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STATE OF ALASKA

THE REGULATORY COMMISSION OF ALASKA

Before Commissioners:

Robert M. Pickett, Chairman
Kate Giard
Paul F. Lisankie
T.W. Patch
Janis W. Wilson

In the Matter of the Consideration of the)
Adoption of Regulations Implementing an)
Interconnection Standard)

R-09-2
ORDER NO. 4

ORDER ADOPTING REGULATIONS

BY THE COMMISSION:

Summary

We adopt the regulations attached to this order as an appendix.

Background

After declining to adopt the specific interconnection standard proposed by the Energy Policy Act of 2005,¹ we opened this rulemaking docket² to consider adopting regulations implementing an interconnection standard that recognizes Alaska conditions, provides uniformity in Alaska electric utility interconnection requirements, and simplifies the interconnection process for small distributed resources.³ We held a

¹Energy Policy Act of 2005, Pub L. No. 109-58, 119 Stat 594 (2005) amending the Public Utility Regulatory Policies Act of 1978 (PURPA), 16 U.S.C. § 2621 *et seq.* The specific standard we declined to adopt is set forth at 16 U.S.C. § 2621(d)(15).

²Order R-06-5(4), *Order Declining to Implement Interconnection and Smart Metering Standards Proposed by the 2005 Energy Policy Act and Scheduling a Workshop*, dated August 8, 2007.

³Order R-06-5(8)/R-09-1(1)/R-09-2(1), *Order Closing Docket, Opening Dockets, Subsuming Applicable Portions of Docket R-06-5 Record into Dockets R-09-1 and R-09-2, Scheduling Technical Conferences, and Requiring Filings*, dated February 6, 2009, at 9.

1 technical conference on March 18, 2009.⁴ We received a joint status report from a
2 group of utility participants at the technical conference,⁵ and also received comments.⁶

3 Commission Staff (Staff) presented a proposal at our July 29, 2009, public
4 meeting, identifying certain federal interconnection standards that should apply and
5 including specific elements of an interconnection requirement.⁷ We held a technical
6 conference to discuss Staff's proposal on interconnection standards.⁸

7 Staff updated us on the progress of this docket and presented proposed
8 draft regulations for consideration at our January 26, 2011, public meeting.⁹ After Staff
9 revised the proposed draft regulations to incorporate comments and suggestions
10 received and to ensure that they were consistent with existing regulations related to
11 interconnection, we issued proposed draft regulations for comment¹⁰ and provided

12 _____
13 ⁴Participants at the technical conference included representatives of Alaska
14 Power Association (APA), Chugach Electric Association, Inc. (Chugach), Golden Valley
15 Electric Association, Inc. (GVEA), Homer Electric Association, Inc., the Interstate
16 Renewable Energy Council, the Municipality of Anchorage d/b/a Municipal Light &
17 Power (ML&P), Matanuska Electric Association, Inc., the State of Alaska, Department of
18 Law's Regulatory Affairs and Public Advocacy section, and TDX Power, Inc. Individuals
19 appearing on their own behalf were N. Daggett, D. Gonce, and P. McKay.

20 ⁵*Joint Status Report of Utility Participants Regarding March 18, 2009, Technical
21 Conference*, filed March 27, 2009. The joint status report reflected the general positions
22 of APA, Chugach, GVEA, and ML&P.

23 ⁶*Golden Valley Electric Association, Inc.'s Comments on the Regulatory
24 Commission of Alaska's Proposals for Interconnection Standards*, filed March 18, 2009;
25 *3/18/2009 Workshop Status Report and Draft Regulations for Interconnection
26 Standards*, filed by Peter McKay, March 27, 2009; *Comments of the Interstate
Renewable Energy Council*, received March 27, 2009; and memorandum from N.
Daggett, received March 31, 2009.

⁷A copy of this proposal, *Docket R-09-02 Interconnection Regulation Straw Man*,
was appended to Order R-09-2(2), *Order Scheduling Technical Conference*, dated
June 11, 2010.

⁸July 12, 2010, Technical Conference.

⁹January 26, 2011, Tr. 3-36.

¹⁰Order R-09-2(3), *Order Inviting Public Comment and Extending Statutory
Deadline*, dated February 4, 2011 (Order R-09-2(3)) at Appendix B.

1 public notice of our intent to consider implementing interconnection standards.¹¹ We
2 also extended the statutory deadline to May 5, 2011.¹² We received comments¹³ and
3 reply comments.¹⁴

4 Staff presented a summary of the comments and Staff's recommendation
5 and revised draft regulations at our April 13, 2011, public meeting, all of which are
6 attached to the order as Appendix A.¹⁵ At the public meeting, we adopted the proposed
7 regulations¹⁶ which are attached to this order as Appendix B.

8 Discussion

9 The proposed interconnection regulations require each electric utility
10 subject to the net metering requirements contained in 3 AAC 50.900 to submit a revised
11 tariff containing interconnection rules. Under the proposed regulations interconnection
12 rules must be based on nationally-recognized standards and must integrate reasonable
13 insurance requirements, provide for safe disconnection, allocate the costs of
14 disconnection switches, and provide an application form for use by eligible consumer
15 generation systems.

16 In general, the comments we received regarding the proposed regulations
17 support adoption of the regulations. We received no comments that opposed the
18 adoption of the proposed regulations, but did receive comments regarding the wording

19 ¹¹See *Notice of Proposed Changes in the Regulations of the Regulatory*
20 *Commission of Alaska*, dated February 4, 2011.

21 ¹²Order R-09-2(3) at 3.

22 ¹³Comments were received from P. McKay; R.L. Seitz, PE; P. Lavin of the
23 National Wildlife Federation; K. Strailey of the Alaska Center for the Environment; A.
24 Baker PE of YourCleanEnergy LLC; APA; and GVEA.

24 ¹⁴Reply Comments were received from P. McKay and APA.

25 ¹⁵*R-09-02 - Interconnection Regulations Summary of Comments and Staff*
Recommendation, presented April 13, 2011.

26 ¹⁶Tr. 66-78.

1 of some of the sections which we reviewed and used where appropriate as the basis for
2 amending the proposed rules to add clarity and accuracy.

3 3 AAC 50.940. Interconnection of eligible consumer generation systems

4 This section sets forth the manner in which each electric utility which
5 provides net metering services will be required to submit a tariff revision to incorporate
6 interconnection rules for eligible consumer generation systems.

7 Section 3 AAC 50.940(a)(1) allows the utility to require that
8 interconnecting customers have liability insurance, provided the coverage is readily
9 available and reasonably priced. The record in this docket indicates that most
10 homeowner policies would provide conforming coverage, but because insurance
11 contracts are not uniform and can change over time, we do not find it appropriate to
12 prescribe detailed insurance requirements in regulations.¹⁷ The final regulation is
13 unchanged from the proposed regulation.

14 Section 3 AAC 50.940(a)(2) requires that each utility's rules address the
15 manner of isolating the utility's distribution system from the output of the customer-
16 owned generation source, which is of particular importance during power outages or
17 occasions when utility crews are working on the lines. In response to comments
18 received, we have added a second option for the customer.¹⁸ Under the final proposed
19 regulations, the customer may opt for either installing an external disconnect switch or
20 for allowing the utility to disconnect the customer's load, including customer generation,
21 when disconnection is necessary. We also have added the option for a utility to
22 determine that additional disconnection capability is not necessary.

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25 ¹⁷Appendix A at 2-4.

26 ¹⁸*Id.* at 4-6.

1 Section 3 AAC 50.940(a)(3) requires the utility tariff to include rules for the
2 allocation of the cost of the external disconnect switch. Some commenters expressed
3 concern about the cost of the switch, but the record indicates that the cost is less than
4 \$100. We have also addressed the cost concern by providing customers the option of
5 allowing the utility to disconnect the customer's generator from the customer's load
6 rather than installing an external disconnect switch.¹⁹

7 Section 3 AAC 50.940(a)(4) requires the utility tariff to include a customer
8 interconnection application form that does not exceed 2 pages in length. One
9 commenter suggested including a form in our regulations that all utilities would be
10 required to use based on forms in use in other states. We decline to adopt, at this time,
11 a comprehensive form of interconnection agreement applicable to all electric utilities.
12 To date, there is no evidence that utilities have used unreasonable interconnection
13 agreement forms to discourage the development of customer-owned generation. A
14 single form may not meet the needs of each utility and its customers when their
15 particular local needs may be different. Further, the record in this docket does not
16 significantly develop either the merits calling for, or the content of, a standard form.²⁰
17 We will review each utility's tariff filing made in compliance with these new
18 interconnection regulations to insure that each utility's tariffed interconnection rules and
19 application form is reasonable. For these reasons, the final regulation is unchanged
20 from the proposed regulation.

21 Section 3 AAC 50.940(a)(5) requires the utility interconnection tariffs to be
22 based on national standards. We are not incorporating specific national standards into
23 our rules, but may refer to them in judging the reasonableness of utility tariff filings.²¹

24 ¹⁹Appendix A at 4-7.

25 ²⁰*Id.* at 5-6.

26 ²¹*Id.* at 7-8.

1 No commenters opposed this section, and the final regulations are unchanged from the
2 proposed regulations.

3 3 AAC 50.949. Definitions

4 This section defines the term “external disconnect switch.” In response to
5 comments, we have modified the language to enhance its clarity and accuracy.²²

6 Final Order

7 This order constitutes the final decision in this docket. This decision may
8 be appealed within thirty days of the date of this order in accordance with
9 AS 22.10.020(d) and the Alaska Rules of Court, Rule of Appellate Procedure
10 (Ak. R. App. P.) 602(a)(2). In addition to the appellate rights afforded by
11 AS 22.10.020(d), a party has the right to file a petition for reconsideration as permitted
12 by 3 AAC 48.105. If such a petition is filed, the time period for filing an appeal is then
13 calculated under Ak. R. App. P. 602(a)(2).

14 **ORDER**

15 THE COMMISSION FURTHER ORDERS that the interconnection standards regulations
16 set forth and contained in Appendix B are adopted.

17 DATED AND EFFECTIVE at Anchorage, Alaska, this 5th day of May, 2011.

18 BY DIRECTION OF THE COMMISSION



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26 ²²Appendix A at 8-9.