



***Pacific Gas and
Electric Company***

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June 9, 2000

Via E-Mail and U.S. Mail

Kent Smith, Executive Director
California Energy Commission
1516 Ninth Street, MS4
Sacramento, CA 95814-5512

Re: Docket Number 99-DIST-Gen-(2)

Dear Mr. Smith:

Enclosed for filing in the above-referenced Docket are the original and ten (10) copies of
**Comments of Pacific Gas and Electric Company on Draft "Siting Committee
Recommendation Regarding Distributed Generation Interconnection Rules."**

Very truly yours,

Peter Ouborg

PO

Enclosures

STATE OF CALIFORNIA
ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the Matter of:) Docket No. 99-DIST-GEN-(2)
)
Exploring Revisions to Current Interconnection)
Rules Between Investor-owned and)
Publicly-owned Utility Distribution Companies)
And Distributed Generators)
_____)

**COMMENTS OF PACIFIC GAS AND ELECTRIC COMPANY ON DRAFT
"SITING COMMITTEE RECOMMENDATION REGARDING DISTRIBUTED
GENERATION INTERCONNECTION RULES"**

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“SITING COMMITTEE RECOMMENDATION REGARDING DISTRIBUTED
GENERATION INTERCONNECTION RULES”**

Pacific Gas and Electric Company (PG&E) files these comments on the May 31, 2000 draft “Siting Committee Recommendation Regarding Distributed Generation Interconnection Rules” (hereinafter “Draft Recommendation.”) These comments are filed pursuant to the opportunity provided in the June 1, 2000 “Notice of Energy Commission Hearing on Distributed Generation Interconnection Rules” issued by the Energy Facility Siting Committee (Committee) of the California Energy Commission (CEC or Commission).

These comments are supplementary to PG&E’s May 6, 2000 comments filed on the Commission’s Staff Report on distributed generation interconnection rules, issued April 17, 2000. While the Draft Recommendation has incorporated many of PG&E’s comments, others were only partially addressed or were rejected. PG&E reiterates and clarifies those specific comments below and also points out an error in Table 4.1 of the Draft Rule.

1. PG&E Continues To Believe That A Better Course Of Action Than Adopting An Entirely New Rule Would Be To Incorporate Into The Existing UDCs' Rule 21s The Portions Of The Draft Rule That Were Thoroughly Addressed In The Workshops

PG&E continues to recommend that the CEC propose to the California Public Utilities Commission (CPUC) that the utilities amend their existing Rule 21s to incorporate those areas where the workshop reached closure. Referring to the Draft Rule 21 attached to the Draft Recommendation, these are primarily Sections 1, 2, the Initial Review Process (Section 3), and parts of Section 4. On May 15, 2000, PG&E filed with the CEC and served on the parties a "redline" version of its Rule 21 to illustrate how its proposal could be implemented. PG&E is encouraged to see that in the Draft Recommendation the Commission recognized PG&E's effort (p. 20) and that in the supplemental workshops later this summer, PG&E's approach will be considered.

2. UDCs Should Be Allowed To Offer Discounted Tariffs To Customers Considering DG

The final draft recommendation proposes additional language for Section 2.7 of the Draft Rule that would prohibit the utility from using information gained through the DG application process to offer customers "discounted tariffs, the purpose of which is to prevent the installation of the Generating Facility." PG&E believes this proposal is bad public policy and anti-consumer. If utilities cannot make customers planning to install DG aware of CPUC-approved tariff offerings – including authorized discounts – the customer could end up being worse off by installing DG. PG&E also believes this restriction runs counter to the CPUC's policy that customers be in a position to make timely, informed decisions about their rate options.

3. The Timelines For The Initial Review Process Are Unrealistic

The Draft Recommendation contains ambitious timelines for UDCs to complete review of DG applications (three business days to respond to an interconnection request,

10 business days for "simplified review," and 20 business days for "supplemental review"). Although the Draft Recommendation includes a qualifier "absent any extraordinary circumstances" (which replaces "under normal conditions"), these timelines will be difficult for utilities to meet even when "extraordinary circumstances" are not present. PG&E reiterates its proposal that response to an application should be within five business days; simplified review should be completed under normal conditions within 10 business days; and the supplemental review process should be completed within 30 business days.

4. The Draft Recommendation Mischaracterizes The Extent Of Agreement That Exists On The Minimum Fee

The Draft Recommendation recognizes that the issue of fees the UDCs can charge for initial review needs additional work. The Commission proposes that the supplemental workshops will address this issue in the summer. PG&E agrees with this assessment.

PG&E takes issue, however, with the statement that "parties agreed that there should be some minimum charge for the initial review process, *ranging from \$100 to \$500.*" Draft Recommendation, p. 9. PG&E agrees that there should be a minimum charge for initial review, but does not agree that \$100 to \$500 adequately captures the minimum amount of work needed to process an application for interconnection and conduct a simplified review (nor does it reflect the group's consensus). This issue should be looked at afresh in the supplemental workshops without any preconceived assumptions regarding "agreement" based on the single conference call which was held on this issue. PG&E will be prepared to present its analysis of the appropriate level of a minimum charge at that time. In addition, PG&E expects to be filing testimony on this issue at the CPUC on June 30.

5. The Supplemental Review Process Needs To Be Defined

The Draft Recommendation acknowledges that the "supplemental review" process referred to in Section 3 of the draft Rule has not been adequately defined. PG&E agrees that this issue needs to be further explored in the supplemental workshops.

6. The Costs Of Reconciling Estimated Study Costs With Actual Costs Are Not Justified For Small Projects

The final draft recommendation ignored PG&E's May 6 comment on Section 3.1.9 of the Draft Rule. PG&E stated there that "Reconciliation of estimated study costs with actual costs is not efficient for small units. The cost of conducting reconciliation can be a sizable fraction of the study cost. Smaller units (under 1 MW) should pay an estimated cost without true up." PG&E reiterates this comment and respectfully asks that it be considered by the Commission.

7. The Draft Recommendation Ignores The Technical Requirements For Larger Projects

As PG&E pointed out in its May 6 comments, Section 4 of the Draft Rule (in particular, Section 4.4.4 of the Draft Rule attached to the workshop report) does not adequately address technical interconnection requirements for larger projects. The workshops focused almost exclusively on interconnection of very small standardized DG units. As a result, the technical parts of the Draft Rule are deficient in requirements for the larger units. In its May 6 comments, PG&E argued that relevant sections of PG&E's existing Rule 21 (Section B.2) be incorporated to cover this deficiency. PG&E reiterates this comment and seeks reassurance that this issue will be looked at in the summer workshops.

8. PG&E Objects To The Reporting Requirement For Net Generation Metering

The Draft Recommendation adopts interim language developed by PG&E and others giving the UDCs the discretion to require net generation output metering and telemetry as long as there is no less intrusive and costly way to obtain the required data. The utilities would be required to file applications by the end of 2002 for approval of more specific permanent DG metering requirements to replace the interim language. In addition, the Commission proposes that the UDCs file a quarterly report with the CEC or CPUC on DG installations where the UDC has required generation output metering.

While the adopted language is satisfactory to PG&E, the reporting requirement is not. The costs of such reporting (which will be borne by ratepayers) is not justified or necessary. The Draft Rule already contains a dispute resolution clause which will allow disagreements arising out of the interconnection process (such as whether net output metering is required) to be rapidly surfaced and brought to the CPUC's attention. This process is an adequate means of ensuring that Section 6 is being properly implemented.

9. Table 4.1 Contains An Error

On p. 36 of the Draft Recommendation, in the revised Table 4.1, for the "greater than 132V but less than 165V" condition, the maximum trip time of 30 cycles should be for facilities *greater than* 10 kVA and not *less than* 10 kVA. This change appears to be a mistranslation of the earlier version of the table (which appears as deleted below the new table). Units less than 10 kVA may not be capable of sustaining much overvoltage but the larger units may be capable of sustaining overvoltage conditions, especially in the case of a faulty voltage regulator.

Respectfully submitted,

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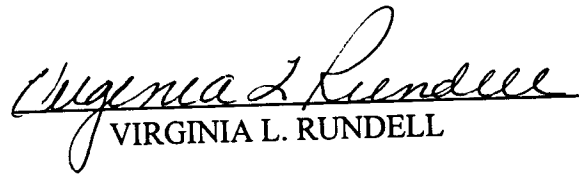
Attorneys for
PACIFIC GAS AND ELECTRIC COMPANY

June 9, 2000

CERTIFICATE OF SERVICE

I certify that I have by mail or in person this day served a true copy of the original attached **Comments of Pacific Gas and Electric Company on Draft "Siting committee Recommendation Regarding Distributed Generation Interconnection Rules** on all parties of record or their attorneys of record, identified on the service list R.99-10-025 provided by the California Public Utilities Commission.

Dated June 9, 2000, at San Francisco, California.


VIRGINIA L. RUNDELL