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Public Service Commission

October 22, 2002

VIA ELECTRONIC FILING

The Honorable Magalie R. Salas
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

RE: Docket No. RM02-12-000, Standardization of Small Generator Interconnection Agreements and Procedures

Dear Ms. Salas:

Forwarded herewith are comments of the Florida Public Service Commission in the above-listed docket.

Should you have questions, please contact Melinda Butler, the primary staff person on the matter, at (850) 413-6875.

Sincerely,

/ s /

Cynthia B. Miller, Esquire
Office of Federal and Legislative Liaison

CBM:tf

cc: Chairman Pat Wood
Commissioner Linda K. Breathitt
Commissioner Nora M. Brownell
Commissioner William L. Massey
Christopher Mele, NARUC

the instant comments. Therefore, the FPSC offers these broad and preliminary comments in the ANOPR stage of this proceeding.

1. ***Whatever SGIAs and SGIPs are ultimately adopted, the FPSC urges that the implementation of the jurisdictional line of authority be clear, lawful, and successful in promoting increased market participation by all small generators.***

a. For example, on page 2-3 of the ANOPR, the FERC states,

The Commission noted in the NOPR that it has jurisdiction over generator interconnections when a generator interconnects to a transmission provider's system or makes wholesale sales in interstate commerce at either the transmission or distribution voltage level.

At first blush, this statement appears to be straight-forward, however, the FPSC has questions regarding whether a self-generator connecting up with a Load Serving Entity will be deemed to be "making wholesale sales in interstate commerce" if it sells back to the Load Serving Entity in times of excess or in instances of net metering.

b. If the FERC concludes that it is appropriate to view self-generators as making wholesale sales, then the FPSC would not only be concerned with the lawfulness of that conclusion but with its practicality. Although not all of the specifics are known at this point, designating self-generators as wholesale sellers would likely create additional burdens for self-generators. As an example, a self-generator could face the requirement of dealing with a multi-state RTO as opposed to its local distribution company. This, in turn, could increase the cost of doing business which would deter, as opposed to promote, market participation.

2. ***Whatever SGIAs and SGIPs are ultimately adopted, the FPSC urges that the prescribed standardization succeed in maximizing small generator market participation.***

a. Generally, standardization of agreements and procedures produces the benefit of predictability. There may also be economies of scope that develop for parties that wish to participate in markets in more than one state. As such, market participation can be encouraged through standardizing agreements and procedures.

b. On the other hand, standardization can remove flexibility. Given that there are state and regional differences, standardization has the potential of actually interfering with market entry. If there are unique regional and/or utility-specific circumstances that are not addressed by the standard agreement and procedures, small generators could be deterred from entering the market.

c. Some states have already addressed some of the issues of small generator interconnection agreements and procedures within their states. For instance, in Florida, we have a rule that is directed towards small photovoltaic systems of no more than 10kW. If the FERC rulemaking on small generator interconnection agreements and procedures either contradicts or does not accommodate the progress already made in a state, there could be unintended consequences which could lead to less, as opposed to more, small generator participation.

3. ***The FPSC urges that cost causers pay their fair share of costs.***

a. In its comments on Standardizing Generator Interconnection Agreements and Procedures of June 14, 2002, the FPSC set forth its position regarding the socialization of network upgrade costs. In regard to the particular instance of small generators, even though network upgrade costs are not expected to be significant, the FPSC's previous comments are still relevant. This is because the ANOPR is unclear as to who would be responsible for bearing other costs such as metering and/or the costs of studies. In every instance of cost assignment, the FPSC is most

interested in the equity impacts in states with bundled retail service. In these states, the socialization of costs has the greatest potential of being disproportionately borne by those customers that are receiving minimal benefits.

In summary, the FPSC will review the details of the NOPR once it is issued. The FPSC supports streamlining the requirements for small generators to interconnect because there are efficiencies to be gained that can translate into societal benefits. In order to maximize the beneficial effects, a strong focus should be placed on fine tuning the jurisdictional lines of authority, avoiding any unintended consequences that could lead to less small generator participation, and making sure that the cost causers are paying their fair share.

Respectfully submitted,

/ s /

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