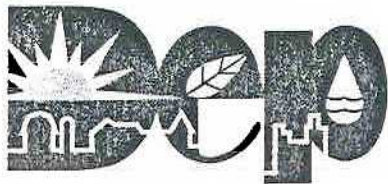


COPY



Pennsylvania Department of Environmental Protection

Rachel Carson State Office Building

P.O. Box 8772

Harrisburg, PA 17105-8772

April 27, 2006

ORIGINAL: 2524

Office of Energy and Technology Deployment

717-783-8411

Commonwealth of Pennsylvania
Secretary's Bureau
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Docket No. L-00050175

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. M-00051865

Implementation of the Alternative Energy Portfolio Standards Act of 2004: Interconnection Standards for Customer-Generators

Dear Secretary McNulty:

On April 25, 2006, under a cover letter dated April 24, 2006, we hand delivered the Department of Environmental Protection's comments on the Proposed Rulemaking Order Regarding Interconnection Standards for Customer-Generators. It has come to our attention that the cover letter and comments contain the wrong Docket number and that the title of our comments incorrectly states that they are for Net Metering. We apologize for these errors and respectfully request that the comments we delivered on April 25, 2006, be placed under Docket No. L-00050175 Alternative Energy Portfolio Standards; Interconnection Standards for Customer-Generators. Thank you for your assistance on this matter.

Sincerely,

Eric Thumma
Director
Bureau of Energy, Innovations, and
Technology Deployment

SECRETARY'S BUREAU

2006 APR 27 PM 1:28
Enclosures

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2006 MAY -3 AM 10:16
INDEPENDENT REGULATORY
REVIEW COMMISSION





Pennsylvania Department of Environmental Protection
Rachel Carson State Office Building
P.O. Box 8772
Harrisburg, PA 17105-8772
April 24, 2006

Office of Energy and
Technology Deployment

717-783-8411

HAND DELIVERED

COPY

Commonwealth of Pennsylvania
Secretary's Bureau
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Docket No. L-00050174

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. M-00051865

Implementation of the Alternative Energy
Portfolio Standards Act of 2004:
Interconnection Standards for Customer-
Generators

Dear Secretary McNulty:

Enclosed please find fifteen (15) copies of the Department of Environmental Protection's comments on the Proposed Rulemaking Order Regarding Interconnection Standards for Customer-Generators Pursuant to Section 5 of the Alternative Energy Portfolio Standards Act of 2004:

Respectfully Submitted,

Eric Thumma
Director
Bureau of Energy, Innovations, and
Technology Deployment

Enclosures



RECEIVED
2006 APR 25 PM 2:59
PA PUC
SECRETARY'S BUREAU

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-00050174

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

Docket No. M-00051865

RECEIVED
APR 25 PM 2:59
PENNSYLVANIA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Comments of the Department of Environmental Protection on Proposed Rulemaking Order Regarding Net Metering for Customer-generators

The Pennsylvania Department of Environmental Protection (DEP) is pleased to offer these comments on the Proposed Rulemaking Order for Interconnection Standards of Customer-generators pursuant to the implementation of the Alternative Energy Portfolio Standards Act of 2004.

DEP is responsible for protecting and improving Pennsylvania's land, air and waterways. In 1995, the Pennsylvania Energy Office was closed and many of its duties, including promoting energy efficiency and alternative energy in the Commonwealth, were transferred to DEP. Gov. Rendell created a specific office within DEP, the Office of Energy and Technology Deployment (OETD), soon after taking office in 2003 to act as the primary point of contact for Commonwealth energy issues. One of OETD's primary goals is to promote economic development by encouraging alternative energy projects. The Pennsylvania General Assembly also charged DEP with implementing the Alternative Energy Portfolio Standards Act (AEPS) in conjunction with the PUC.

DEP's role in implementing AEPS combined with our interest in encouraging the deployment of alternative energy projects makes this Proposed Rulemaking Order particularly important to DEP.

The Department commends the Commission for developing proposed standards that will serve to encourage the development and implementation of alternative energy projects by removing some of the existing barriers.

The Department observes that the Commission requested comments on several specific issues noted in the Discussion section of the Proposed Rulemaking. Therefore, we offer the following comments addressing our concerns with the proposed rules and in response to the Commissions request for comments as noted in the Discussion section of the Order.

Regarding the issue of extending timelines for application review during times when an EDC must reassign employees to respond to emergency situations; we agree with the Commission that these concerns can be addressed on a case-by-case basis, as needed and additional regulation is not needed.

§75.33 We are disappointed that the determination of fees and development of forms has been set aside until a further proceedings. Our concern is that a delay in the establishment of fees and forms could result in delays to the implantation of interconnection and net metering projects. The current regulations and tariffs present significant barriers to alternative energy projects that are being planned, developed or implemented and the proposed rules will greatly improve the economics of these projects. We strongly encourage the Commission to expedite process for developing the fees and forms. As we've stated previously the Department advocates a position that fees for interconnection should be kept to a minimum. We recommend that no fee be charged for Level 1 interconnection requests and that the fees for Level 2, 3 and 3A have a small base

fee coupled with a multiplier based on Small Generator Facility size. The Department supports the stated intent of Commission Staff to recommend adopting the New Jersey fee schedule.

§ 75.34(2) We disagree with the limitation placed on Level 2 applications of being inverter-based interconnection. Such a limitation may unnecessarily extend the review process and increase the application cost of some projects. Although this limitation agrees with the MADRI model we note that it is a departure from the New Jersey regulations and FERC Order 2006. We request that the Commission remove this limitation and adjust the Level 2 review process to allow review of technical problems that other types of equipment may cause.

§ 75.36(9) We note that the Commission has worked to adopt a compromise on the issue of a readily accessible external AC disconnect switch. As noted in our previous comments, we are aware that disconnect switch requirements have resulted in significant costs for some projects and maintain a position against requiring isolation devices on all small generator projects. We can appreciate the proposed isolation device requirement for interconnection equipment that is not certified and not inverter based. However, we question the need for a disconnect switch on Level 1 inverter based interconnections and ask the Commission to reconsider this issue.

§ 75.36(10) Since the Commission has reversed its position on the requirements of an isolation device, we believe that the proposed choice offers an acceptable compromise.

§ 75.37(c)(1-3) We contend that the review time for Level 1 applications is too long and the wording is confusing. It is anticipated that properly completed Level 1 applications will require minimal EDC review time. The Departments asks the Commission consider reducing the proposed review time and suggests the following alternative schedule:

1. Completeness Review, 5 business days
2. Interconnection Review for safety and reliability, 10 business days
3. Witness Test, 10 business days

Shorter review time frames are being used successfully in other states and should be considered.

The proposed rulemaking is silent regarding the issue of indemnification and liability insurance requirements. We recommend that Commission maintain the position of not allowing the EDC's to require insurance and to let the customer-generator determine the appropriate amount and type of insurance needed relative to their generation facility. We also recommend that the interconnection application and interconnection agreement contain language that alerts the potential customer-generator to the liability risks associated with operating an interconnected Small Generator Facility.

We commend the Commission for the work done on this proposed rulemaking and for giving consideration to our comments.