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July 24, 15

Steve M. Olea
Director, Utilities Division
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

Arizona Corporation Commission
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AZ CORP COMMISSION
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Re: Docket RE-00000A-07-0609
Request for Comments on Proposed DG Interconnection Rules

Reference: Memorandum from Steve M. Olea dated June 26, 2015

Dear Mr. Olea:

ARISEIA appreciates the effort by the Arizona Corporation Commission to establish interconnection rules for distributed generation and offer our comments. While the distributed generation markets have been very active in Arizona for several years, we believe that there are opportunities to ensure more good projects can proceed and at a lower cost to customers.

We support most of the requirements and policies in this document unless specifically addressed below. We agree with the policy in R14-2-2604.A regarding the customer having the right to interconnect a DG system and to expect prompt, reasonable and professional responses from the utility. We agree that having no requirement for liability insurance from a customer is appropriate and leads to simplified interconnections, recognizing that most customers owning property will have coverage.

We note that this document still requires individual utilities to submit their own interconnection manuals (e.g. R14-2-2601.22). Based on current utility requirements that lead to the imposition of excess equipment in some cases, we believe the Commission should expand this document to include a model interconnection manual based on utility and stakeholder input. Despite the policy in R14-2-2614 about utilities not being allowed to impose additional controls, that is happening in Arizona today. Also, we have noticed variations in comments about signage depending on the reviewer, which could be reduced with more uniform specifications.

We also believe that there should be an explicit provision in the rules for customers to submit complaints to the Commission about issues arising under these rules. This would be particularly critical if the rules do not get expanded to include a model interconnection manual as we requested above. This would allow greater feedback for the Commission on the performance of utilities in meeting these requirements. Projects that utilities determine do not fall in track 1 or 2 are particularly impacted and may benefit from Commission oversight. If this procedure had already been in place, it could have already eliminated unduly costly requirements utilities have imposed in the past.

With regard to your question of the need for the specific system disconnect switch, we would note that this is a second disconnect switch, as there is already a breaker at the point of common coupling or nearby to satisfy electric codes. Facility maintenance work routinely requires locking out and tagging circuits while a facility is energized without the need for such an elaborate and expensive redundant device as has been specified for solar systems. We support the elimination of the redundant disconnect for Track 1 and 2 systems.

For proposed systems not qualifying for Tracks 1 or 2, the uncertainty in project development cost and schedules rises dramatically when utility studies are done and the potential for utility system modifications is included. We believe it is critical to define the screens in R14-2-2617 appropriately, including for the expectation of high penetration of DG. We question the proposed limits in R14-2-2617A and B concerning percent of peak loads and minimum daytime loads and suggest they be increased, especially for lines that may be dedicated to a single customer. We agree with your comment in the cover letter that a supplemental review could be added to examine this single criteria and the system's ability to meet the necessary parameters without a full Track 3 treatment. We have observed that the screen R14-2-2617 limiting shared single phase circuit DG systems to 10 kW has unnecessarily resulted in downsizing or disqualification of good projects. We believe that if the utility allows customers to share a transformer, which is the norm for residential systems, other screens are sufficient and an arbitrary 10 kW limitation should be eliminated.

For systems connected to a spot network, section R14-2-2621 makes these systems impractical or small. A 10 kW limit on a high rise building severely limits self-generation options. The declining cost of solar modules could make building glass systems viable, resulting in large system opportunities if rules make them practical. Though a small market in Arizona today, if the use of this configuration in utility distribution systems will expand or as the new applications become financially viable, the specific interconnection requirements become even more important to address.

Several provisions address customer time limits during steps of the interconnection process. We believe in most cases these should be eliminated as this document defines utility performance expectations. While there was a legitimate need to included time limits on incentive based projects to prevent phantom projects from falsely reserving funds, that consideration doesn't belong in the interconnection rules. The time limits for construction in R14-2-2618.C.4.c and 2619.C.5.c should definitely be eliminated. The time limit of R14-

2-2619.D is another example. The section should state that a customer may resubmit the application without penalty if there is a legitimate administrative need to enforce customer time limits on document submissions

The timeliness of utility system approval is a source of frustration to customers as completed systems approved by permit inspectors should not have to sit idle. We note that some utilities in the country have chosen to forgo inspecting residential solar electric systems at all and were satisfied with permit inspections in lieu of their own. Utilities should be required to schedule inspection visits without making the local Authority Having Jurisdiction's approval a prerequisite for making the request. The time limits for responding in R14-2-2618.C.5 and 2619.C.6 are too long unless the requesting criteria can be modified as per above. The re-inspection response time for Track 2 systems of 12 days in section R14-2-2619.C.8.a should be reduced to 2 days, which is what cities typically do. Also, the document should clarify that the submission of as-built documents does not delay the permission to operate but failure to meet the 12 day time allotment can result in suspension of operation until cured.

Section R14-2-2615 on disconnection of systems should clarify that the utility may not disconnect a previously authorized system due to the termination of an Interconnection Agreement when a customer is selling property without a grace period for a new owner to sign a new agreement. Even better, the section should provide for an assignment of an Interconnection Agreement to the new owner. Section 2615.A.5 should clarify that a lack of agreement execution <u>by the customer</u>, not the utility, is the criteria for refusing to interconnect.

Sections R14-2-2618.C.7.b and 2619.C.7.b provide for the termination of electric service for operating a system in parallel without utility permission. This document should recognize the need for preoperational testing without penalty for Track 1 or 2 systems. Also, termination of electric service on top of penalties that a city may impose is too harsh since a system may be left on for reasons that may not even be the fault of the customer. Perhaps a one week lockout of a system is a more appropriate penalty. Termination implies a permanent penalty.

The document should state that the utility studies performed under section R14-2-2620 should be required to result in reports delivered to customers detailing each analysis.

ARISEIA will accept service under this docket electronically via mark.holohan@wilsonelectric.net.

Best regards,

Mark Holohan

Mark Holohan
President