

The logo for The Alliance for Industrial Efficiency features the text "The Alliance for" in a large, blue, sans-serif font, with "Industrial Efficiency" below it in a similar font. To the left of the text is a stylized graphic of three overlapping, light blue rectangular shapes that resemble a modern building or a series of steps. A thick blue horizontal bar runs across the top of the page, partially overlapping the logo's top line.

The Alliance for Industrial Efficiency

July 24, 2015

Arizona Corporation Commission
Docket Control Center
1200 West Washington
Phoenix, AZ 85007-2996

IN RE: Docket Number RE-00000A-07-0609, In the Matter of the Notice of Proposed Rulemaking Regarding Interconnection of Distributed Generation Facilities

Dear Chairman Stump, Commissioners Forsee, Little, Smith, and Burns

I am writing on behalf of the Alliance for Industrial Efficiency, a diverse coalition including representatives from the business, environmental, labor and contractor communities, to voice our concerns about the proposed interconnection standards for distributed generation facilities. Our national membership includes more than two-dozen electrical and sheet metal contractors in Arizona. We are committed to enhancing manufacturing competitiveness and improving electric reliability through the greater use of combined heat and power (CHP) and waste heat to power (WHP). While these systems can be designed to operate independent of the grid, facilities need to interconnect to provide supplemental or back-up power. We want to ensure that the adopted standards assist rather than deter these projects.

Interconnection standards should provide clear and uniform processes and technical requirements to safely connect new distributed resources, like CHP, to the grid. Distributed energy projects will be discouraged absent consistent standards that explicitly detail the parameters and procedures for connecting to the grid. We appreciate the Commission's effort to establish consistent interconnection standards, and we offer four recommendations to improve the proposal.

First, well-established models for interconnection standards exist, such as the 2013 IREC model and the FERC interconnection standards. These "best practices" should be given considerable weight by the Commission because they were developed with high penetration conditions in mind, similar to what Arizona is likely to see. The Commission first began to develop its interconnection standards in 2005 and we are concerned that they do not include all of the best practices in standardized interconnection rules that were developed since that date.

Second, the 15 percent of peak load screen (R14-2-2617, Screen A) is unnecessarily conservative and retention of this screen will likely require a significant number of projects to undergo a full study of peak

load system requirements. This is a waste of utility and CHP project developers' resources. This requirement will cause a backlog in the study process and delay project deployment. A proposed solution was reached in high penetration states, and accepted by FERC, which was to keep the 15 percent peak load screen in the initial review, but to expand the supplemental review process to allow projects up to 100 percent of minimum load. This approach allows for a greater number of projects to interconnect without full study at higher penetrations, but also gives the utility a bit more time to evaluate any safety, reliability and power quality concerns that may arise at those higher penetrations. This is what IREC considers to be the best practice and is working well in the states that have adopted it.

Third, the Commission should consider expanding these rules to systems above 10 MW—at least up to 20 MW as in the FERC small generator interconnection procedures.

Finally, we believe that it is crucial that any proposed interconnection standard have a dispute resolution clause. This approach is included in many other states' interconnection standards and allows all parties to know exactly what the process is for arbitrating disputes between utilities and project developers. We believe that it is better for everyone if there is a clear path to resolving potential disputes. Arizona has almost 2000 MW of CHP technical potential and up-to-date, clear, and standardized interconnection procedures are a necessary step to realizing that potential.

In conclusion, the Alliance for Industrial Efficiency believes that clear, standardized interconnection procedures are crucial to facilitating CHP and other distributed generation resources in Arizona. We are grateful that the Commission is undertaking steps to adopt such standards for Arizona; however, recommend several modest improvements to the proposal to ensure that it does not discourage deployment.

Sincerely,

A handwritten signature in black ink, appearing to read "Jennifer Kefer". The signature is fluid and cursive, written in a professional style.

Jennifer Kefer, Director
Alliance for Industrial Efficiency