



March 15, 2007

DISTRIBUTED ENERGY INTERCONNECTION PROCEDURES BEST PRACTICES FOR CONSIDERATION

The U.S. Department of Energy's Office of Energy Efficiency and Renewable Energy (EERE) and Office of Electricity Delivery and Energy Reliability (OE) recognize the importance of electric utilities adopting procedures for implementing interconnection requirements that allow for simple connection of distributed energy technologies to the electric grid. Promoting distributed interconnection furthers Administration policy of modernizing our nation's electric grid and can be accomplished in a manner that is fair to interconnecting generators, utilities, and ratepayers.

Section 1254 of the Energy Policy Act of 2005 (EPAct) requires each State regulatory authority for its jurisdictional electric utilities (and non-State regulated utilities), to have commenced consideration by August 8, 2006 of whether to require interconnection service to any consumer the utility serves who has on-site generation, and to complete its determination by August 8, 2007. The service is to be based on the Institute of Electrical and Electronics Engineers Standard 1547 for the Interconnecting Distributed Resources with Electric Power Systems. Several States have already established interconnection procedures, while other organizations have developed model procedures.

Although EERE and OE do not endorse the model interconnection procedures of any single external organization, EERE and OE do encourage State and non-State jurisdictional utilities to consider the following "best practices" in establishing interconnection procedures:

- First and foremost, EERE and OE note that EPAct requires that agreements and procedures for interconnection service "shall be just and reasonable, and not unduly discriminatory or preferential." As such, generators and utilities should be treated similarly in terms of State requirements.
- Create simple, transparent (1- or 2-page) interconnection applications for "small generators" (equal to or less than 2 MW), as noted in the FERC Order 2006.
- Standardize and simplify the interconnection agreement for "small generators" and, if possible, combine the agreement with the interconnection application.
- Set minimum response and review times for interconnection applications. Provide expedited procedures for certified interconnection systems that pass technical impact screens.

- Establish small processing fees for “small generators”, otherwise the interconnection request must be accompanied by a deposit that goes toward the cost of the feasibility study, per FERC Order 2006.
- Set liability insurance requirements commensurate with levels typically carried by the respective customer class.
- Require compliance with IEEE 1547 and UL 1741 for safe interconnection.
- Avoid overly burdensome administrative requirements, such as obtaining signatures from local code officials, unless such requirements are standard practice in a jurisdiction for similar electrical work.
- Develop administrative procedures for implementing interconnection requirements on a statewide basis through a rulemaking or other appropriate regulatory mechanism for state-jurisdictional utilities to apply uniformly to all regulated electric distribution companies in the State. Where practical, State interconnection administrative procedures should reflect regional best practices and be comprehensive in scope. Administrative procedures should also be transparent to both small generators and electric distribution utilities.