STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2017-00296

March 23, 2018

MAINE PUBLIC UTILITIES COMMISSION
Amendments to Small Generator
Interconnection Procedures Rule (Chapter 324)

ORDER AMENDING RULE AND FACTUAL AND POLICY BASIS

VANNOY, Chairman; WILLIAMSON and DAVIS, Commissioners

I. SUMMARY

Through this Order, the Commission adopts amendments to the Commission's Small Generator Interconnection Procedures Rule (Chapter 324).

II. BACKGROUND

A. Chapter 324

Chapter 324 of the Commission's Rules establishes procedures for small generator interconnections to transmission and distribution (T&D) systems. It outlines review procedures that T&D utilities shall provide when small generators apply for interconnection with the utility. It was initially adopted by Order on January 4, 2010. *Maine Public Utilities Commission, Small Generator Interconnection Standards*, Docket No. 2009-00219, Order Adopting Rule and Statement of Factual and Policy Basis (Jan. 4, 2010).

Chapter 324 was last amended on August 21, 2013, when the Commission made amendments to specify that the design of generation projects that are greater than 50 kW that fall within the Level 2, Level 3 and Level 4 interconnection procedures must be reviewed and approved by a Licensed Professional Engineer. *Maine Public Utilities Commission, Amendments to Small Generator Interconnection Procedures Rules (Chapter 324)*, Docket No. 2013-00263, Order Adopting Rule and Statement of Factual and Policy Basis (Aug. 21, 2013).

B. 2016 Notice of Rulemaking

On December 12, 2016, the Commission issued a Notice of Rulemaking (the 2016 NOR), proposing amendments to Chapter 324. *Maine Public Utilities Commission, Amendments to Small Generator Interconnection Procedures Rule (Chapter 324),* Docket No. 2016-000268, Notice of Rulemaking (Dec. 12, 2016). The amendments included defining previously undefined terms, outlining the cost responsibility for Interconnection Facilities and Distribution Upgrades, increasing interconnection fees, and minor grammatical changes. Additionally, the 2016 NOR requested comments from parties on various issues relating to Chapter 324.

Comments were received from Central Maine Power Company (CMP), Emera Maine, Madison Electric Works, Dirigo Solar LLC (Dirigo), and ReVision Energy (ReVision). The amendments proposed in the 2016 NOR were not approved, due to the need for further process based on the received comments.

C. Current Rulemaking

On November 14, 2017, the Commission issued an NOR and proposed rule. The proposed amendments in the NOR incorporated comments received in the 2016 NOR. Consistent with rulemaking procedures, the Commission held a public hearing on December 12, 2017 and received written comments on the proposed amendments. The Commission received written comments from the following: Emera Maine; CMP; Dirigo; ReVision; Insource Renewables (Insource); and the Natural Resources Council of Maine (NRCM).

III. ADOPTED PROVISIONS AND AMENDMENTS

A. Section 1 (Scope)

Section 1 of the amended rule includes language more broadly stating the overall scope of Chapter 324.

B. Section 2 (Definitions)

Section 2 provides definitions for terms contained in Chapter 324. The rule amends Section 2 to now define “Distribution Upgrades” and “Interconnection Facilities.” In its comments, ReVision states that the definitions for “Interconnection Facilities” and “Distribution Upgrades” are ambiguous and unclear. ReVision suggests that the Commission clarify precisely where one ends and the other begins, though it has not provide suggested language. The Commission notes that the “Distribution Upgrades” definition specifies that the location of such upgrades is “at or beyond the Point of Common Coupling.” Additionally, because the amended definitions are consistent with those used by FERC and ISO-NE, the Commission declines to adjust the definitions from those proposed in the NOR.

For consistency, the term “Point of Interconnection” has been removed and replaced with the defined term “Point of Common Coupling.” The rule also now includes definitions for the following terms:

- Distribution System
- Load-Flow Study
- Short-Circuit Study
- Circuit Protection and Coordination Study
- Impact on System Operation
- Stability Study
- Voltage-Collapse Study

- Facilities Study
- Substantial System Modifications
- Generating Capacity
- Pre-Application Report

The full names for the abbreviations DEP and LURC are also now specified in the rule as the Department of Environmental Protection and the Land Use Protection Commission.[1]

The definition for "Minor System Modifications" has also now been amended to more accurately reflect the type and amount of work which should be viewed as minor.

C. Section 3 (Cost Responsibility)

The newly adopted Section 3 determines the cost responsibilities of the generator and the T&D utility regarding Interconnection Facilities and Distribution Upgrades, including actual construction costs and operations and maintenance expenses. As noted in the NOR, the Commission confirms Emera's interpretation of the rule, which it described in comments in response to the 2016 NOR, in that it allows a utility the flexibility to find that an upgrade may benefit multiple customers and that ratepayers should share the cost. Additionally, Section 3 does not preclude a utility from determining the appropriate duration of incremental O&M expense payments by interconnection customers.

D. Section 4 (Standard Forms)

Section 4 describes the standard form agreement to be used in an application for interconnection. Section 4 has been amended to make clear that deviation from the standard form approved shall be submitted to the Commission for approval by the Director of Electric and Gas Utility Industries.

Section 4 now requires that utilities allow electronic signatures to be used for interconnection applications. Electronic signatures shall be in conformance with the Uniform Electronic Signature Act (10 M.R.S., Chapter 1051) and the Maine Digital Signature Act (10 M.R.S. Chapter 1053).

Amendments to the standard form agreement will be addressed following adoption of the rule.

[1] The prior rule referenced the term "EPS." This was a typo from a previous rulemaking, and has been amended to say "EDS," which is an abbreviation for Electric Delivery Systems, which is already defined in the rule.

E. Section 5 (Standards for Certification of Equipment)

Section 5 sets forth the codes and standards with which a generator must comply in order to be considered "certified" under Chapter 324. The NOR noted that in response to the 2016 NOR, CMP had suggested that in addition to requiring that generators comply with IEEE 1547 and UL 1741 codes for certification, compliance with UL 1703, which is applicable to solar PV panels, should also be required. The NOR stated that inclusion of UL 1703 would not be appropriate and is unnecessary to include because it is specific to solar. In its comments to the NOR, CMP reiterated its belief that UL 1703 should be adopted by the Commission to assure that the solar panels being used are in compliance with applicable safety codes. The adopted rule does not include reference to UL 1703 for the reasons stated in the NOR and in recognition that the IREC model[2] does not contain such language.

F. Section 7 (Pre-Application Report)

The newly added Section 7 allows applicants developing projects 500 kW and greater to request a Pre-Application Report from the utility prior to submitting an interconnection application. A Pre-Application Report is meant to reduce unnecessary interconnection applications by providing information about system conditions at a proposed Point of Common Coupling. ReVision, Insource, and NRCM recommend that a Pre-Application Report provision similar to that in the IREC model be included in the amended rule. Emera does not object to a Pre-Application Report, but recommends that utilities be allowed fifteen days to provide the report, rather than ten days as proscribed in the IREC model. CMP opposes a Pre-Application Report, stating that the $300 fee will not cover the cost of the process. Additionally, CMP argues that the Pre-Application Report process is unnecessary and will increase the burden on utilities, as it is possible that project developers may file a very large number of Pre-Application Report requests in order to seek out the lowest cost interconnection costs of many potential project locations.

While CMP argues that the Pre-Application Report process will burden the utility, the IREC model points out that a structured Pre-Application Report can reduce unnecessary interconnection applications. As Insource noted in its comments, IREC has stated in its publication, *Priority Considerations for Interconnection Standards: A Quick Reference Guide for Utility Regulators*, that "the pre-application report is intended to require limited effort from the utility and, in most cases, relies entirely on pre-existing data. Pre-Application reports can be optional or mandatory for all or some subset of projects, such as larger projects expected to have greater system impacts."

In this instance, the amended rule requires that only pre-existing data be provided if available, and does not obligate the utility to conduct a study or other

[2] In 2013, the Interstate Renewable Energy Council (IREC), released Model Interconnection Procedures (IREC model) which identifies and synthesizes best practices from around the country for interconnection procedures.

analysis of the proposed project in the event that data is not available. Additionally, while CMP argues that developers may submit multiple requests to seek out the lowest cost point of common coupling, the Pre-Application Report process is meant to prevent developers from submitting multiple applications, which are more expensive and complex than Pre-Application Reports. The amended rule provides that utilities shall have fifteen days to provide the reports.

G. Section 8 (General Screening Criteria)

Section 8 lists the general screening criteria for all generators. In the amended rule, the terms that were previously contained in Section 6(J), have been deleted because they are inconsistent with the rest of Chapter 324 in stating that "No construction of facilities by the T&D Utility on its own system shall be required to accommodate the generator."

Section 8(E) states that if the proposed generator will "be interconnected on a single-phase shared secondary, then the aggregate generation capacity on the shared secondary, including the proposed generator, shall not exceed twenty kilovolt-amps (20 kVA)." This section was not amended in the proposed rule. However, ReVision states in its comments that this screen is useless, arbitrary and should be eliminated. The Commission declines to amend this screen as it is currently consistent with the IREC model.

A new subsection 8(J) has been added to provide that the "per kW" portion of any application fee shall be credited against any study or other interconnection costs required to be paid by the interconnection customer. This provision is described further below.

H. Section 10 (Level 1 Screening)

Section 10 addresses the level 1 screening process and is currently applicable to facilities with a power rating of 10 kW or less. ReVision and Insource recommend that the Level 1 threshold be increased to at least 25 kW or less. Insource states that the information requested in Level 2 applications is extraneous for small generators of 25 kW or less. ReVision argues that a 15 kW residential or small commercial system has far more in common with a 9 kW system than it does a larger generator. ReVision suggests that Level 1 should be raised to 50 kW.

Emera states that it does not oppose increasing the Level 1 threshold to 25 kW. While CMP expressed opposition to increasing the Level 1 threshold at the public hearing, no evidence has been provided to the Commission to suggest that facilities with a power rating of 11 kW to 25 kW require a more extensive process to evaluate than a 10 kW facility. Additionally, the IREC model sets the Level 1 threshold at 25 kW. In the amended rule, Level 1 applies to facilities with a power rating of 25 kW or less.

I. Sections 10, 11, 12, and 13

1. Execution of Interconnection Agreements

Sections 10, 11, 12 and 13 describe the screening criteria for Levels 1, 2, 3, and 4, respectively. Previously, Levels 1, 2 and 3 specified that a T&D utility should send a customer a "partially executed interconnection agreement" for signature by the customer. In contrast, Level 4 specified that the T&D utility should send a customer an "executable Interconnection Agreement." In the amended rule, the language in sections 10, 11, and 12 has been amended to mirror that of section 13. In its comments, ReVision states that amending Levels 1, 2 and 3 is an "additional step" that will only cause further delay in the process and that the "existing system of making the utility to execute first works fine and is clearly more efficient." However, the purpose of the change to Levels 1, 2, and 3 is to make those levels consistent with Level 4. Additionally, while ReVision states that the existing language is currently working, CMP noted in its comments to the 2016 NOR that reference to the "partially executed Interconnection Agreement" leaves the utility in a position of not knowing if or when a customer-generator has executed the applicable interconnection agreement. Additionally, the amended language is consistent with the IREC model rule.

2. Application Fees

Sections 10, 11, 12 and 13 list application fees for all interconnection levels. In the proposed rule, interconnection application fees were adjusted at all levels. The Level 1 application fee was increased from $50 to $100. The Level 2 application fee was increased from $50, plus $1 per kW of generating capacity to $100, plus $2 per kW of generating capacity. The Level 3 application fee was increased from $100, plus $1.50 per kW of generating capacity to $100, plus $3 per kW of generating capacity. The Level 4 application fee was increased from $100, plus $4 per kW of generating capacity to $100.

In written comments and at the public hearing, ReVision, Dirigo, Insource, and NRCM all recommended that the Level 4 application fee be capped at $2,000, consistent with the IREC model. In its comments, Emera states that it does not oppose a cap on the Level 4 fee. CMP states that it recognizes that doubling the fee for larger proposed facilities may impose an increased burden on developers of such facilities. CMP states that for such facilities, it would be willing to support a more modest increase, such as a 20% increase to account for inflation since the adoption of Chapter 324 in 2010. Additionally, CMP states that it would not be opposed to amending Chapter 324 to state that the "per kW" portion of any application fee would be credited against any study or other interconnection costs required to be paid by the interconnection customer.

The amended rule adopts the increased application fees at all levels to more closely match the IREC model. The adopted rule also includes a cap of $2,000 at the Level 4 level to match the IREC model and prevent the possibility of a developer being

required to pay an exorbitant fee that does not match the actual cost of the application process. Additionally, a provision has been added to Section 8, General Screening Criteria, to provide that the "per kW" portion of any application fee shall be credited against any study or other interconnection costs required to be paid by the interconnection customer.

3. Inactive Applicants

The NOR requested that parties comment on what an appropriate time-period would be for generator applicants to be considered inactive and subsequently removed from the queue. In response to the 2016 NOR, Emera had identified inactive applications as an issue it experienced, while CMP stated that it had no applications at the time that it considered inactive. In comments to the NOR, Emera suggested that applicants be removed from the interconnection queue after 6 months of inactivity, while CMP recommended a 90-day period. Because Emera has identified this as an issue it has experienced, the Commission has amended Section 13(D) to adopt Emera's 6-month time period.

J. Section 14

Section 14(L) addresses the utility's rights to inspect and disconnect a customer-generator if it is not in compliance with the requirements of IEEE Standard 1547 or UL 1741. Section 14(L) has been amended to include language explicitly addressing the utility's rights regarding non-compliance not only before interconnection approval, but also when a customer-generator has interconnected without receiving approval.

In its comments, Emera states that while it approves of the amended language, it notes that there may be instances when the utility is unable to access a facility to disconnect. Emera suggests that one option might be to allow the utility to disconnect a customer's retail service after a certain period of time and after notice has been provided. Emera notes that this may implicate Chapter 815, which governs customer disconnections, and that Chapter 815 may need to be amended at some point in the future to address this issue.

The Commission is not including such a provision in Chapter 324, which is the rule that governs generation interconnections. However, the Commission would entertain such a remedy at the request of the utility on a case-by-case basis.

H. Timing

In comments and at the public hearing, Insource noted the lack of defined timeframes in Chapter 324 for completing upgrades or other work necessary before a facility can be interconnected. Insource also expressed concern regarding the length of time it can take for applicants that have failed a screen and require an upgrade to receive costs and other information from the utilities. In its final comments, Emera Maine states that it does not believe the current process is slow or unwieldy, but does

not object to defining reasonable service deadlines. Emera Maine noted, however, that some upgrades may require easements or pole permits, and therefore require additional time for processing. Additionally, Emera Maine noted that weather can cause delays and believes that any deadline will require flexibility to account for issues outside the utility's control. Insource also noted in its comments at the public hearing that issues like weather may require that utilities request waivers on a case-by-case basis. The Commission is hesitant at this time to establish firm deadlines in the rule without further process and input on this particular issue. However, the Commission does note that utilities are expected to process applications and upgrades in a timely manner. In the event an applicant is experiencing undue delay, the Commission will consider reviewing such situations on a case-by-case basis if requested by the applicant. The Commission expects that a detailed explanation and history of communication between the applicant and the utility would accompany such requests.

IV. ORDERING PARAGRAPHS

In light of the foregoing, the Commission

ORDERS

1. That the amendments to Chapter 324, are hereby adopted;

2. That the Administrative Director shall notify the following of the final adoption of the attached rule:

   a. All transmission and distribution utilities in the state;

   b. All persons who have filed with the Commission within the past year a written request for notice of rulemakings; and

   c. All persons who commented in this rulemaking, Docket 2017-00296.

3. That the Administrative Director shall provide copies of the Notice of Rulemaking and attached proposed rule to:

   a. The Secretary of State for publication in accordance with 5 M.R.S. § 8053(5); and

   b. Executive Director of the Legislative Council, 115 State House Station, Augusta, Maine 04333-0115.

Dated at Hallowell, Maine, this 23rd day of March, 2018.

BY ORDER OF THE COMMISSION

/s/ Harry Lanphear
Harry Lanphear
Administrative Director

COMMISSIONERS VOTING FOR: Vannoy
Williamson
Davis