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

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, we opened this rulemaking docket 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. We held a

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,
technical conference on March 18, 2009. 4 We received a joint status report from a
group of utility participants at the technical conference, 5 and also received comments. 6

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

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

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

Conference, filed March 27, 2009. The joint status report reflected the general positions
of APA, Chugach, GVEA, and ML&P.

6 Golden Valley Electric Association, Inc.'s Comments on the Regulatory
Commission of Alaska's Proposals for Interconnection Standards, filed March 18, 2009;
3/18/2009 Workshop Status Report and Draft Regulations for Interconnection
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.

7 A 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.

8 July 12, 2010, Technical Conference.

9 January 26, 2011, Tr. 3-36.

10 Order R-09-2(3), Order Inviting Public Comment and Extending Statutory
Deadline, dated February 4, 2011 (Order R-09-2(3)) at Appendix B.
public notice of our intent to consider implementing interconnection standards.\textsuperscript{11} We also extended the statutory deadline to May 5, 2011.\textsuperscript{12} We received comments\textsuperscript{13} and reply comments.\textsuperscript{14}

Staff presented a summary of the comments and Staff’s recommendation and revised draft regulations at our April 13, 2011, public meeting, all of which are attached to the order as Appendix A.\textsuperscript{15} At the public meeting, we adopted the proposed regulations\textsuperscript{16} which are attached to this order as Appendix B.

\textbf{Discussion}

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

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


\textsuperscript{12}Order R-09-2(3) at 3.

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

\textsuperscript{14}Reply Comments were received from P. McKay and APA.

\textsuperscript{15}R-09-02 - Interconnection Regulations Summary of Comments and Staff Recommendation, presented April 13, 2011.

\textsuperscript{16}Tr. 66-78.
of some of the sections which we reviewed and used where appropriate as the basis for amending the proposed rules to add clarity and accuracy.

3 AAC 50.940. Interconnection of eligible consumer generation systems

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

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

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

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

Section 3 AAC 50.940(a)(4) requires the utility tariff to include a customer interconnection application form that does not exceed 2 pages in length. One commenter suggested including a form in our regulations that all utilities would be required to use based on forms in use in other states. We decline to adopt, at this time, a comprehensive form of interconnection agreement applicable to all electric utilities. To date, there is no evidence that utilities have used unreasonable interconnection agreement forms to discourage the development of customer-owned generation. A single form may not meet the needs of each utility and its customers when their particular local needs may be different. Further, the record in this docket does not significantly develop either the merits calling for, or the content of, a standard form.\(^{20}\)

We will review each utility’s tariff filing made in compliance with these new interconnection regulations to insure that each utility’s tariffed interconnection rules and application form is reasonable. For these reasons, the final regulation is unchanged from the proposed regulation.

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

\(^{19}\)Appendix A at 4-7.

\(^{20}\)Id. at 5-6.

\(^{21}\)Id. at 7-8.
No commenters opposed this section, and the final regulations are unchanged from the proposed regulations.

3 AAC 50.949. Definitions

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

Final Order

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

ORDER

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

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

BY DIRECTION OF THE COMMISSION

22 Appendix A at 8-9.