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**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking on the Commission's Own Motion to improve distribution level interconnection rules and regulations for certain classes of electric generators and electric storage resources.

Rulemaking 11-09-011  
(Filed September 22, 2011)

**ASSIGNED COMMISSIONER'S AMENDED SCOPING MEMO AND RULING  
REQUESTING COMMENTS**

**1. Summary**

This amended scoping memo and ruling identifies the issues for consideration and the schedule for Phase II of this rulemaking. It also requests comments on or before October 25, 2012 in response to questions posed herein.

**2. Background**

The Commission adopted the Order Instituting Rulemaking (OIR) for this proceeding on September 22, 2011. Parties filed comments on the OIR on October 27, 2011. Reply comments were filed on November 14, 2011. A prehearing conference was held on February 16, 2012.

On March 16, 2012, parties sought approval of a settlement (Proposed Settlement) by a *Motion for Approval of Settlement Agreement Revising Distribution Level Interconnection Rules and Regulations*. The Proposed Settlement represented a major reform of Rule 21 and was the result of compromise and agreement among a wide range of industry representatives.

On June 13, 2012, a *Scoping Memo and Ruling of the Assigned Commissioner* (June 13, 2012 Scoping Memo) set the scope of issues for consideration in Phase I in this proceeding. The June 13, 2012 Scoping Memo noted that a second scoping memo would be issued after the conclusion of the first phase of this proceeding.

On September 13, 2012, the Commission approved Decision (D.) 12-09-018 which adopted the Proposed Settlement and concluded Phase I of this proceeding.<sup>1</sup>

The March 16, 2012 Proposed Settlement included a recommended scope for Phase II of this proceeding. In addressing this recommended scope of Phase II, the Commission noted in D.12-09-018 that it would make its best efforts to implement the recommended scope of Phase II but that the recommendation does not bind the Commission on the future scope of a proceeding.<sup>2</sup>

The Proposed Settlement's recommended scope included: metering requirements; further consideration of objective criteria to make the interconnection review process more efficient; mechanisms to improve cost certainty; cost allocation policy between ratepayers and developers of distributed generation; review of study deposits against actual study costs; development of the distribution group study process; consideration of timeline compliance and remedies; and consideration of additional form study agreements and interconnection agreements.

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<sup>1</sup> D.12-09-018, *Decision Adopting Settlement Agreement Revising Distribution Level Interconnection Rules and Regulations – Electric Tariff Rule 21 and Granting Motions to Adopt the Utilities' Rule 21 Transition Plans*, adopted September 13, 2012 in Rulemaking (R.) 11-09-011.

<sup>2</sup> D.12-09-018 at 38.

In addition, the City and County of San Francisco, a non-signatory to the settlement, recommended consideration of a resource planning and procurement study process and a cluster study methodology similar to that employed by the CAISO.<sup>3</sup>

### **3. Phase II Scope of Issues**

In establishing the scope and schedule for Phase II, I am guided by the goals of this proceeding, as noted in the OIR, to “ensure that the interconnection process is timely, non-discriminatory, cost-effective, and transparent.”<sup>4</sup> I am also guided by D.12-09-018 and by the recommended scope of Phase II by the parties to the Proposed Settlement. Additionally, I am guided by the Commission’s ongoing technical review of the costs and benefits of distributed generation, which will serve to inform certain topics in this proceeding. This review is expected to continue through 2013. Accordingly, the Phase II schedule seeks to ensure that these reviews are available for submission into the record for the Commission’s consideration. I have further prioritized the Phase II issues based on the need to address concrete issues that have the potential for actionable results to reduce interconnection-related barriers for entry by distributed generation in the near- or mid-term.

I adopt the scope of Phase II as set out below.

1. Distribution Group Study Process. This issue is a proposed study track offering a group study option to Rule 21 interconnection customers that may be electrically interdependent with each

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<sup>3</sup> City and County of San Francisco, Comments to Motion for Approval of Proposed Settlement, April 16, 2012 at 3.

<sup>4</sup> R.11-09-011 at 2.

other but that do not have transmission network interdependencies.

2. Standardized Forms and Agreements. This issue includes a Generator Interconnection Agreement For Exporting Generating Facilities Interconnecting Under the Transmission Cluster Study or Independent Study Process; an Independent Study Process Study Agreement; and a Pre-Application Report Request.
3. Applicability of Rule 21 to the Commission's Distributed Generation Programs. This issue includes the nature and extent of the Commission's jurisdiction over interconnection.
4. Implementation of Interconnection Cost Responsibility. This issue includes:
  - a. Improving the predictability of the interconnection process through mechanisms to increase cost certainty and the use of cost-effective alternatives. I request party comments in response to the cost-related questions detailed below.
  - b. Consideration of proposals for ratepayer support of distribution system upgrades triggered by the interconnection of distributed generation.
5. Compliance with Rule 21. This issue will be limited to compliance with established timelines, interconnection completion rates by study track and by type of generating facility or storage technology, and results of the use of dispute resolution alternatives set out in Rule 21 by a respondent utility<sup>5</sup> or an interconnection customer.
6. Technical Operating Standards. This issue includes potential modifications to technical operating standards, limited to smart inverter functionalities and generation output metering, where such modifications are responsive to the goals of this proceeding and other potential reliability needs.

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<sup>5</sup> As set out in R.11-09-011, the respondents to this proceeding are Pacific Gas & Electric, Southern California Edison, and San Diego Gas & Electric.

#### **4. Comments on Interconnection Cost Responsibility**

I request parties file comments to the following questions on implementation of interconnection cost responsibility. Comments are due on or before October 25, 2012. Reply comments will be due following a workshop to be held on these topics by Commission staff, with a schedule to be established after that workshop.

1. Enhancing Predictability of the Costs and Process of Interconnection.
  - a. Developers of distributed generation have three tools available to evaluate potential locations of projects: (i) each utility's online interconnection capacity map ordered in D.10-12-048; (ii) the new integrated online Rule 21 and wholesale distribution tariff interconnection queues required pursuant to Rule 21, Sec. E.5.d; and (iii) the new Pre-Application Report set out in Rule 21, Sec. E.1. Please provide specific proposals for the publication of additional data not available within these tools that would enhance predictability of the costs and process of interconnection. Identify whether such data can be made available without violating the confidentiality rules set out in Rule 21, Sec. D.7.
2. Developing New Cost Arrangements Among Developers of Distributed Generation.
  - a. Pursuant to Commission policy, and as expressed in Rule 21, Sec. E.4.e., developers of generating facilities interconnecting to the distribution system under Fast Track and the Independent Study Process pay for the costs of distribution system upgrades triggered by their project. As a consequence, the first-queued may pay for infrastructure capacity that is used by later-queued generating facilities without incurring costs. Please provide specific proposals for new cost arrangements among developers of distributed generation, including, for example, mechanisms by which the triggering developer may receive fees or other compensation for

infrastructure capacity used by later-queued generating facilities.

- b. Please provide proposals for new financing and ownership structures of distribution system upgrades that can reduce the overall cost of interconnection without ratepayer impact, including any legal issues that may need to be addressed to enable these proposals to be implemented.
3. Improving Cost Certainty Within High-Volume Distribution and Transmission Interconnection Queues. Pursuant to Rule 21, Sec. E.4.c., an interconnection customer under Rule 21 is permitted to complete the interconnection process even if earlier-queued generating facilities have not completed the process. Under this framework, significant cost uncertainty may result. Please provide specific proposals to permit a “shovel-ready” project to complete the interconnection process and reduce this cost uncertainty without violating the open access and first-come, first-served principles applicable to the transmission and distribution interconnection queues.

## **5. Phase II Schedule**

Pursuant to the authorization conferred by Pub. Util. Code § 1701.5(b), I concluded in the June 13, 2012 Scoping Memo that this proceeding should extend for 24 months beyond the date of that scoping memo. The OIR presents many complex issues with different constraints on the timing of Commission decisions. I now find it reasonable to adopt an 18-month timeframe for this proceeding beyond the date of this amended scoping memo.

The following schedule is adopted for Phase II. It may be adjusted, including consolidation of any of the proposed decisions listed below, by the presiding officers as necessary to promote the fair and efficient adjudication of this proceeding.

EVENT	DATE
Party Comments on Implementation of Interconnection Cost Responsibility	October 25, 2012
Workshops - Implementation of Interconnection Cost Responsibility, Technical Operating Standards	Q4 2012/Q1 2013
Proposed Decision - Distribution Group Study Process, Standardized Forms and Agreements, Implementation of Interconnection Cost Responsibility	Q2 2013
Proposed Decision - Rule 21 Compliance, Applicability of Rule 21 to Commission Distributed Generation Programs, Implementation of Interconnection Cost Responsibility	Q3 2013
Proposed Decision - Technical Operating Standards	Q4 2013

## 6. Categorization, Designation of Presiding Officers, Need for Hearings, and Ex Parte Communications

In the June 13, 2012 Scoping Memo, this matter was categorized as ratesetting. The categorization of this proceeding remains unchanged. Rule 8.2(c) and Rule 8.3 apply with respect to *ex parte* communications. Although no parties have requested evidentiary hearings on any of these issues, it is too early in the course of Phase II of this proceeding to conclude that no hearings will be needed. The need for hearing, as confirmed in the June 13, 2012 Scoping Memo, remains unchanged.

Commissioner Michel Peter Florio is the assigned Commissioner for this proceeding. Administrative Law Judge Regina DeAngelis is the presiding officer for this proceeding.

## 7. Service List and Documents

The current official service list for this proceeding is maintained by the Commission's Process Office and posted on the Commission's web page,

[www.cpuc.ca.gov](http://www.cpuc.ca.gov). All parties must provide a current valid electronic mail (e-mail) address for the service list. All persons on the service list are responsible for ensuring that the correct information is contained on the service list, and notifying the Process Office of corrections or changes, in accordance with Rule 1.9(f). Persons listed as Information Only are entitled only to e-mail service of documents; if e-mail service to a person listed as Information Only fails, the serving party is not required to re-serve the document. (Rules 1.9(f) and 1.10(d).) Repeated failure of e-mail service due to inaccurate or outdated e-mail addresses may lead to a person listed as Information Only being removed from the service list.

Requests for party status must be made by motion, in accordance with Rule 1.4.

**IT IS RULED** that:

1. The scope of issues and schedule for Phase II of this proceeding set forth above are hereby adopted.
2. The duration of this proceeding is 18 months from the date of this amended scoping memo.
3. The categorization of this proceeding remains ratesetting.
4. Rule 8.2(c) and Rule 8.3 apply with respect to *ex parte* communications.
5. Hearing may be needed.



6. Commissioner Michel Peter Florio is the assigned Commissioner. Administrative Law Judge Regina DeAngelis is the presiding officer for this proceeding.

Dated September 26, 2012, at San Francisco, California.

/s/ MICHEL PETER FLORIO

Michel Peter Florio  
Assigned Commissioner