April 4, 2018

Kathleen H. Burgess
Secretary
New York Public Service Commission
Three Empire State Plaza
Albany, New York 12223

Re: UIU Reply Comments on the Proposed Modifications to the Standardized Interconnection Requirements


Case 18-E-0018 – *In the Matter of Proposed Amendments to the New York State Standardized Interconnection Requirements (SIRs) for Small Distributed Generators.*

Dear Secretary Burgess:

The Utility Intervention Unit (UIU) of the New York State Department of State’s Division of Consumer Protection submits these comments in response to the Notice\(^1\) seeking comments on the Department of Public Service Staff’s (Staff) Proposed Modifications to the New York State Standardized Interconnection Requirements (SIR) and Application Process for New Distributed Generators and Energy Storage Systems 5 MW or Less Connected in Parallel with Utility Distribution Systems (SIR Modification Proposal or Staff Proposal) filed on December 20, 2017 in the above captioned proceedings.\(^2\)

The Public Service Commission (Commission) Order on Phase One of Distributed Energy Resource Implementation Proposals, Cost Mitigation Issues, and Related Matters (Implementation Order)\(^3\) directed Staff to develop and file recommendations for (1)

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\(^1\) See Case 18-E-0018 *et al., In the Matter of Proposed Amendments to the New York State Standardized Interconnection Requirements (SIRs) for Small Distributed Generators,* Notice Soliciting Comments on Proposed Modifications to the Standardized Interconnection Requirements p. 2 (issued January 11, 2018).

\(^2\) UIU’s silence on any particular proposed amendment should not be construed as agreement.

integrating energy storage into SIRs and (2) managing interconnection applications for projects from 2 MW to 5 MW in size. On March 12th, several parties, including the Interconnection Policy Working Group (IPWG) and Interconnection Technical Working Group (ITWG), submitted initial comments (IPWG/ITWG Proposal) on Staff’s Proposal that included additional redline changes.

UIU recommends that, at a minimum, the Commission should (1) align the inconsistent proposed notification periods for Interconnection Customers seeking to disconnect their unit into a minimum of no less than 60 days; (2) consider additional procedures, such as requiring utility analysis and Commission authorization, before units of a certain size may retire; and (3) modify the Standardized Contract to include a provision requiring unit owners to comply with the SIR unit shutdown notice procedures in place at the time the owner is requesting to retire.

1. The Notification Period Interconnection Customers Must Provide Before Disconnecting a Unit Should be Consistent and No Less Than 60 days.

The Commission should adopt a SIR that has consistent rules regarding the notification process Interconnection Customers must follow before disconnecting their unit from the utility system. Staff’s Proposal allowed a unit to disconnect at any time upon written notice to the utility, whereas the IPWG/ITWG proposal recommended additional “requirements for notice by the Interconnection Customer to the utility for planned shutdowns, forced outages, and permanent shutdowns.” As a preliminary matter, UIU observes that the IPWG/ITWG Proposal contains two provisions that govern the process of Distributed Energy Resources (DERs) permanently disconnecting from the grid (i.e., shutdown or retirement) with differing notification periods. In one instance, the IPWG/ITWG Proposal

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4 See Implementation Order at pp. 45-48. Implementation Order at p. 48 directs Staff to “identify and consider technical issues and queue management concerns that may arise with the addition of applications for such larger projects to the interconnection process” and to file any proposed SIR modifications by the same date.

5 See e.g., Case 15-E-0751 et al., supra, Initial Comments of the IPWG/ITWG Commenters to the Commission’s Notice Soliciting Comments on Proposed Modifications to the Standardized Interconnection Requirements (filed March 12, 2018) (“IPWG/ITWG Initial Comments”).


7 See IPWG/ITWG Initial Comments.

8 See id. at SIR Redlines, Appendix A New York State Standardized Contract for Interconnection of New Distributed Generation Units and/or Energy Storage Systems with Capacity of 5 MW or Less Connected in Parallel with Utility Distribution Systems (“IPWG/ITWG SIR Redlines”).

9 UIU also observes that the Staff proposed SIR allows the Interconnection Customer to disconnect the Unit at any time. See Staff SIR Redlines at 44. However, the IPWG/ITWG SIR Redlines include additional specifications for disconnection based on a unit size and the length of outage. See IPWG/ITWG SIR Redlines at 56. UIU recommends that this matter be further discussed and explored in future working group meetings because the notice required may change as the penetration of DERs on utility systems increases.
allows “interconnection customers”\textsuperscript{10} to terminate their interconnection agreement at any time by giving the utility 60-days written notice,\textsuperscript{11} yet in another, it allows customers to permanently shutdown a unit by providing 30-days written notice to the utility.\textsuperscript{12} These inconsistent notification periods should be aligned, and UIU recommends at a minimum that the 60-days’ notice be adopted.


If a DER supplier shuts down multiple units without giving utilities appropriate lead time to plan for replacement of the generation, ratepayers could be responsible for both short- and long-term problems caused by the retirement(s). UIU recommends that depending on the size of the unit(s) retiring, this 60-day notice provision should be expanded to include (1) a formal analysis by the utility of potential reliability issues caused by the retirement and (2) a response from the Commission that authorizes multiple unit(s) to shutdown. As a point of comparison, large generators\textsuperscript{13} on the bulk power system must notify the New York Independent System Operator (NYISO) of their interest in retiring. The request is approved only after the NYISO conducts an assessment that determines if the retirement creates a reliability need. The NYISO tariff further prescribes a process of how to address any reliability need identified during the assessment.\textsuperscript{14}

UIU is concerned that without time for a thorough analysis and authorization from the Commission, a permanent shutdown of a DER supplier unit(s) could result in costly unforeseen reliability infrastructure investments. If the utility is allotted minimal time from the notice to a unit’s retirement, it may not be able to adjust its planning to meet the needs of its customers in the most cost-effective manner possible. Over time, this scenario becomes a greater concern as load and distribution investments evolve under the assumption that these systems are in place. Additionally, some utilities are forecasting

\textsuperscript{10} The IPWG/ITWG redlines define an “Interconnection Customer” as “an entity with the legal authority to enter into agreements regarding the construction or operation of DG and/or ESS facilities connected in parallel with the utility grid per the requirements of this SIR.” See IPWG/ITWG SIR Redlines at 52.

\textsuperscript{11} See IPWG/ITWG SIR Redlines at 54.

\textsuperscript{12} See id. at 56.

\textsuperscript{13} UIU observes that a company operating multiple 2-5 MW units in a concentrated area could have an impact on the distribution system that is proportionally comparable to the impact of a large generator leaving the bulk power system.

\textsuperscript{14} NYISO OATT at Section 38.3.4.3 (providing “The (generator deactivation) assessment will specify: (i) whether a Generator Deactivation Reliability Need would arise from an Initiating Generator being Retired, entering into a Mothball Outage, or being unavailable due to an ICAP Ineligible Forced Outage, and (ii) whether the ISO has determined that any Generator Deactivation Reliability Need can be timely addressed in the current or next planning cycle of the biennial reliability planning process, or must be addressed using this Generator Deactivation Process.”)
that increased participation of DERs in their service territory may delay or replace the need for certain capital investments.\footnote{See e.g., Case 16-M-0411, Consolidated Edison Distributed System Implementation Plan p. 20 (filed June 30, 2016) (stating “Con Edison has been at the forefront of integrated planning and has a mature forecasting process that includes DER consideration. DR and EE, in particular, have been forecasted as load modifiers for years. In addition, the Company has recently evolved the process by which it forecasts all forms of DG, including PV, CHP, and energy storage. The DERs are included as load-reducing modifiers in the forecast to accurately assess the peak load the Company must serve through traditional infrastructure. Forecasted loads, net of DER modification, drive load relief planning needs.”).}

UIU recognizes that the amount of notice required could vary depending on the size of the resource and the attributes of its load zone. For example, 60-days’ notice may be adequate for one small 50 kW unit, but it may be inadequate notice for multiple 5 MW units in a concentrated area. Per New York State Energy Research and Development Authority’s (NYSERDA) list of approved community solar projects,\footnote{See New York State Energy Research and Development Authority, NY-SUN Find Community Solar Near You (accessed March 26, 2018) available at: https://www.nyserda.ny.gov/All-Programs/Programs/NY-Sun/Solar-for-Your-Home/Community-Solar/Community-Solar-Map} 110.6 MW from nine developers are expected in the Central Hudson Gas and Electric service area (NYISO Load Zone G). One developer accounts for 78.0 MW or 70.9% of the community solar capacity. Should this one developer suddenly cease operations, Central Hudson may have insufficient time to plan for this loss and it may increase costs for consumers if Central Hudson must mitigate this loss. As a point of comparison, a 78 MW unit is classified as a large generator under NYISO tariffs; hence, it would be required to undergo an analysis and authorization prior to retirement.

Currently, it is unclear what length of time is needed for the utility to conduct an analysis in response to shutdown notices. However, the Commission should consider the potential reliability issues and ratepayer cost burden that could result if DERs (especially those relied on for system capital investment planning) shutdown with insufficient notice. Thus, UIU recommends that the Commission direct the IPWG, ITWG, and interested stakeholders to further explore this issue and develop recommendations for modifications to the Standardized Contract that will allow utilities to have sufficient time to plan for the loss of DERs.

In previous comments, UIU expressed concern regarding the unintended consequences that may harm ratepayers when DER suppliers suddenly leave the grid and called for performance bonds to protect customers from reliability problems.\footnote{See e.g., Case 15-M-0180, In the Matter of Regulation and Oversight of Distributed Energy Resource Providers and Products, UIU Initial Comments on Supplemental Staff Whitepaper on Distributed Energy Resource (DER) Oversight and Proposed Uniform Business Practices for DERS (filed June 9, 2017) pp. 4-5. UIU expressed concern about potential reliability problems that could be caused when DERs leave the system prematurely and recommended that “DERS be required to post performance bonds that will both (1) make consumers whole for any market abuses that occur and (2) protect the electric system in the event that a DERS suddenly ceases operations that could potentially create a reliability problem.” Id.} While UIU continues...
to believe performance bonds are needed, in their absence, we suggest that DER suppliers continue operations until authorized to retire by the Commission.

3. The Standardized Contract Should Include Provisions Addressing an Interconnection Customer's Responsibility for Complying with Modified or Expanded Operational and Procedural Requirements Adopted by the Commission After the Unit's Installation.

Over the course of a DER unit’s projected 20-year (or longer) lifespan, the Commission’s operational and procedural requirements for DER suppliers may change and the Standardized Contract must have provisions that make the Interconnection Customer’s responsibilities clear. The IPWG/ITWG Proposal references “grandfathered” Interconnection Customers’ installations in the context of upgrades and terminations. Yet neither proposal defines “grandfathered” or addresses how the utilities and/or Interconnection Customers may have to comply with future additional or modified standardized interconnection requirements. UIU observes that there could be a host of technical and procedural requirements identified as utilities continue developing their Distributed System Implementation Plans (DSIPs) that may require modifications to the SIR agreement.

As a point of comparison, the NYISO interconnection agreements include definitions and/or provisions that acknowledges potential modifications through promulgation of laws or regulations and changes in reliability standards. For example, the standard large generator interconnection agreement includes a definition for Applicable Reliability Standards, which explicitly states that “those requirements and guidelines are amended and modified and in effect from time to time . . .” and this defined term is used throughout the document. The NYISO interconnection agreement for small generators also includes a provision entitled “parallel operation obligations,” which states that in addition to the operating requirement set forth in the agreement, the generator must comply with rules adopted in NYISO tariffs, ISO procedures or “any requirement consistent with good utility practice or that are necessary to ensure the safe and reliable operation of the

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18 UIU observes that the VDER Phase One tariff allows projects to receive the compensation methodology for 20 years after their in-service date. Additionally, some parties have claimed that “many project developers in New York have considered projects as 35-year investments, consistent with the estimated useful life of the current technology.” See Case 15-E-0751, supra, Order on Net Energy Metering Transition, Phase One of Value of Distributed Energy Resources, and Related Matters (issued March 9, 2017) p. 54.

19 See IPWG/ITWG SIR Redlines at 54 (stating “The Interconnection Customer's non-compliance of an upgrade with the SIR, unless the Interconnection Customer's installation is “grandfathered,” shall constitute good cause [for termination].”) The term “grandfathered” is not defined in the SIR but a plain meaning of the word would imply that the Interconnection Customer is only bound by the SIR in place at the time of the unit's installation.

20 See NYISO OATT Attachment X Standard Large Generator Interconnection Agreement at p. 23.
Transmission System or Distribution System . . .”21 At a minimum, UIU recommends that the Standardized Contract include a comparable provision that requires the utility and the Interconnection Customer to comply with any Commission approved interconnection, market, and reliability rules including shutdown notice requirements.

**Conclusion**

UIU appreciates this opportunity to comment and urges the Commission to adopt the recommendations herein when reviewing Staff’s SIR Modification Proposal.

Respectfully submitted,

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21 See NYISO OATT Attachment Z Section 1.6 (providing “Once the Small Generating Facility has been authorized to commence parallel operation, the Interconnection Customer shall abide by all rules and procedures pertaining to the parallel operation of the Small Generating Facility in the Applicable control area, including, but not limited to: (1) the rules and procedures concerning the operation of generation set forth in the NYISO tariffs or ISO Procedures or the Connecting Transmission Owner’s tariff; (2) any requirement consistent with good utility practice or that are necessary to ensure the safe and reliable operation of the Transmission System or Distribution System; and (3) the Operating Requirements set forth in Attachment 5 of this agreement.”).