

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

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01 DEC -5 AM 9:42
COMMISSION CLERK

DATE: 12/5/01

TO: DIRECTOR, DIVISION OF THE COMMISSION CLERK & ADMINISTRATIVE SERVICES (BAYÓ)

FROM: DIVISION OF APPEALS (MOORE) *DM*
 DIVISION OF ECONOMIC REGULATION (HEWITT) *CBH*
 DIVISION OF POLICY ANALYSIS & INTERGOVERNMENTAL LIAISON (DEAN) *and*
 DIVISION OF SAFETY & ELECTRIC RELIABILITY (COLSON) *R3*

RE: DOCKET NO. 010982-EU - PROPOSED RULE 25-6.065, F.A.C., INTERCONNECTION OF SMALL PHOTOVOLTAIC SYSTEMS. *REC'D JDJ*

AGENDA: 12/17/2001 - REGULAR AGENDA - RULE ADOPTION - PARTICIPATION IS LIMITED TO COMMISSIONERS AND STAFF

RULE STATUS: ADOPTION SHOULD NOT BE DEFERRED

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\APP\WP\010982B.RCM

CASE BACKGROUND

On October 2, 2001, the Commission voted to propose Rule 25-6.065, Florida Administrative Code, establishing standards for the interconnection of small photovoltaic systems (SPS) with the electric grid and requiring investor-owned electric utilities to file a standard interconnection agreement with the Commission. A Notice of Rulemaking was published in the Florida Administrative Weekly on October 12, 2001, and mailed to all electric utilities and other interested persons. Florida Power Corporation (FPC) filed a request for a rulemaking hearing on November 2, 2001, but withdrew the request on November 16, 2001. Written comments were timely filed by Robert H. Freeman of P. A. Freeman and Sons, Inc. Citrus Fruits, and by M.L. Anderson of DeLand, Florida.

DOCUMENT NUMBER-DATE

15205 DEC-50

FPSC-COMMISSION CLERK

The rule as proposed by the Commission is shown in Attachment A, and the change recommended by staff is shaded. The comments are Attachments B and C.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission adopt changes to Rule 25-6.065, Florida Administrative Code, Interconnection of Small Photovoltaic Systems?

RECOMMENDATION: Yes. The Commission should adopt a change to the rule to clarify what costs must be borne by the utility.

STAFF ANALYSIS: Mr. Freeman urges the Commission not to allow the utility to install a second meter, and permit only "net metering". Net metering means that a single meter is used and the owner of the SPS is billed for the difference between the amount of electricity supplied by the utility in a given billing period and the electricity delivered from the customer's side of the meter using the SPS. With a single meter, the customer receives a credit for the electricity the customer provides to the utility at a price equal to the utility's retail electric rate. Mr. Freeman believes that if SPS owners are not paid the full retail price, growth in the use of the solar systems will be discouraged.

Section (6) of the rule provides the utility with the option, at its own expense, to install additional metering equipment on the customer's premises to measure any excess kilowatt-hours produced by the SPS and delivered to the utility. If a second meter is installed, SPS customers sell excess electricity at the as-available energy rate, which can be lower than the retail rate. This amount will be credited against the customer's retail bill.

Although Mr. Freeman did not participate at the agenda conference when this rule was proposed, the issue he raises now was discussed. The intent of the rule is to encourage customers to use renewable generation for their own needs. Staff believes that because SPS are limited to a maximum size of 10 kW, the SPS is unlikely to exceed the electric needs of the customer-generator's own residence or commercial establishment, and will only occasionally become a net seller of electricity. If there is excess energy produced, the utilities believe that SPS customers should not be paid the retail rate because that results in

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customers avoiding paying for services that they use, such as distribution and transmission of electricity which are currently bundled into retail rates. Staff believes that providing an option fairly balances the concerns of both the utilities and the SPS customer. If a utility determines it is prudent to install a second meter, then it should have that option.

Mr. Freeman also recommends that the rule apply to municipal and rural electric cooperatives in addition to investor-owned electric utilities, and apply to all customer classes such as residential, commercial, agricultural and industrial customers. The rule does apply to customers in all classes. It does not apply to municipal or cooperative utilities because the Commission does not have jurisdiction over their rates.

M. L. Anderson urges the Commission not to allow utilities to require customers to install expensive monitoring devices or to charge metering fees. As proposed, section (2)(d) of the rule provides that the utility may impose a reasonable charge for processing the interconnection application. This charge will be contained in the interconnection agreement that must be approved by the Commission. Section (6) states that the utility may install an additional meter or metering equipment at its own expense. During the discussion at the agenda conference, in response to a Commissioner's question, staff made clear that the SPS customer would not have any additional recurring or nonrecurring costs if the utility chooses to install a second meter. To avoid misconstruction, staff recommends changing the rule to clarify that the cost of the meter, installation, maintenance, and any recurring or non-recurring costs for reading and billing for this second meter shall be borne by the utility. This change is shown on page 8 of the attached rule.

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ISSUE 2: Should the rule as approved by the Commission be filed for adoption with the Secretary of State and the docket be closed?

RECOMMENDATION: Yes. The rule should be filed for adoption after the changes are published in the Florida Administrative Weekly.

STAFF ANALYSIS: After a Notice of Change is published in the Florida Administrative Weekly, the rule may be filed with the Secretary of State for adoption and the docket may be closed.

Attachments

Rule 25-6.065

Comments

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25-6.065 Interconnection of Small Photovoltaic Systems

(1) A small photovoltaic system (SPS) is a solar powered generating system that uses an inverter rated at no more than 10 kW alternating current (AC) power output and is primarily intended to offset part or all of a customer's current electricity requirements.

(2) Each investor-owned electric utility (utility), within 30 days of the effective date of this rule, shall file for Commission approval a Standard Interconnection Agreement for interconnecting an SPS. Where a utility refuses to interconnect with an SPS or attempts to impose unreasonable standards or conditions, the SPS customer may petition the Commission for relief. The utility shall have the burden of demonstrating to the Commission why interconnection with the SPS should not be required or that the standards or conditions the utility seeks to impose on the SPS are reasonable. The SPS Standard Interconnection Agreement shall, at a minimum, contain the following:

(a) A list of standards approved by nationally recognized professional organizations that address the design, installation, and operation of the SPS. It is the customer's responsibility to ensure compliance with such standards.

(b) A requirement that the SPS must be inspected and approved by local code officials prior to its operation in parallel with an

investor-owned electric utility to ensure compliance with applicable local codes.

(c) A requirement for general liability insurance for personal and property damage in the amount of no more than \$100,000. A homeowner's policy that furnishes at least this level of liability coverage will meet the requirement for insurance.

(d) Identification of a reasonable charge for processing the application for interconnection.

(e) Provisions that permit the utility to inspect the SPS and its component equipment, and the documents necessary to ensure compliance with subsections (a) through (d). The utility has the right to have personnel present at the initial testing of customer equipment and protective apparatus.

(f) A provision that the customer who operates an SPS is responsible for protecting its generating equipment, inverters, protection devices, and other system components from damage from the normal and abnormal conditions and operations that occur on the utility system in delivering and restoring system power; and is responsible for ensuring that the SPS equipment is inspected, maintained, and tested in accordance with the manufacturer's instructions to insure that it is operating correctly and safely.

(3) The SPS Interconnection Agreement may require the customer to:

(a) Install, at the customer's expense, a manual disconnect switch of the visible load break type to provide a separation point between the AC power output of the SPS and any customer wiring connected to the utility's system. The manual disconnect switch shall be mounted separate from the meter socket and shall be readily accessible to the utility and capable of being locked in the open position with a utility padlock. The utility may open the switch, isolating the SPS, without prior notice to the customer. To the extent practicable, however, prior notice shall be given.

(b) Provide a written agreement to hold harmless and indemnify the utility from all loss resulting from the operation of the SPS, except in those cases where loss occurs due to the negligent actions of the utility.

(4) The utility shall provide the customer with written notice that it has received the documents required by the Standard Interconnection Agreement within 10 business days of receipt. The customer shall not begin parallel operations until the customer has received this written notice.

(5) Any of the following conditions shall be cause for the utility to disconnect the SPS from its system:

(a) Utility system emergencies or maintenance requirements;

(b) Hazardous conditions existing on the utility system due to the operation of the customer's SPS generating or protective equipment as determined by the utility;

(c) Adverse electrical effects (such as power quality problems) on the electrical equipment of the utility's other electric consumers caused by the SPS as determined by the utility;

or

(d) Failure of the customer to maintain the required insurance.

The SPS shall be reconnected to the utility grid as soon as practical once the conditions causing the disconnection cease to exist.

(6) The utility may install, at its own expense, an additional meter or metering equipment on the customer's premises capable of measuring any excess kilowatt-hours produced by the SPS and delivered back to the utility. The cost of the meter, installation, maintenance, and any recurring or non-recurring costs for reading and billing for this second meter shall be borne by the utility.

The value of such excess generation shall be credited to the customer's bill based on the host utility's COG-1 tariff, or by other applicable tariffs approved by the Florida Public Service

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Commission. If the utility does not install such a meter or metering equipment, the utility shall permit the customer to net meter any excess power delivered to the utility by use of a single standard watt-hour meter capable of reversing directions to offset recorded consumption by the customer. If the kilowatt-hour of energy produced by the SPS exceeds the customer's kilowatt-hour consumption for any billing period, such that when the meter is read the value displayed on the register is less than the value displayed on the register when it was read at the end of the previous billing period, the utility shall carry forward credit for the excess energy to the next billing period. Credits may accumulate and be carried forward for a 12-month period specified by the utility in the SPS Interconnection Agreement. In no event shall the customer be paid for excess energy delivered to the utility at the end of the 12-month period.

Specific Authority: 350.127(2), 366.05(1), F.S.

Law Implemented: 366.04(2)(c) (5) (6), 366.041, 366.05(1), 366.81, F.S.

History: New _____.

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October 10, 2001

Florida Public Service Commission
Mr. Blanco S. Bayo, Director
Administrative Services
4075 Esplanado way
Tallahassee, Florida 32302

010982-EU

Subject: Proposed Rule 25-6.065
Interconnection of Small Photo-voltaic Systems.

Dear Commissioners:

I would hope the goal of the proposed new rule is to encourage renewable energy in Florida where we have an abundant of sunshine.

I urge a utility interconnection agreement be limited to a net meter only. The use of two meters by a utility will only discourage SPS growth. If the customer accumulates energy credit and it is carried forward for a twelve month period, I would suggest the customer then be paid at full retail price. Otherwise you will discourage Skw systems and larger.

The regulation should promote SPS up to 10kw. You don't give power to the utility, you give the utility, clean "Green Power" that they can market at a profit.

I urge you to give Florida a net meter only regulation that will encourage "Green Power" production and help give Florida a cleaner environment.

Regulation should apply to all utilities - investor owned, municipal and rural electric.

All utility customer claims: residential, commercial, agricultural and industrial should be eligible to net meter. Florida needs all the clean, sustainable energy it can get. We have the sunshine available and should make every effort to use it.

The utility gets the finest and cleanest form of electric power, without having to invest in generating it. The utility load is reduced during peak consumption, during the day; reducing the load of the distribution system, decreasing the need for more expensive power lines.

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Florida benefits from a strong net meter SPS in that it bolsters the reliability and power quality of the Florida grid. The sun is free and locally supplied.

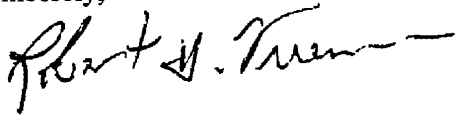
With the US at war, we must use RE to reduce our dependence on imported energy. This will make the US a stronger, more self sufficient Nation, and one million SPS in Florida makes good economic and political sense.

I have a solar hot water heater and would entertain a SPS system, but the State must give net meter regulations that encourage citizens of Florida to make the investment.

Hopefully, in the future we will see one million SPS installed in the State.

Thanking you in advance for your consideration, I am

Sincerely,

A handwritten signature in black ink that reads "Robert H. Freeman" with a long horizontal flourish extending to the right.

Robert H. Freeman

Appeals

IN RE: Proposed Rule 25-6.065

ATTACHMENT C

ORIGINAL

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01 OCT 31 PM 3:45

FLORIDA PUBLIC SERVICE COM. DIVISION OF APPEALS

M. L. Anderson
1715 Highland Park Rd
Deland, FL 32720

Oct. 27, 2001

D10982-EU

Gentlemen & Ladies

I Am writing you to see if any of you will take the right action on this matter of cell connections with the utilities, the President of the United States. Our country needs greater energy independence. Are we going to keep relying on fossil fuels or are we going to take a bold step and try to get ourselves energy independent? We are in a war now because of oil and probably will be until we get our multi-national oil companies out of the middle east.

We in Florida are blessed with plenty of sunshine. Let's do the right thing and put the free energy to work. Don't let the power company pressure you into making the public put in expensive monitoring devices and connection fees as well as metering fees. The power companies are monopolies and don't want to change Energy in New Smyrna Beach

- APP 1
- CAF
- CMP
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FPSC-COMMISSION CLERK

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We need to act now before it is too late.
Search your soul's and make the right choice.

Thank you for your time.

Sincerely,



Resist rush on energy legislation

AN EDITORIAL FROM
THE WASHINGTON POST

The White House and Senate Republicans kept up the pressure last week for action on energy legislation. As he departed from California for Shanghai, President Bush called on the Senate to vote on the energy bill passed by the House in August: "Our country needs greater energy independence," he said. "This issue is a matter of national security, and I hope the Senate acts quickly."

Even as Capitol Hill was being swept for signs of anthrax, Sen-

ate backers of the GOP energy bill continued their routine of daily demands for Majority Leader Tom Daschle to schedule a vote on energy and promised to find some other way to bring up the legislation if he doesn't.

Haste may be good strategy for backers of the administration's plan. The desire to be viewed as responding to September's terrorist attacks remains strong,

OTHER VOICES

and lawmakers' appetite for divisive debate, while reviving, still remains constrained. Now would seem to be a good time to strike. But speeding complex and far-reaching legislation through Congress without thoughtful debate isn't the way to make good policy.

Rushing to endorse the flawed House bill, which pushes production, including opening the Arctic National Wildlife Refuge to oil drilling, while falling far short on auto fuel-efficiency standards, would be a mistake.

The Senate should not be stampeded.