attached service list, and by First Class US Mail, postage prepaid and properly addressed, to those parties on the attached service list who have not waived paper service from OPUC Docket No. AR 521.

Dated at Portland, Oregon, this 20th day of August, 2008.



James Richard George, OSB # 97469
Assistant General Counsel
Portland General Electric Company
121 SW Salmon St., 1WTC1301
Portland, OR 97204
(503) 464-7611 (telephone)
(503) 464-2200 (fax)
richard.george@pgn.com

**SERVICE LIST
OPUC DOCKET # AR 521**

* Waived Paper Service

Lloyd Fery 11022 Rainwater Lane SE Aumsville, OR 97325 dlchain@wvi.com	Samuel R. Justice P.O. Box 480 McMinnville, OR 97128 sjustice@onlinemac.com
Central Electric Cooperative Inc Alan Guggenheim Member Services Director PO Box 846 Redmond, OR 97756 aguggenheim@cec.coop	Community Renewable Energy Association Paul R Woodin Executive Director 282 Largent Ln Goldendale, Wa 98620-3519 pwoodin@communityrenewables.org
Energy Trust Alan Cowan alan.cowan@energytrust.org	Idaho Power Company Randy Allphin Po Box 70 Boise, Id 83707-0070 rallphin@idahopower.com *
Irion A. Sanger DAVISON VAN CLEVE 333 SW Taylor, Suite 400 Portland, OR 97204 ias@dvclaw.com	Michael T. Weirich, Assistant Attorney General DEPARTMENT OF JUSTICE 1162 Court St NE Salem, OR 97301-4096 michael.weirich@doj.state.or.us
Idaho Power Company Dave Angell Po Box 70 Boise, Id 83707-0070 daveangell@idahopower.com *	Idaho Power Company Sandra D. Holmes Po Box 70 Boise, Id 83707-0070 sholmes@idahopower.com *
Idaho Power Company Lisa D. Nordstrom Po Box 70 Boise, Id 83707-0070 lnordstrom@idahopower.com *	Idaho Power Company Michael Youngblood Po Box 70 Boise, Id 83707-0070 myoungblood@idahopower.com *
Lovinger Kaufmann LLP Jeffrey S. Lovinger 825 NE Multnomah Ste 925 Portland, OR 97232-2150 lovinger@lklaw.com *	McDowell & Rackner PC Wendy McIndoo 520 SW 6th Ave Ste 830 Portland, OR 97204 wendy@mcd-law.com *
McDowell & Rackner PC Lisa Rackner 520 SW 6th Ave Ste 830 Portland, OR 97204 Lisa@mcd-law.com *	McMinnville Water and Light Gail Shaw PO Box 638 McMinnville, OR 97128 gails@mc-power.com *
Middlefork Irrigation District Craig Dehart PO Box 291 Parkdale, OR 97041 mfidcraig@Fembarqmail.com	Minikahda Hydropower Co LLC Steve Sanders 5829 NE 19 th Avenue Portland, OR 97211 stevehydros@yahoo.com

<p>Or Dept of Energy - Renewable Energy Div Carel Dewinkel Senior Policy Analyst 625 Marion St NE Salem, OR 97301-3737 carel.dewinkel@state.or.us</p>	<p>Or Dept of Energy - Renewable Energy Div Sven Anderson Renewable Energy Manager 625 Marion St NE Salem, OR 97301-3737 sven.anderson@state.or.us</p>
<p>ORECA Sandra Flicker 1750 Liberty St SE Salem, OR 97302-5159 sflicker@oreca.org *</p>	<p>ORECA Lisa Logie 1750 Liberty St SE Salem, OR 97302-5159 llogie@oreca.org *</p>
<p>Pacific Environmental Advocacy Center Aubrey Baldwin 10015 SW Terwilliger Blvd. Portland, OR 967219 abaldwin@lclark.edu</p>	<p>Pacific Power & Light Michelle R Mishoe Legal Counsel 825 NE Multnomah Ste 1800 Portland, OR 97232 michelle.mishoe@pacificorp.com *</p>
<p>Pacificorp Oregon Dockets Oregon Dockets 825 NE Multnomah St, Ste 2000 Portland, OR 97232 oregondockets@pacificorp.com *</p>	<p>Portland General Electric Patrick Hager Rates & Regulatory Affairs 121 SW Salmon St, 1WTC0702 Portland OR 97204 pge.opuc.filings@pgn.com</p>
<p>Portland General Electric Mark Osborn 121 SW Salmon St Portland, OR 97204 mark.osborn@pgn.com</p>	<p>Portland General Electric J. Richard George 121 SW Salmon St 1WTC131 Portland, OR 97204 richard.george@pgn.com</p>
<p>Richardson & O'leary Peter J Richardson PO Box 7218 Boise, Id 83707 peter@richardsonandoleary.com</p>	<p>Realenergy LLC Kevin D. Best 6712 Washington St. Yountville, CA 94599 kbest@realenergy.com</p>
<p>Realenergy LLC Robin Luke 6712 Washington St. Yountville, CA 94599 rlopez@realenergy.com</p>	<p>Roush Hydro Inc Toni Roush 366 E Water Stayton, OR 97383 tmroush@wvi.com</p>
<p>Sorenson Engineering John Lowe 12050 SW Tremont St Portland, Or 97225 jravenesanmarcos@yahoo.com</p>	<p>Sunedison Rick Gilliam 590 Redstone Dr Broomfield, CO 80020 rgilliam@sunedison.com *</p>
<p>Sunedison Joe Henri 5013 Roberts Ave Ste B McClellan, Ca 95652 jhenri@sunedison.com *</p>	<p>Voltair Wind Electric Robert Migliori 24745 Ne Mountain Top Rd Newberg, OR 97132 windy@freewirebroadband.com</p>
<p>Triaxis Engineering Diane Broad</p>	

1600 SW Western Blvd Corvallis, OR 97333 dbroad@triaxiseng.com	
--	--