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July 30, 2015

VIA eFILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105-3265

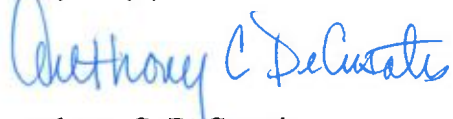
**Re: Pennsylvania Public Utility Commission v.
PECO Energy Company – Electric Division
Docket No. R-2015-2468981**

Dear Secretary Chiavetta:

Enclosed for filing in the above-referenced matter is a **Motion of PECO Energy Company to Strike Portions of the Direct Testimony of The Alliance for Solar Choice (“Motion”)**.

As evidenced by the enclosed Certificate of Service, copies of the Motion have been served on the presiding Administrative Law Judge and counsel for all parties.

Very truly yours,



Anthony C. DeCusatis

ACD/ap
Enclosures

c: Per the Certificate of Service (w/encls.)

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Counsel for PECO Energy Company

Date: July 30, 2015

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PENNSYLVANIA PUBLIC UTILITY
COMMISSION**

v.

**PECO ENERGY COMPANY –
ELECTRIC DIVISION**

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: **DOCKET NO. R-2015-2468981**
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**MOTION OF PECO ENERGY COMPANY TO STRIKE
PORTIONS OF THE DIRECT TESTIMONY OF
THE ALLIANCE FOR SOLAR CHOICE**

I. INTRODUCTION AND OVERVIEW

Pursuant to 52 Pa. Code § 5.103, PECO Energy Company (“PECO” or the “Company”) moves to strike The Alliance For Solar Choice (“TASC”) Statement No. 1 (the Direct Testimony of Steven Gabel), page 24, line 28, through page 33, line 7 (the “TASC Contested Portion”). The TASC Contested Portion should be stricken and the proposals set forth therein should be excluded from consideration in this proceeding. By such testimony, TASC is trying to interject into this case, which is statutorily limited in subject matter and time,¹ proposals that are not properly considered in a base rate proceeding but, instead, should be raised only in the context of generic, statewide proceedings where all interested parties have proper notice and an opportunity to participate. Additionally, the issues TASC seek to introduce are the subject of existing regulations, orders and administrative guidelines, which TASC is attempting impermissibly to attack collaterally in this case. Moreover, to the extent the Pennsylvania Public Utility Commission (“Commission”) would entertain proposals like those offered by TASC, there are

¹ See 66 Pa.C.S. § 1308(d) defining a “general rate increase” and setting a statutory timeline for the issuance of a final order in such cases (“If, however, such an order has not been made at the expiration of such seven-month period, the proposed general rate increase shall go into effect at the end of such period . . .”).

existing proceedings, at separate dockets, for generic, statewide consideration of some or all of the subject matters those proposals purport to address.

II. RELEVANT BACKGROUND

On March 27, 2015, PECO filed with the Commission Tariff Electric – Pa. P.U.C. No. 5 (“Tariff No. 5”). Tariff No. 5 reflects an increase in annual distribution revenue of approximately \$190 million, or 4.4% of PECO’s total Pennsylvania jurisdictional operating revenues. By Order issued April 23, 2015, the Commission instituted a formal investigation to determine the lawfulness, justness and reasonableness of PECO’s existing and proposed rates, rules and regulations. Accordingly, Tariff No. 5 was suspended by operation of law until December 26, 2015.

In accordance with the litigation schedule adopted by Administrative Law Judge Angela T. Jones (the “ALJ”) in her May 14, 2015 Prehearing Conference Order #3, TASC² served direct testimony of its witness Steven Gabel on June 23, 2015. The TASC Contested Portion proposes changes to existing Commission-established processes and requirements for the interconnection of customer-owned, behind-the-meter generation. For the reasons set forth below, the TASC Contested Portion should be stricken.

III. THE TASC CONTESTED PORTION SHOULD BE STRCKEN AND THE PROPOSALS SET FORTH THEREIN SHOULD BE EXCLUDED FROM THIS PROCEEDING

A. The Administrative Law Judge Has The Authority To Deny Admission Of Testimony That Is Outside The Scope Of This Proceeding

The Commission’s regulations at 52 Pa. Code § 5.403(a) grant presiding officers “all necessary authority to control the receipt of evidence,” including “[r]uling on the admissibility of

² TASC filed a Petition to Intervene in this case, which was granted.

evidence” and “[c]onfining the evidence to the issues in the proceeding.” ALJs have employed this power, with the Commission’s approval and affirmation, to exclude evidence that is outside the permissible scope of a proceeding and, in that way, to focus the evidence on the matters properly at issue.³

The authority conferred by 52 Pa. Code § 5.403(a) and the general principles discussed above formed the basis for a decision to strike direct testimony submitted in the pending base rate proceeding of PPL Electric Utilities Corporation (“PPL”) at Docket No. R-2015-2469275 et al. In that case, PPL moved to strike the statement of Dick Munson on behalf of the Environmental Defense Fund on the grounds that Mr. Munson’s testimony sought to introduce issues that are not properly within the scope of a base rate case and should be addressed only in a generic, statewide proceeding. On July 14, 2015, Administrative Law Judge Susan D. Colwell issued a Sixth Prehearing Order granting PPL’s Motion in Limine to strike Mr. Munson’s written direct testimony and to exclude from the PPL case the proposals Mr. Munson put forth in his statement (“PPL Order”). While Judge Colwell’s Order dealt only with Mr. Munson’s testimony, the well-accepted legal and administrative principles on which her decision is based are equally applicable to, and support granting, PECO’s Motion to Strike the TASC Contested Portion. See PPL Order, pp. 7-10.

³ See, e.g., *Pa. P.U.C. v. Pennsylvania-American Water Co.*, Docket No. R-00932670 et al., 1994 Pa. PUC LEXIS 120 (Final Order entered July 26, 1994) at *158 (“The ALJ concluded as follows: ‘I agree with OTS that the issues raised by OCA are outside the scope of this investigation. . . .’ We conclude that the ALJ properly found the matters raised by the OCA to be better placed in the pending rulemaking proceeding.”); *Re Gas Cost Rate No. 5*, 57 Pa. P.U.C. 158 (1983) (“The testimony stricken by the ALJ addresses, in part, matters broader than the scope of the instant proceeding.”); See also *Joint Application of PECO Energy Company and Public Service Electric and Gas Company For Approval of the Merger of Public Service Enterprise Group, Inc. with and into Exelon Corp.*, Docket No. A-110550F0160 (Initial Decision entered April 25, 2005 at pp. 8-9) (denying a Petition to Intervene where, among other things, the issues sought to be raised by petitioner were outside the scope of that proceeding); *Re Structural Separation Of Bell Atlantic-Pennsylvania, Inc. Retail And Wholesale Operations*, Docket No. M-00001353, 2000 Pa. PUC LEXIS 59 (Final Order entered September 28, 2000) at *7-9 (affirming the decision of the Administrative Law Judge in that case to exclude certain evidence as “beyond the scope of the proceeding”).

B. The ALJ Should Exercise The Authority Granted By The Commission's Regulations To Exclude The TASC Contested Portion

In the TASC Contested Portion, Mr. Gabel proposes six changes to currently established processes and requirements for the interconnection of customer-owned generation, which are summarized below:

Permission-To-Operate Notices. Mr. Gabel proposes that PECO, in response to interconnection requests, provide customers Permission-To-Operate notices by email within 10 business days of the applicant notifying PECO that the generator has been successfully tested.

AEPS Act Reporting Requirements. Mr. Gabel proposes that PECO file its Alternative Energy Portfolio Standards ("AEPS") reports with the Commission on a quarterly basis (instead of annually, as the Commission currently requires) purportedly to allow the Commission to more quickly identify and address "issues" such as interconnection application "bottlenecks."⁴

Missed Deadlines. Mr. Gabel proposes that, if PECO misses an interconnection review deadline, it must notify the applicant within two business days, provide the reason for the missed deadline and state when the review will be completed. Mr. Gabel also proposes that, if delays impact more than 10% of interconnection requests during a three-month period, PECO should be required to submit a report to the Commission detailing the reasons for such delays and its plans to correct the conditions that gave rise to them.

Single Address For Interconnection Applications. Mr. Gabel proposes that PECO provide a single address for interconnection applications. Currently, applications are sent to the appropriate regional new business service office where the project is located.

⁴ Mr. Gabel did not provide any evidence that any such "issues" or "bottlenecks" currently exist.

Solar and Battery Interconnection Requests. For interconnection projects that include battery storage with solar generation, Mr. Gabel contends that the Commission should direct PECO to make no differentiation between solar-only and solar-with-battery installations.

Circuit Limits For Interconnection Projects. Mr. Gabel proposes that PECO conduct a stakeholder process to review the criteria it currently uses to determine if distribution system upgrades are needed in response to an interconnection request. He also proposes that, in the interim, PECO should make available circuit maps that indicate which circuits are closed, have limited capacity and/or would benefit from small generator interconnections.

Mr. Gabel's testimony and the proposals set forth therein should be excluded from this proceeding for three principal reasons:

First, PECO did not, as part of this rate filing, propose any rate, rule or condition of service that pertains to interconnection processes and procedures. And those interconnection proposals are not relevant to revenue requirement, rate structure and rate design, which properly encompass the principal scope of a general base rate proceeding. Furthermore, as a general base rate proceeding, this case is subject to the statutory timeline imposed by 66 Pa.C.S. § 1308(d). *See* footnote 1, *supra*. The challenges of creating a complete and well-developed evidentiary record on the issues that are properly within the scope of this base rate proceeding should not be heightened by interjecting factually complex, but entirely extraneous, issues like those Mr. Gabel seeks to introduce. By the same token, to the extent there might be some merit in addressing Mr. Gabel's proposals – although PECO sees none, for the reasons set forth in detail in PECO Statement No. 8-R – those matters would not receive thoughtful consideration if they were forced into a litigation schedule that was not designed or intended to accommodate them.

Second, proposed changes to interconnection processes and requirements raise issues of potential statewide significance, as evidenced by the fact that the Commission has always, heretofore, considered such issues on that basis. Moreover, the best evidence that these issues cut across various electric utilities' service areas and, therefore, should be addressed, if at all, in generic, statewide proceedings is the fact that the written direct testimony Mr. Gabel submitted on interconnection of customer generation in this case is virtually a verbatim copy of the testimony he submitted in PPL's pending base rate case on the same issues. *See* TASC Statement No. 1, pp. 24-33 at this docket and TASC Statement No. 1, pp. 19-27 at Docket No. R-2015-2469275. (A copy of the relevant portion of Mr. Gabel's direct testimony in the PPL proceeding is attached as Appendix A to this Motion). Proposals like Mr. Gabel's should be considered, if at all, only in the context of generic, statewide proceedings that are properly identified (and captioned) as the vehicle for reaching regulatory decisions that affect the interests of stakeholders in the service territories of multiple utilities. Clearly, a general base rate case does not satisfy those criteria because customers and other possible stakeholders will intervene – or not – based on their perception of the effect that the proposed changes in rates and tariff rules may – or may not – have upon them.

It would be unfair to assume, contrary to fact, that interested parties will be on inquiry notice that a base rate proceeding for a single utility – from which they may not even receive service – could produce regulatory mandates directly affecting their interests. For precisely that reason, fundamental principles of due process dictate that Mr. Gabel's proposals should be considered, if at all, only in the context of generic, statewide proceedings that, from their initiation, properly identify the subject areas they will address. In that way, all interested parties will have reasonable notice that administrative action is contemplated that could affect them, and

they will be afforded a reasonable opportunity to participate. Moreover, only by establishing a proceeding that encourages the participation of all interested parties will the Commission obtain the full range of views needed to produce a well-developed record as the basis for an informed and well-reasoned decision supported by substantial evidence.

Third, the Commission has recognized that the kinds of issues Mr. Gabel is trying to put into play should be addressed in generic, statewide proceedings. In fact, the full panoply of interconnection processes and procedures to which EDCs are expected to adhere are set forth in existing regulations⁵ duly adopted by the Commission in compliance with the formal notice and comment requirements imposed by the Commonwealth Documents Law⁶ and the requirement for review by the Independent Regulatory Review Commission (“IRRC”) imposed by the Regulatory Review Act.⁷ As a consequence, TASC’s proposals in this case constitute an impermissible collateral attack on existing regulations. Furthermore, to the extent such proposals would effect a departure from existing regulations, they could not be considered without first satisfying the formal notice and comments requirements imposed by the Commonwealth Documents Law and the prior IRRC review requirement imposed by the Regulatory Review Act.

Moreover, the Commission is currently considering issues relating to the interconnection of onsite renewable energy and recently issued an Advance Notice of Final Rulemaking Order on that subject.⁸ In light of the pending PUC rulemaking on interconnection of onsite renewable generation, giving any consideration to Mr. Gabel’s proposals in this case would create the

⁵ See 52 Pa. Code § 75.21 et seq.

⁶ 45 P.S. § 1201 et seq.

⁷ See 71 P.S. § 745.5(a)

⁸ *Implementation of the Alternative Energy Portfolio Standards Act of 2004*, Docket No. L-2014-2404361 (Order entered April 23, 2015)

unacceptable possibility of reaching different and potentially inconsistent outcomes by reason of taking up the same or similar issues in parallel proceedings. Of course, that kind of needless duplication is also not an efficient use of either the Commission's administrative resources or the parties' and the ALJ's time.

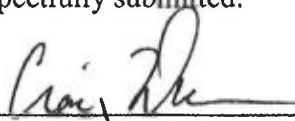
Accordingly, for all the foregoing reasons, the TASC Contested Portion should be stricken and the proposals set forth therein should be excluded from this proceeding.

IV. CONCLUSION

For the reasons set forth above, the ALJ should issue an order finding and determining that the TASC Contested Portion should not be admitted into the evidentiary record and the proposals set forth therein should be excluded from consideration, because they relate to matters that are outside the scope of this proceeding and attempt to raise issues that should properly be addressed in separately-initiated, generic proceedings of statewide scope that afford proper notice and opportunity to be heard to all potentially interested parties. Moreover, TASC's proposals also constitute an improper collateral attack on existing regulations, orders and other

Commission guidelines and seek to interject into this case matters already before the Commission in other dockets.

Respectfully submitted:



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Dated: July 30, 2015

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PENNSYLVANIA PUBLIC UTILITY
COMMISSION**

v.

**PECO ENERGY COMPANY –
ELECTRIC DIVISION**

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DOCKET NO. R-2015-2468981

NOTICE TO PLEAD

Pursuant to 52 Pa. Code § 5.103(b) and (c), you are hereby notified that a written response to the enclosed **Motion of PECO Energy Company to Strike Portions of the Direct Testimony of The Alliance for Solar Choice** is due within 20 days of the date of service hereof or such earlier date specified by the Administrative Law Judge.

Dated: July 30, 2015

APPENDIX A

**DIRECT TESTIMONY OF STEVEN GABEL
IN
PA. P.U.C. V. PPL ELECTRIC UTILITIES CORPORATION
DOCKET NO. R-2015-2469275**

(COVER AND PAGES 19-28)

1 **provisions that unreasonably reduce paybacks on such investments to protect**
2 **its revenue stream?**

3
4 No. As discussed above these efforts are not only contrary to reasonable
5 ratemaking practices, they will prevent the development of energy efficiency and
6 renewable energy projects that are beneficial to customers, the environment and to
7 economic growth.

8
9 **Q. How would you address utility concerns that it needs to protect against**
10 **revenue erosion?**

11
12 **A:** This issue is receiving increasing attention around the country. It should not be
13 addressed through “protectionist” tariff design provisions.

14
15 Instead, the appropriate policy approach is to address this issue through a more
16 comprehensive review of utility ratemaking policy that integrates the
17 advancement of new technologies (including storage, renewable energy, energy
18 efficiency and other demand control technologies) with the need for healthy
19 utilities to provide the foundation for this advancement.

20
21 Some of these ratemaking approaches include decoupling, minimum bills, and
22 alternative forms of regulation. Such a review would look to construct the rate
23 regulation process in ways that encourage the adoption of advanced technologies,
24 renewable energy and energy efficiency that make the provision of energy
25 services more efficient, more affordable, and more reliable.

26
27
28 **VII. Customer Service Interconnection Issues**

29
30 **Q: Why is the issue of customer service and interconnection of on-site**
31 **generation an appropriate issue for this rate proceeding?**

32

1 A: PP&L has an obligation to prove its revenue requirement by demonstrating that
2 the costs incurred in making improvements to its distribution system are
3 reasonable. PP&L has requested substantial rate relief to invest hundreds of
4 millions of dollars in their distribution system and enhance their customer
5 services. As part of demonstrating the reasonableness of these costs (a
6 fundamental element of a rate relief request) the utility should demonstrate that
7 such costs are, at least in part, responsive to customer requests to interconnect on-
8 site generation and make the PP&L system more robust to do so. Just as it is
9 reasonable to evaluate issues related to whether the costs that PP&L is seeking to
10 recover will enhance reliability or improve responsiveness to service calls, it is
11 reasonable to evaluate whether the rate relief will permit PP&L to be responsive
12 to customers' desires to go renewable, consistent with State policy.

13

14 As a matter of policy, Pennsylvania has adopted an Alternative Energy Portfolio
15 Standard ("AEPS") that incentivizes the growth of distributed generation with a
16 set-aside for solar PV. Therefore the distribution system ought to be improved in
17 such a way that among other functions, it is able to facilitate this growth in an
18 efficient manner.

19

20 **Q: Beyond the AEPS, is there additional support from the Commonwealth on**
21 **the growth of distributed generation?**

22

23 A: Yes. Recently, Governor Tom Wolf has proposed a 2015-2016 fiscal year budget
24 that invests significantly in the development of renewable energy. Under the
25 broad umbrella of improvements being sought for the distribution system in this
26 rate case, how distributed generation is developed and adopted for the
27 Commonwealth is an appropriate subject for this proceeding. In fact, it is
28 especially relevant given that the ability to interconnect with PP&Ls distribution
29 system is a necessary condition that enables the growth of distributed generation,
30 which is consistent with the policy objectives of the Commonwealth.

31

1 The conditions that follow are the lessons learned from my experience with the
2 interconnection process.

3

4 **Q: What would you suggest be included in the interconnection process as a**
5 **component of the primary purpose of PP&L's rate request, to improve its**
6 **distribution services?**

7

8 **A:** The several improvements that should be made to the Company's services in this
9 area.

10

11 The first improvement to distribution services relates to Permission to
12 Interconnect, or Permission to Operate ("PTO") as it is known in the industry,
13 which is a key step in the development of renewable energy projects. Receipt of
14 the PTO is indication of project completion. Eligibility for tax incentives, a
15 significant piece of the value of solar system, is tied to this milestone, as is the
16 ability to "turn on" a solar project where revenues and savings are realized. In
17 fact, EQ Research has undertaken a study, expected to be released at the end of
18 June 2015 using Solar Energy Industry Association data, to examine the timing in
19 achieving this milestone in jurisdictions across the country, given its importance
20 to the economics of a solar project.

21

22 Given the resources being requested by PP&L and the importance of securing a
23 PTO I recommend that PP&L provide a PTO to the interconnection customer, in
24 the form of an email, within 10 business days from the applicant's notification to
25 PP&L that it has successfully commission-tested the generator. As has been
26 successfully demonstrated in New Jersey (with approximately 6,000
27 interconnections per year), the time frame is both achievable by the utility and
28 needed by the customer.

29

30 Unnecessarily lengthy delays in the PTO process create a financial burden on
31 applicants (i.e., non-performing assets) and add unnecessary uncertainty to the

1 market.

2

3 **Q: What is not included in the current reporting requirements that should be**
4 **included?**

5

6 A: The annual reporting requirements for interconnection processing timelines have
7 been adequate for the level of market activity in energy year 2013 2014 and
8 YTD2015. Although I note that the average processing time has increased each
9 year since 2013, while the number of applications has decreased. The reports
10 however indicate that the process has worked reasonably well *up to a specific*
11 *point in the process* for those two reporting energy years and YTD2015.
12 However, the reporting requirements do not include a crucial step in the
13 interconnection process.

14

15 The current reporting requirements obligate the utilities to file reports annually.
16 Given the anticipated increase of distributed generation development, in addition
17 to what I have seen in jurisdictions around the country, the process has the
18 potential to bottleneck, and could considerably slow down development of solar
19 projects. The PUC would only become aware that this was an issue after a
20 compliance report was filed and the problem has compounded over time. Given
21 that data is not yet available for Energy Year 2015, the time lag in the current
22 process could present an obstacle to assuring a smooth and efficient
23 interconnection process. Accordingly, reporting requirements for interconnection
24 processing timelines should be submitted to the PUC quarterly instead of the
25 annual reporting requirement in place today. This would give the PUC better
26 visibility into potential issues in the process and the opportunity to remedy so that
27 any problems do not compound as interconnection requests increase.

28

29 A key element of making this process work is that PP&L should be required to
30 have adequate resources in place to meet all timelines. A lack of adequate
31 resources (staff, contractors, equipment or facilities) will lead to delays in

1 interconnection beyond those contemplated by law, creating the type of
2 unreasonable restrictions and delays in the interconnection process.

3
4 In the event that PP&L misses an interconnection review deadline, PTO or other
5 deadline, PP&L should provide a response to the applicant within two business
6 days of all interconnection status update requests. The response should include a
7 reason for the missed deadline and an update on when PP&L will complete its
8 required task. If delays impact more than 10% of interconnection requests over a
9 3-month period, PP&L should provide the PUC with a report detailing the reasons
10 for interconnection delays and its plan to address the delays.

11
12 **Q: Does the interconnection process provide direction for how mixed technology**
13 **installations should be treated?**

14
15 **A:** No, it does not provide any explicit direction on how mixed technology
16 installations are to be treated. Combining solar technology with storage
17 technology, specifically batteries, is technically and economically viable today
18 and creates resiliency and redundancy in the grid. In addition, the market demand
19 for back-up power generation has grown significantly with the increase of severe
20 weather events. Combining batteries with solar and smart inverters provides
21 several benefits to the end use customer: 1) the solar power generated is isolated
22 on the customer's side of the meter during a grid outage, providing the customer
23 with fuel free back up power; 2) the battery may be charged from the solar panels;
24 and 3) the customer may utilize the energy stored in the battery when the solar is
25 not available.

26
27 Further, the addition of storage carries benefits to the grid such as peak demand
28 reduction (batteries can time shift solar production for several hours to be
29 coincident with peak demand) and frequency regulation. In recognition of the
30 faster response times from batteries and several other storage technologies, PJM,
31 as directed by the Federal Energy Regulatory Commission ("FERC"), has created

1 a market specifically to incent these fast reacting technologies in PJM’s frequency
2 regulation market. Given the benefits available to the Commonwealth, the
3 interconnection process should provide for an efficient and transparent processing
4 of solar plus storage applications.
5

6 **Q: Do you have a recommendation for the interconnection process regarding**
7 **mixed technology installations, for example, solar and battery storage?**
8

9 A: Yes. With respect to solar-plus-storage interconnection applications, PP&L
10 should not differentiate between solar-only and solar and battery installations. In
11 the cases where the solar and the battery share inverter(s), only the collective
12 nameplate of the shared inverter(s) and the type of distribution network should be
13 used for determining the requirement of a Level 1 – Level 4 interconnection
14 study. In addition, no additional metering or monitoring equipment should be
15 required then would be required for a solar without storage application.
16

17 **Q: What are the criteria considered when PP&L determines whether upgrades**
18 **will be required to its distribution system for an interconnection application**
19 **for a behind the meter solar project of a specific size?**
20

21 A: The criteria used to determine any constraints include, but are not limited to those
22 listed in 52 Pa. Code, Chapter 75 at Sections 75.34 through 75.40.
23

24 **Q: Given the growing proliferation of solar distributed generation around the**
25 **country have approaches for determining criteria limits for solar distribution**
26 **evolved over time?**
27

28 A: Yes. The formulation of the first iteration of criteria for circuit limits in
29 jurisdictions around the country did not have the benefit of actual distributed solar
30 generation of a significant scale in order to precisely test what those limits should
31 be. Over the last several years, a more granular approach is being considered that

1 takes into account, for instance, the coincidence of timing for the minimum
2 daytime load and the output of the small generator. For example, the minimum
3 daytime load may occur at 9:00 AM, when solar output is very low. Hourly load
4 shape and the hourly generation of interconnected small generators should be
5 considered as a factor to determine when a circuit is closed to further
6 development.

7
8 Other variables that can influence the impact of solar energy to the circuit include
9 proximity of load and the distributed generation to the circuit's substation (closer
10 to the substation has less impact on the circuit), and the availability of battery
11 storage in conjunction with the solar energy to improve the reliability of the
12 circuit.

13
14 **Q: Are there studies that support different criteria than are reflected in the**
15 **Pennsylvania statute?**

16
17 **A:** Yes. Pepco Holdings Inc (PHI) has provided data to the National Renewable
18 Energy Laboratory ("NREL"), a part of NREL's in-depth work to review utility
19 interconnection criteria. A report is expected to be issued by the end of 2015.

20
21 In addition, in Hawaii, where there is a large penetration of on-site solar
22 generation, a study was undertaken with SolarCity, NREL and the Hawaiian
23 Electric Companies ("Hawaiian Electric") to test inverters to mitigate transient
24 load rejection overvoltage ("LRO") as well as the ability of inverters to enable
25 increased levels of distributed solar penetration on utility distribution circuits.
26 The goal of the collaborative research was to examine existing barriers to achieve
27 increasingly higher safe and reliable integration of distributed generation on
28 utility distribution circuits, and provide insight into how to overcome
29 interconnection barriers.

30
31 As a direct result of this testing, the Hawaiian Electric Companies announced

1 earlier this year their intention to dramatically increase circuit penetration
2 thresholds for distributed generation. Specifically, coupled with the
3 implementation of new performance settings for inverters, Hawaiian Electric
4 announced plans to increase circuit thresholds from their current levels of 120%
5 of daytime minimum load (“DML”) to 250% of DML, more than doubling the
6 hosting capacity of circuits to integrate solar.

7
8 Last, the Maryland Public Utility Commission, as a condition of approval of the
9 merger of Exelon and Pepco, declared that the minimum daytime load (“MDL”)
10 supplemental review screen established in FERC Order 792 as well as findings
11 from collaborative research by stakeholders including the Pepco, shall be adopted
12 so long as aggregate installed nameplate capacity on the circuit, including the
13 proposed system, would not exceed 100% of MDL on the circuit and the proposed
14 system passes a voltage and power quality screen and safety and reliability screen.
15 Exelon and Pepco agreed to this condition.

16
17 **Q: In light of these new developments, should the Commonwealth revisit the**
18 **methodology for how circuit limits are determined?**

19
20 **A:** Yes. PP&L should review its criteria used to determine if upgrades to the
21 distribution system are required when interconnecting solar distributed generation
22 including consideration of NREL studies. This review should be conducted with
23 the Commission and interested stakeholders. PP&L should support the immediate
24 adoption of FERC Order 792 and findings that allow for interconnection of
25 distributed generation so long as aggregate installed nameplate capacity on the
26 circuit, including the proposed system, would not exceed 100% of MDL on the
27 circuit and the proposed system passes a voltage and power quality screen and a
28 safety and reliability screen.

29
30 As part of this effort PP&L and the PUC should review any statutory issues
31 around the establishment of such criteria.

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Given the additional resources being requested by PP&L, and the changes in the market discussed above, this approach is appropriate.

Q: Are there **interim steps that should be required while this issue is being studied?**

A: Yes. PP&L should make available service territory maps of circuits that have the following information included: 1) circuits with limited capacity (orange coded) with the specific capacity that remains available on a given circuit before it will be considered closed; 2) closed (red coded); and 3) circuits where capacity makes small generator interconnection more desirable from a distribution utility perspective (green coded). This would send the appropriate signals to developers as to where they should pursue new development as well as areas they should avoid. This approach is already used by Atlantic City Electric Company and was recently an accepted condition of the Exelon-Pepco merger in Maryland and Delaware. PP&L should update these maps at least every three months. Information that flags constrained areas will be a useful tool to the public and in the stakeholder study of the issue for establishing criteria for circuit limits.

Q: **Please summarize your recommendations for improvement to the interconnection process.**

A: In light of the significant distribution cost recovery that PP&L is requesting to maintain and improve its level of distribution service, rate relief should be conditioned on implementation of improvements to distribution services in the area of on-site renewable energy interconnection and storage development, detailed in Exhibit SG-2.

Q. Does this conclude your direct testimony?

1 A. Yes. Thank you.