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**ORIGINAL: 2524**

April 26, 2006

Via Fed Ex  
(next-day mail)

James J. McNulty, Secretary  
Pennsylvania Public Utility Commission  
North Office Building, Room 206  
Harrisburg, PA 17105-3265

**RECEIVED**

APR 26 2006

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

**Re: Proposed Rulemaking re: Interconnection Standards for Customer – generators  
Pursuant to Section 5 of the Alternative Energy Portfolio Standards Act,  
73 P.S. § 73 1648.5  
Docket No. L-00050175**

**Implementation of the Alternative Energy Portfolio Standards Act of 2004  
Interconnection Standards  
Docket No. M-00051865**

Dear Mr. McNulty:

Enclosed is an original and 15 copies of PECO Energy Company's Comments for filing in the above referenced matter.

As proof of filing, please return a date-stamped copy of this letter in the enclosed envelope.

Sincerely,



Adrian D. Newall  
Assistant General Counsel

Enclosures

cc: Carrie Sheriff (via e-mail)

INDEPENDENT REGULATORY  
REVIEW COMMISSION

2006 MAY -3 AM 10:16

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**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Proposed Rulemaking Re: Interconnection:  
Standards for Customer-generators :  
pursuant to Section 5 of the :  
Alternative Energy Portfolio Standards :  
Act, 73 P.S. §1648.5 :**

**Docket No. L-00050175**

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**APR 26 2006**

**PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU**

**Implementation of the Alternative :  
Energy Portfolio Standards :  
Act of 2004 :**

**Docket No. M-00051865**

**COMMENTS OF PECO ENERGY COMPANY  
REGARDING PROPOSED RULEMAKING ORDER**

PECO Energy Company ("PECO") hereby submits comments in response to the Pennsylvania Public Utility Commission's ("PUC" or "Commission") *Proposed Rulemaking Order regarding Interconnection Standards for Customer-Generators pursuant to Section 5 of the Alternative Energy Portfolio Standards Act, 73 P.S. § 1648.5*, published in the Pennsylvania Bulletin on February 25, 2006 ("Proposed Rulemaking").

As detailed in the Proposed Rulemaking, the Commission has developed its draft interconnection standards in accordance with the directives of Section 5 of the Alternative Energy Portfolio Standards Act ("AEPS" or "Act"). The standards included in the Proposed Rulemaking have clearly been developed through the stakeholder process and PECO commends the Commission for grappling with these difficult and technical issues.

PECO generally agrees with the Commission's draft interconnection standards. However, PECO maintains that although these issues are technical in nature, potential customer-generators seeking to interconnect to EDC's distribution systems would benefit from simpler guidelines. Some of the standards included in the Proposed Rulemaking may be more complicated than necessary. PECO encourages the Commission to review its draft standards and attempt to simplify the provisions where possible prior to finalizing the interconnection regulations. PECO hereby includes examples of such provisions below.

**I. Comments**

PECO hereby provides its comments on some of the areas requested by the Commission in more detail below. PECO has not included comments on all areas and as stated previously, generally supports the Commission's Proposed Rulemaking in its current form.

**A. Emergency Extensions of Application Review Periods**

The Commission requests comments regarding extending review times for applications during emergency situations. Although such extensions may be necessary during emergency conditions, such as severe storms that would involve almost all utility personnel to restore service to customers, PECO believes that this can be accomplished through a waiver on a case-by-case basis and does not need to be formalized in regulations.

**B. Level 1 Review**

In the Proposed Rulemaking, the Commission has limited the Level 2 review process to inverter-based equipment. PECO agrees that Level 2 review should be limited

to inverter-based equipment due to the fact that this type of equipment typically includes anti-islanding and other protections that allow for easier review of such requests. PECO seeks technical clarification that the Commission also intended to limit Level 1 review to inverter-based equipment as well. Although Level 1 review is limited to this type of equipment in some places in the proposed regulations, it is not handled consistently throughout the document.

**C. Evaluation of Increased Capacity**

The Commission asks for comments on how a request to increase capacity should be evaluated by an EDC. As described in the Proposed Rulemaking, some stakeholders believe that such an increase should be evaluated based on the incremental addition only. Staff contends that in order to ensure system reliability, the interconnection review must be based on the total nameplate capacity of the interconnection facility. PECO agrees with Staff on this point and strongly encourages the Commission to require all interconnection applications to be reviewed upon the total nameplate capacity of the facility. This evaluation is vital to an EDC when determining the relaying necessary to properly protect the EDC's system. Moreover, PECO contends that what must be considered when reviewing an interconnection request is the aggregate generation connection to a line or line segment, not only the nameplate capacity of a single interconnection facility. Evaluating the aggregate generation is the only way to ensure that safety and quality of service of the line is not jeopardized and system reliability is maintained.

**D. Single Point of Interconnection**

The Proposed Rulemaking grants the EDC flexibility in determining whether or not it chooses to interconnect more than one small generator facility at a single point of interconnection in order to minimize costs. The Commission seeks comment on whether or not the final regulations should require the EDC to bear the cost of the single point interconnection. It is not clear to PECO what issue the Commission is attempting to clarify by requesting comments on this topic. PECO agrees that it should be within the EDC's discretion as to whether or not it permits more than one small generator facility to interconnect at a single point. PECO commits to consider this issue and make its decision in accordance with Good Utility Practice. However, whether or not more than one eligible facility is interconnected at a single point of interconnection should not have any bearing on costs and how they are recovered. It is the customer-generator's responsibility to bear the costs of interconnection at any point on the EDC's system. Whether or not the interconnection is located on the same point as other interconnections should not shift cost responsibility.

**E. Level 4 Review**

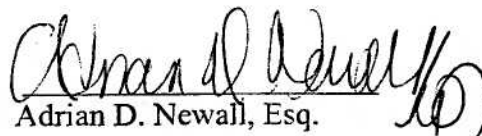
PECO agrees that Level 4 review must be permissive in the Commission's final interconnection regulations and not mandatory in nature. The EDC must maintain the ultimate discretion as to whether or not a study is necessary or whether an interconnection request may be eligible for an expedited review. The EDCs are best suited to make this decision on a case-by-case basis.

## II. Conclusion

Although PECO generally supports the provisions included in the Commission's Proposed Rulemaking, PECO is concerned with the complexity of the screening process detailed in the proposed standards. PECO contends that the interconnection standards and processes should be a resource for all potential customer-generators who are seeking to interconnect with a distribution system in Pennsylvania. PECO believes that the screening provisions could be simplified and made less difficult to navigate while maintaining the necessary protections for both the customer-generators and the EDCs. PECO commits to assist the Commission in its execution of this goal. PECO once again commends the Commission for its thoughtful consideration of these standards, and all other rules affecting the implementation of AEPS.

Dated: April 26, 2006

Respectfully submitted,



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