STATE OF IOWA
BEFORE THE IOWA UTILITIES BOARD

IN RE:	)	
	)	**DOCKET NO. NOI-2014-0001**
DISTRIBUTED GENERATION	)	
	)	
	)	**REPLY TO NOVEMBER 6, 2015**
	)	**COMMENTS**
	)	

The Environmental Law & Policy Center (ELPC), Iowa Environmental Council (IEC), and Interstate Renewable Energy Council, Inc. (IREC), collectively file this Reply to November 6, 2015 Comments pursuant to the Iowa Utilities Board Order Soliciting Additional Comments on October 9, 2015.

There is Broad Consensus to Adopt Pre-application Report and Supplemental Review Language Modeled on the FERC SGIP.

On November 6, 2015, ELPC, IEC, IREC, MidAmerican Energy Company (MidAmerican) and Interstate Power and Light Company (IPL) filed a second round of joint comments that address proposed language for a pre-application report and a supplemental review process. Office of Consumer Advocate (OCA) reiterated its previous support for both the pre-application report and supplemental review process language that had been proposed. The Alliance for Solar Choice (TASC) also provided support for the more detailed pre-application report and supplemental review language. The Iowa Association of Electric Cooperatives (IAEC) made clear that based on IPL's and MidAmerican's support of the pre-application language,

IAEC does not object to including pre-application report language in the rules.[1] IAEC did express concern about the supplemental review language, but based that concern on potential differences between MidAmerican and IPL. Since MidAmerican and IPL support the supplemental review language, IAEC's concern is unsupported. This docket has clearly demonstrated a consensus among Iowa stakeholders, and it is a consensus that mirrors the consensus that has been reached by many more stakeholders through the FERC SGIP update process and in multiple other states. These best practices would make Iowa's interconnection rules work more efficiently and effectively and should be adopted by the Board.

Energy Storage Should Be Addressed in the Interconnection Rules.

As ELPC, IEC, and IREC explained in our earlier comments, it is important that Iowa's interconnection rules provide for the interconnection of energy storage facilities, which will all but certainly be constructed in Iowa in increasing numbers as the technology develops. As the Iowa Office of Consumer Advocate explained in its comments, development of energy storage stands to benefit both utilities and consumers. And as IPL and MidAmerican explained in their comments, ensuring that the rules cover interconnection of energy storage is a matter of ensuring safety and regulated, orderly connection of these facilities to the grid. Accordingly, the Board should adopt rules that accommodate and encourage growth of energy storage.

While we believe this issue could be most simply addressed by changing the definition of "distributed generation facility" to include energy storage facilities, we are not opposed to MidAmerican's proposal that "distributed energy storage" be separately defined. However, if the Board takes the approach of adopting a separate definition for "distributed energy storage

[1] *In re Distributed Generation*, NOI-2014-0001, Responses/Comments of Iowa Association of Electric Cooperatives Concerning Issues Raised During October 6, 2015 Workshop, 7 (filed Nov. 6, 2015).

facility," it is essential that both Chapters 45 and 15 be revised to ensure that anywhere a rule applies to "distributed generation facilities," it also applies to energy storage facilities.

MidAmerican proposed a definition for a "distributed energy storage system" which we generally support with one minor modification. Because there are numerous energy storage technologies in development, including various battery types, flywheels, compressed air storage, and others we recommend a slight modification to the second proposed sentence to ensure that the full spectrum of potential technologies has access to a clear set of review procedures. MidAmerican's proposed definition with our modification follows:

> "Distributed energy storage facility" means a facility used by an interconnection customer to store energy, which can operate in parallel with the electric distribution system and inject energy onto the distribution system. A distributed energy storage facility generally consists of ~~a battery to store energy~~ the storage device (i.e. a battery, flywheel, compressed air turbine, etc.) and the interconnection equipment required to interconnect safely with the electric distribution system or local electric power system.

Regardless of which approach is selected, it is important that the Board make explicit that energy storage facilities fall under the rules' purview—either by including such facilities in the definition of "distributed generation facility" or in a separate definition. Doing so will save Iowa from facing disputes and potential safety or reliability issues that could arise if the rules are ambiguous. Especially in light of the fact that energy storage is going to be an ever-increasing segment of the energy market, the Board should be proactive and craft rules for interconnection that anticipate the continued evolution of the state's energy market to include more energy storage facilities.

Projects that Require Construction but Do Not Fail Any Other Technical Screens Do Not Need Full Study and the No Construction Screen Can Be Replaced with a More Efficient Process.

In our comments in this proceeding we have advocated for removal of the Level 1 through 3 "No Construction Screens" in lieu of a straight forward process that addresses the need to design and determine the costs of any construction identified in application of the initial technical review screens. This approach is being used across the country and provides for a more efficient process that does not force projects unnecessarily into study but also provides the right amount of process for determining what the cost of the upgrades will be. The utilities have indicated in their comments that they would like to retain the No Construction Screen, but they have not provided a single example of when a project would really require a full system impact study if it passes all the other technical screens. IREC's experience in other states has shown that this is purely a hypothetical concern that rarely, if ever, will come to fruition.

The No Construction Screen is a screen in Levels 1, 2, and 3 that does not allow projects to receive expedited review if they would require construction of any facilities by the utility to accommodate the project. The effect of this screen, however, is that a project that passes all the other technical screens may be required to pay for and undergo the full Level 4 study process even though the passage of the screens indicated there are no safety or reliability concerns warranting further system impacts review. The purpose of the technical screens themselves is to identify any potential system impacts. The argument made by the utilities that a project that triggers any sort of upgrade necessarily indicates some potential system impacts ignores many common situations where an upgrade could be required without any impacts further upstream of the facility.

Sending an interconnection request that passes the other technical screens to the full study process is highly inefficient, particularly where the required upgrades are minor, and it demonstrates a lack of appreciation for the robustness of the technical screens. There are many different examples of where a project may need some level of construction, either minor or more significant, but where there is no need to study the entire system before authorizing the upgrade to proceed. The most common example is the construction of a standard interconnection service for a newly located facility. This type of construction may cost a few thousand dollars, but it does not require a full system impact study because it does not change conditions upstream of the facility. Another example may be the replacement of a sole-use transformer that has reached the end of its life, this sort of upgrade could be identified during the supplemental review process. Again, the entire system does not need to be studied for a like-kind replacement, but this is an upgrade that could potentially cost upwards of $10,000. Finally, there are numerous more minor upgrades such as the simple replacement of a fuse, that may have very modest costs, and it would be highly wasteful to require a multi-month study process to address a change of such little significance.

Instead of barring projects requiring any construction, no matter how minor, from expedited treatment, the Board should increase efficiency by removing the No Construction Screen and instead allowing utilities additional time to provide a cost estimate along with an Interconnection Agreement when a utility determines that upgrades are necessary. For generators requiring no construction of facilities, the utility would provide the Interconnection Agreement within five business days after the notification of review results. For generators needing only "Minor System Modifications," the utility would have fifteen business days to develop the cost estimate and provide the Interconnection Agreement. Finally, for generators requiring more

substantial modifications, the utility would have twenty business days to develop the cost estimate and schedule for the upgrades and provide the Interconnection Agreement. Alternately, where substantial modifications are required, the utility can opt to conduct an interconnection facilities study for the project, to be funded by the project applicant.

In their April 7, 2015 and November 6, 2015 comments MidAmerican indicated support for inclusion of a "minor system modifications" exception. We agree that, at a minimum, the Board should include an exception for minor system modifications. However, while inclusion of this exception would improve the process for a small number of projects that need extremely minor upgrades, it will not help the larger category of projects needing new service entrances or other types of equipment that are quite common. While this would be an improvement over the current rules, we think more can be done without compromising system safety or reliability. Just because a necessary system modification is more than "minor" in cost does not mean that it needs a full system impact study. Rather, it simply means that there may need to be more time provided to determine the actual costs of the modification.

For this reason, the Board should instead adopt the tiered approach we presented that allows ample process for the different level of upgrades that could be required. Though the Board asked stakeholders to comment further on this issue, no commenter has provided any evidence that the technical screens will fail to screen out projects that could have impacts to the grid. Indeed, experience in other jurisdictions belies this concern. The procedure we propose in place of the No Construction Screen is becoming a common practice for jurisdictions that are

going through second-generation updates to their interconnection procedures. IREC considers this to be a foundational best practice in 2015.[2]

The experience in these other jurisdictions verifies the effectiveness of replacing the No Construction Screen with the procedure we describe here. For example, California has eliminated the No Construction Screen, and there have been no system issues reported—instead, projects are being interconnected more efficiently. North Carolina also recently adopted revisions to its interconnection rules that eliminated the No Construction Screen.[3] The Commission in Illinois just approved a First Notice Order that removes the No Construction Screen and includes a similar process to what is proposed here.[4] The Board should likewise move ahead with this improvement to Iowa's processes' efficiency, rather than requiring unwarranted study in situations where it can be avoided without impacting safety and reliability. In addition, our proposal is consistent with the treatment of interconnection requests that pass the FERC SGIP Supplemental Review Process.[5] FERC has also approved very similar processes for providing cost estimates in lieu of full study for FERC jurisdictional interconnections in Southern California Edison and Pacific Gas & Electric's territories.[6]

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[2] *See, e.g.*, CA Rule 21 Tariff § F.2.a; Hawaiian Electric Company (HECO) Rule 14H, Appendix III (Interconnection Process Overview), § 1.c; IREC *Model Interconnection Procedures* §§ III.A.5, B.5, D.2.

[3] North Carolina Docket E-100, SUB 101, Order Approving Revised Interconnection Standard (May 15, 2015).

[4] Illinois Commerce Commission Docket 14-0135 (On Nov. 12, 2015 the Commission approved a First Notice Order removing the no construction screen in favor of cost estimates and/or facilities studies).

[5] FERC SGIP § 2.4.5.

[6] 135 FERC ¶ 61,093, at ¶¶ 76-80, 91 (Apr. 29, 2011) ("SoCal Edison further states that the ability of a generating project to pass the first nine fast track screens . . . signifies that the proposed project will have an insignificant effect on the SoCal Edison distribution system, and that SoCal Edison can determine the interconnection requirements necessary to interconnect the project safely and reliably without additional studies. Therefore, according to SoCal Edison, denying fast track approval and, thereby forcing projects to undergo the study process simply

For these reasons, the Board should eliminate the No Construction Screen and adopt the revisions we proposed in Attachment A to our November 6, 2015 comments. If necessary, the Board could consider providing the utilities an option of seeking a waiver to study a project if the unlikely circumstance ever did arise that a project passed all the technical screens but truly triggered an upgrade which would require a system impact study. We think this situation is unlikely to arise with any frequency and thus it would be better handled in this manner rather than requiring studies for all the other projects that do not need one.

Disconnect Device Rules Should Not Go Beyond the Safety Purposes of the Legislation.

We previously noted that regarding the "adjacent to the meter" language for placement of the disconnect device, we support a general standard that can be applied to most typical installations with some flexibility for unique and difficult or expensive situations. The standard should be up to ten feet from the meter in a typical home or small business, and it appears that all stakeholders agree with this first step. However, the rules should allow a longer distance for a large business or farm that can have multiple buildings. We support the approach that IPL suggested, which allows up to thirty feet in such situations as a general standard. We also think that the rules should provide flexibility for some projects to vary from these distances in the limited circumstances described above (e.g., where installation is difficult or expensive). In those limited circumstances, the rules should require a permanent placard on the meter that indicates the location of the disconnect device if it is outside of these distances. We note that

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because they require the construction of some interconnection facilities is an unnecessary burden, in terms of time and money, on interconnection applicants, and on the SoCal Edison study process. SoCal Edison states that unless fast track screen ten is revised, certain generating projects would be excluded from the fast track process simply because they require construction of some facilities to interconnect to the distribution system."); 135 FERC ¶ 61,094, at ¶¶ 10, 27-28 (Apr. 29, 2011).

MidAmerican supported flexibility in the location of the device for large businesses and farms as long as the placard is visible from the meter.

It is important that the remedies in the interconnection rules are related to the purpose of those rules – to safely interconnect distributed generation systems. While the first step to remedy the situation should be to provide written notice to the customer and installer and to provide a reasonable time to correct the deficiency, we think denying interconnection service if the customer fails to comply in a reasonable timeframe is appropriate. MidAmerican suggested denying interconnection while several other stakeholders seem to suggest that denying electric service altogether is an appropriate remedy. Iowa law has a strong policy preference for limiting the situations in which customer service is disconnected.[7] While HF 548 allows the Board to draft rules that include "[p]rocedures for electric utilities to deny or disconnect service for safety reasons to a person who does not comply with rules adopted pursuant to this subsection," it is not clear whether this language refers to 'interconnection service' or 'electric service.' This statutory language must be read in the context of Iowa's policy preference to limit disconnection of service and in the context of the bill's focus on safely interconnecting distributed generation systems. It is a logical interpretation that non-compliance with the interconnection disconnect device rules would be a safety reason to deny only interconnection service. When combined with the policy preference to limit disconnection of electric service, this interpretation that only interconnection service should be denied is even stronger. No party has offered an explanation for how denying electric service altogether would increase safety when safety concerns can be met by simply denying the interconnection or disconnecting the distributed generation system. The remedy for non-compliance should be consistent with the statutory requirement that the

[7] *See* Iowa Code § 476.20 ("Disconnection limited").

remedy be for safety reasons, and it should not be used as a means to punish distributed generation customers. The Board should only allow for denial of interconnection service and not all electric service, and the rules should allow for denial of interconnection service only after notice and an opportunity to correct any deficiency.

Interconnection Fees Should Be Set at an Amount to Encourage Utilities to Improve Their Efficiency and Quality of Service and Account for Iowa's Policy to Encourage Development of Renewable Resources.

We have previously commented on interconnection fees. We believe that interconnection fees should allow the utility to recover its reasonable costs, assuming the utility is acting efficiently to keep costs down. Previously, MidAmerican has submitted cost estimates without substantiation that would result in extremely high costs compared to other utilities. IPL has submitted interconnection costs that we believe are more reasonable, but that fail to account for further efficiencies in the future. As the experience from other states that we have cited in previous comments shows, it is likely that the utilities in Iowa will become more efficient at processing interconnection applications over time.

We believe that it is important that the interconnection fees continue to provide the utilities with an incentive to improve the quality and efficiency of their interconnection process. We do not think Iowa utilities have come close to exhausting their opportunities for efficiency. Based on experience in other states, the interconnection rule changes proposed in this proceeding if implemented properly and as designed will result in increased efficiency when compared to the existing process. We have not seen any interconnection fee proposals that account for the changes proposed in this docket or that look at how the utilities could implement efficiencies that other utilities have successfully incorporated into their process to lower interconnection costs. We continue to recommend the starting point for any increase in fees track national best

practices, therefore we recommend limiting the fee for Level 1 systems to $100.00 to reflect national best practices on fees. This is double the current Level 1 interconnection fee in Iowa.

While we acknowledge that there may be additional room to raise interconnection fees beyond $100.00 to cover reasonable costs, we do not think that there has been sufficient attention given to and data provided about efforts to integrate further efficiencies into the interconnection system. Given Iowa's strong policy preference to encourage alternative energy sources, we think that it is better to have a situation where interconnection fees may be below cost and utilities have a strong incentive to improve efficiency and service than to set interconnection fees too high and remove the incentive for continuous improvement and better service while unnecessarily adding to the cost of distributed renewable systems. We continue to be willing to explore this balance with interested stakeholders, but until we have those conversations and see data accounting for how further efficiencies would impact cost, we think that interconnection fee increases should err on the side of distributed generation consumers, Iowa's existing policy to encourage alternative energy sources, and the fact that utilities with more experience with distributed generation have further reduced costs.

Stakeholders Agree that It is Fair to Maintain Review Order if a Project Needs to Seek a Different Level of Review.

There is broad consensus among the joint commenters, IPL, MidAmerican, OCA, and TASC that an applicant whose application is denied under a Level 1 review should be able to retain review order position. Several commenters noted that the rules are currently silent about when review order is established for a Level 1 review. We think that language clarifying that review order is established when the Level 1 application is complete would address this concern and allow for an applicant to retain its review order position if it seeks another level of review.

There Are Not Specific Examples of Confidentiality Problems that Would Require New Rules to Resolve.

Several commenters raised possible concerns about customer specific information being revealed in situations where there are few customers on a circuit including one large customer. No party cited any specific examples of this occurring in their comments. It is clear that this would be a rare situation. The Board should determine if this situation will come up and what potential information may be revealed before making any rule changes to address a hypothetical situation. Further, any new rules should be narrowly crafted to address such a narrow problem. Finally, a non-participating customer should not have the ability to delay or permanently impede a distributed generation project by refusing to allow the use of needed planning information. There are existing procedures such as confidentiality agreement that are regularly used to protect confidential information. There is no reason that those procedures could not protect customers in this situation.

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Respectfully submitted,

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