

ORDER NO. 12 107

ENTERED MAR 27 2012

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1538

In the Matter of

SOLWATT, LLC and KENT and LAURA
MADISON,

Request for Waiver of the Primary Voltage
Interconnection Requirements under OAR
860-084-0130 (2) of the Solar Photovoltaic
Pilot Program.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its Public Meeting on March 27, 2012, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter, attached as Appendix A.

BY THE COMMISSION:



A handwritten signature in black ink, appearing to read "Becky L. Beier", is written over a horizontal line.

Becky L. Beier
Commission Secretary

A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: March 27, 2012**

REGULAR X CONSENT _____ EFFECTIVE DATE March 27, 2012

DATE: March 13, 2012

TO: Public Utility Commission

FROM: Moshrek Sobhy *MS*

THROUGH: *MF* Bryan Conway, *BC* Maury Galbraith, and *MF* Lori Koho *LV*

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF: (Docket No.UM 1538)
Request by Solwatt LLC for a waiver of the Primary Voltage Interconnection Requirements under OAR 860-084-0130(2) of the Solar Photovoltaic Pilot Program.

STAFF RECOMMENDATION:

Staff recommends the Commission grant Solwatt LLC's request for a waiver of the interconnection requirements under OAR 860-084-0130(2) on a one-time only basis.

DISCUSSION:

PacifiCorp awarded capacity to Solwatt LLC and Kent and Laura Madison of Echo, Oregon (collectively "the Petitioners") for a 360 kW Solar Photovoltaic (SPV) system. This capacity was awarded during the April 2011 enrollment period for PacifiCorp's Solar Photovoltaic Pilot Program (Pilot). The Petitioners have substantially completed the installation of the SPV system. However, due to a difference between the Petitioners and PacifiCorp on the location of the point of common coupling, the project has not commenced operations.

On February 9, 2012, the Petitioners filed a request seeking Commission waiver of the Oregon Administrative Rules (OAR) that govern the Petitioners' outstanding issue with PacifiCorp. Specifically, the Petitioners reference OAR 860-084-0134(2)(b) (primary voltage interconnection), OAR 860-084-0133(3)(b) (100 percent of payable generation), and OAR 860-084-0365(1) (payable generation delivered). PacifiCorp submitted comments on March 2, 2012.

UM 1538, Solwatt LLC
March 13, 2012
Page 2

The major point of difference between Petitioners and PacifiCorp is with respect to the interpretation of OAR 860-084-130(2), which states (emphasis added):

“Eligible systems must be installed on the same property where the retail electricity consumer buys electricity from the company.

- (a) Eligible systems with capacity reserved under the net metering option must be connected to the customer side of the meter.
- (b) Eligible systems with capacity reserved under the competitive bidding option must connect to the distribution feeder that services the customer's property. The point of common coupling may be located on the load side of the retail customer's *existing service* subject to utility approval and to the extent authorized by law.
- (c) If cost effective, eligible systems may be connected at other distribution feeders on the utility grid subject to utility approval and to the extent authorized by law.”

The Petitioners bid the project based on their interpretation of section (b) of the rule that the interconnection can be on the load side (the customer side) of the transformer, which has the secondary (lower) voltage side.¹ Petitioners' position is based on their interpretation of the second sentence in the referenced section: “The point of common coupling may be located on the load side of the retail customer's existing service subject to utility approval and to the extent authorized by law.” Petitioners state that the estimated cost to connect the system (the point of common coupling) on the utility's side (high voltage) of the transformer is approximately \$200,000, which was not budgeted in the project's bid. Furthermore, Petitioners were not aware of PacifiCorp's interpretation of the rule until the project was nearly completed.

PacifiCorp responded that the rule requires the connection of Petitioners' SPV system to the new distribution feeder be on the utility (primary voltage) side of the transformer. In PacifiCorp's opinion, the availability of connecting the system on the load side is specifically limited to an “existing service.” PacifiCorp's interpretation of the rule excludes the applicability of this exemption since Petitioners' connection requires a “new service drop.” In support of its interpretation, PacifiCorp offered the context under which the original rule language was amended during the Commission's rulemaking proceeding under Docket No. AR 558.²

¹ The generation occurs on the customer (load) side of the transformer.

² See joint comments filed by PacifiCorp and Portland General Electric in Docket No. AR 558.

UM 1538, Solwatt LLC
March 13, 2012
Page 3

According to PacifiCorp, the flexibility to locate the point of common coupling on the load side of the customer's existing service is specific to "existing service." The intent of this flexibility is to recognize that existing infrastructure to service the customer load may be sufficient to handle the new generation.³ According to PacifiCorp, this exemption avoids redundant infrastructure where the generation will partially serve onsite load. Since the installation of Petitioners' SPV system requires a new service, the flexibility in the rule, which Petitioners' position relied upon, is not applicable.

However, in consideration of Petitioners' unique circumstances and the substantial incremental cost associated with requiring the interconnection on the utility (higher voltage) side of the transformer, PacifiCorp does not oppose the Commission granting Petitioners' requested waiver subject to the following:

1. The waiver request be granted on a one-time only basis with no precedential consideration to future pilot projects.⁴
2. PacifiCorp be allowed to install a meter on the high voltage side of the transformer to estimate the energy losses that normally occur during the voltage step-up (transformation) process from the secondary (low) level to the primary (high) level. This will enable PacifiCorp to estimate the cost associated with this process, which should be borne by the customer (Petitioners) and not the ratepayers.

The major issue in locating the point of common coupling on the customer's side versus the utility's side of the transformer is the cost of the energy losses that occur during the transformation from secondary to primary voltage. PacifiCorp's position is that ratepayers should not bear the cost of the energy losses and that Petitioners should not be compensated for lost energy. Staff agrees. However, to the extent that PacifiCorp and Petitioners have resolved the issue of calculating the costs of lost energy, Staff encourages PacifiCorp to continue this practice in the future (on a case-by-case basis) when appropriate and to the extent authorized by law.

It does not appear that the language in the current rule necessarily prohibits PacifiCorp from considering the flexibility in the rule for new service installation as it refers to existing service. Where the utility determines that system efficiencies and cost

³ Subject to utility's approval.

⁴ PacifiCorp will continue requiring connection of future competitive bidding SPV systems at the primary voltage.

effectiveness warrant such flexibility and to the extent authorized by law, PacifiCorp could make this determination on a case-by-case basis.⁵

Consistent with the current rule, the determination of the location of the point of common coupling for SPV systems requiring new services should also be subject to utility approval and to the extent authorized by law.

Upon review of the information on file, Staff recommends the Commission allow:

- Petitioners' to connect the SPV system on the load side, i.e. the lower voltage side of the transformer,
- PacifiCorp to install a meter according to the transformer's manufacturer specifications to estimate the lost energy, and
- PacifiCorp to pay Petitioners 100 percent of payable generation net of the costs of the lost energy.

Staff further agrees that the requested waiver be granted on a one-time basis.

PROPOSED COMMISSION MOTION:

Solwatt LLC's request for a waiver of the interconnection requirements under OAR 860-084-0130(2)(b) be granted on a one-time only basis and PacifiCorp be allowed to offset the energy losses from the payable generation.

UM 1538.Solwatt

⁵ See page 4 of PacifiCorp and PGE final comments in Docket No. AR 558: "Adding this language will allow the flexibility to evaluate individual projects to gain efficiencies, while still ensuring that the bulk of interconnections be handled consistent with standard utility practice."