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SECRETARY'S BUREAU
PA PUC

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

VIA HAND DELIVERY

Re: Proposed Rulemaking Re Interconnection Standards for Customer Generators Pursuant to Section 5 of the Alternative Energy Portfolio Standards Act, 73 Pa. C.S. § 1648.5; and Implementation of the Alternative Energy Portfolio Standards Act: Interconnection Standards, Docket No. M-00051865

Dear Secretary McNulty:

On November 16, 2005, the Pennsylvania Public Utility Commission ("PUC" or "Commission") entered a Proposed Rulemaking Order in the above-referenced proceeding seeking comments from parties on the proposed regulations governing interconnection for customer generators, as required under the Alternative Energy Portfolio Standards Act of 2004 ("AEPS").

The Industrial Energy Consumers of Pennsylvania, the Met-Ed Industrial Users Group, the Penelec Industrial Customer Alliance, the Philadelphia Area Industrial Energy Users Group, the PP&L Industrial Customer Alliance, and the West Penn Power Industrial Intervenors ("IECPA, et al.") submit this Letter in Lieu of Comments to respond to two specific issues set forth in the Order.

First, IECPA, et al., supports the PUC's decision to develop the proposed regulations using the Mid-Atlantic Distributed Resource Initiative ("MADRI") stakeholder process, as MADRI developed its model recognizing the rules and circumstances existing in states within the PJM Interconnection, LLC ("PJM") footprint. See Order, pp. 3-5. In addition, the Commission correctly provides interconnection standards that are consistent with the rules in place in jurisdictions within the transmission zones of Regional Transmission Organizations ("RTOs") serving Pennsylvania. Id. Because customer generators located in other states, but within the footprints of PJM and the Midwest Independent System Operator ("MISO"), may be eligible for Alternative Energy Credits ("AECs") under AEPS, affording such compatibility is appropriate and necessary.

In order to continue to adhere to these appropriate philosophies, the Commission must further confirm the reasonableness of these proposed rules by ensuring that any final regulations comply with the actual rules and regulations of PJM and MISO, in addition to the MADRI model and the provisions of surrounding states. Taking this additional step will provide adequate assurances to customer generators within the Commonwealth that implementation of interconnection rules maintains compliance with the applicable RTO's rules, as well as the regulations of Pennsylvania and neighboring states.

Second, in the PUC's initial review, the scope of these regulations was limited to residential and small commercial customers. Because of concern that such a narrow construct would exclude agricultural customers who would otherwise be considered "customer generators," the PUC's Order applies interconnection regulations to customer generators, as defined under AEPS.¹ Based upon this definition, the interconnection regulations generally apply to generator facilities with nameplate capacity equal to or less than 2 MW. IECPA, *et al.*, does not disagree with this application; however, the Commission must ensure that larger commercial and industrial customers with nameplate capacity over 2 MW are not adversely affected by the regulations. In other words, the Commission must ensure that the proposed regulations do not invalidate agreements entered into between larger customers (*i.e.*, those with generators over 2 MW) and any Electric Distribution Companies ("EDCs") or RTOs. Because these customers have experience with respect to such interconnection issues, they should be permitted to negotiate bilateral interconnection agreements without being adversely affected by the proposed regulations, which are meant to apply only to smaller customers (*e.g.*, residential and small commercial customers).

IECPA, *et al.*, is submitting an original and fifteen (15) copies of this Letter in Lieu of Comments to the PUC. Please date stamp the extra copy of this letter and return it for our files. If you have any questions, please contact the undersigned. Thank you.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By



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of Pennsylvania, the Met-Ed Industrial Users Group,
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- c: Mr. Greg Shawley, Bureau of CEEP (via hand delivery)
Mr. H. Kirk House, Office of Special Assistants (via hand delivery)
Carrie Sheriff, Executive Secretary, CEEP (via e-mail)

¹ AEPS defines "customer generator" as a "nonutility owner or operator of a net metered distributed generation system with a nameplate capacity of not greater than 50 kilowatts if installed at a residential service or not larger than 1,000 kilowatts at other customer service locations, except for customers whose systems are above one megawatt and up to two megawatts who make their systems available to operate in parallel with the electric utility during grid emergencies as defined by the regional transmission organization or where a microgrid is in place for the purpose of maintaining critical infrastructure, such as homeland security assignments, emergency service facilities, hospitals, traffic signals, wastewater treatment plants or telecommunications facilities, provided that technical rules for operating generators interconnected with facilities of an electric distribution company, electric cooperative or municipal electric system have been promulgated by the Institute of Electrical and Electronic Engineers and the Pennsylvania Public Utility Commission."