

**BEFORE THE WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

In the Matter of Puget Sound Energy’s
Proposed New Schedule 153 Tariff

DOCKET NO. UE-210818

COMMENTS OF THE NORTHWEST &
INTERMOUNTAIN POWER
PRODUCERS COALITION AND THE
RENEWABLE ENERGY COALITION

I. INTRODUCTION AND SUMMARY

The Northwest & Intermountain Power Producers Coalition (“NIPPC”) and Renewable Energy Coalition (“REC” and collectively “Interconnection Trade Associations”) provide these Comments in response to Puget Sound Energy’s (“PSE’s”) proposed new Schedule 153 Tariff (“Proposed Tariff”). The Interconnection Trade Associations appreciate PSE’s cooperation and engagement with stakeholders prior to filing the Proposed Tariff. The Interconnection Trade Associations limit these comments to the issue of network upgrades and are not taking any position on any other items in the Proposed Tariff. The Interconnection Trade Associations also wish to first recognize that PSE’s proposal for an optional, lower quality network interconnection service is a constructive and creative proposal that may likely resolve many interconnection-related disputes. While there may be other issues or concerns with the filing, at this time, the Interconnection Trade Associations are recommending only one discrete change to the Proposed Tariff’s treatment of network upgrades.

The Proposed Tariff creates an optional tariff service for transmission interconnection service for Qualifying Facilities (“QFs”) under the Public Utility Regulatory Policies Act of 1978 (“PURPA”), which are entities that PSE currently interconnects through interconnection

policies filed with and approved by the Federal Energy Regulatory Commission (“FERC”).¹ While interconnection services options under FERC’s *pro forma* interconnection procedures are simplified into the binary options of Network Resource Interconnection Service (“NRIS”) or Energy Resource Interconnection Service (“ERIS”), PSE has proposed a practical and feasible third option.² In brief, if PSE has adequate available transmission capacity for a given QF’s interconnection, then PSE will allow that QF to choose limited curtailments as an alternative to paying for “full network service upgrades.”³ PSE allows the QF to choose which type of network service upgrades it wishes. The Interconnection Trade Associations support PSE’s proposal to allow a QF to choose a lower quality of network interconnection service to avoid expensive upgrades and accept limited curtailments.

However, the Interconnection Trade Associations recommend one discrete, but significant change to PSE’s Proposed Tariff. As drafted, the Proposed Tariff does not recognize any possibility of a QF receiving reimbursement when it funds Network Upgrades that provide system-wide benefits.⁴ By contrast, FERC assumes that FERC-jurisdictional interconnection customers that fund Network Upgrades are providing system-wide benefits and are therefore entitled to cost reimbursement.⁵ This is because Network Upgrades, by definition, lie beyond a

¹ PSE Cover Letter at 1 (Oct. 29, 2021).

² *E.g.*, FERC *Pro Forma* Large Generator Interconnection Procedures at Section 3.2 (Nov. 21, 2019), available at <https://www.ferc.gov/sites/default/files/2020-04/LGIP-procedures.pdf>.

³ PSE Cover Letter at 2.

⁴ Proposed Tariff at Sheet No. 153-E (under “cost allocation,” indicating QFs are responsible for all costs and not providing any reference to potential cost-sharing or reimbursement).

⁵ *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, 104 FERC ¶ 61,103, at PP. 21-22 (2003), *order on reh’g*, Order No. 2003-A, 106 FERC ¶ 61,220 (2004), *order on reh’g*, Order No. 2003-B, 109 FERC ¶ 61,287 (2004), *order on reh’g*, Order No. 2003-C, 111 FERC ¶ 61,401 (2005), *aff’d sub nom. Nat’l*

generator's Point of Interconnection and thus constitute investments into a utility's transmission system.⁶

The Interconnection Trade Associations are not recommending that the UTC adopt FERC's bright-line rule that mandates that FERC jurisdictional network interconnections always obtain full cost reimbursement.⁷ Instead, they recommend adopting a rebuttable presumption that Network Upgrades benefit all users of the system. Under this presumption, a utility may demonstrate when, in rare circumstances, a specific Network Upgrade will *not* benefit other users. The Interconnection Trade Associations view this change as consistent with and in furtherance of the Washington Utilities & Transportation Commission ("UTC" or the "Commission") rules and policy. However, the Interconnection Trade Associations understand that PSE is acting in good faith, but simply disagree. The Interconnection Trade Associations respectfully recommend that the UTC adopt the Interconnection Trade Association's proposed change and explicitly acknowledge that the change is consistent with and in furtherance of longstanding UTC policy and FERC precedent.

Ass'n of Regulatory Util. Comm'rs v. FERC, 475 F.3d 1277 (D.C. Cir. 2007), *cert. denied*, 552 U.S. 1230 (2008); *see also Nat'l Ass'n of Regulatory Util. Comm'rs v. FERC*, 475 F.3d at 1285 (affirming FERC's "long-held understanding that Network Upgrades provide system-wide benefits" and thus justify refunds).

⁶ Order No. 2003, 104 FERC ¶ 61,103, at P. 21.

⁷ *See* Order No. 2003, 104 FERC ¶ 61,103, at P. 66 ("[FERC's] well-established precedent regarding what constitutes Network Upgrades does not require a case-specific determination that all users benefit from Network Upgrade; instead we look only as whether the upgrade is at or beyond the Point of Interconnection.").

II. DISCUSSION

A. The Interconnection Trade Associations Appreciate PSE’s Cooperation and Engagement with Stakeholders Prior to Filing

PSE first indicated its intent to develop the Proposed Tariff in its 2021 All-Source Request for Proposals (“2021 RFP”), when it indicated that RFP bidders that are QFs could decide to switch to the Proposed Tariff once approved.⁸ In that proceeding, NIPPC noted that these sort of changes should be “transparently and publicly pursued” and recommended that PSE publish its documents as soon as possible, in part for the benefit of potential RFP bidders.⁹ PSE responded by clarifying that it intended to make a separate filing and would notify stakeholders.¹⁰ PSE contacted both NIPPC and REC, and they appreciate PSE following through on its earlier commitment.

The Interconnection Trade Associations note that their understanding of the Proposed Tariff is informed in part by PSE’s prior comments in the RFP proceeding. In particular, PSE stated that:

It is important to note that any new QF interconnection and transmission process, if approved, is simply another option for QFs seeking interconnection; it is not a requirement nor an expectation of PSE that bidders will switch and use any new QF interconnection process. As stated in the draft RFP, if a new QF interconnection process is approved by the Commission, PSE will notify all bidders of the opportunity to make a switch, and allow an opportunity for them to do so, if desired.¹¹

PSE’s Cover Letter suggests this prior statement continues to apply. NIPPC understands that PSE notified the RFP service list before filing the Proposed Tariff. While NIPPC continues to

⁸ *In Re PSE’s Draft 2021 Request for Proposals for All Sources*, Docket No. UE-210220, PSE Draft 2021 RFP at 12 (Apr. 1, 2021).

⁹ Docket No. UE-210220, NIPPC Comments at 20-21 (May 17, 2021).

¹⁰ Docket No. UE-210220, PSE Draft 2021 RFP (June 1, 2021 version), Attachment A “2021 All-Source RFP: Summary of Public and WUTC Staff Comments” at 41.

¹¹ *Id.* at 41-42.

believe it would have been ideal to have the available procedures finalized prior to RFP approval, NIPPC is optimistic that making the Proposed Tariff, with the Interconnection Trade Association's one change, available to bidders will not harm the RFP's competitiveness.¹²

B. The Proposed Tariff Should Adopt One Change to Clarify that QFs that Fund Network Upgrades are Entitled to Cost Reimbursement under a Rebuttable Presumption that Network Upgrades Benefit All Users of the System

The Interconnection Trade Associations generally support the Proposed Tariff's treatment of Network Upgrades, except with regard to the denial of cost recovery. Prior to filing, the Interconnection Trade Associations recommended that PSE make some discrete changes to the filing to allow refunds of network upgrades in limited circumstances. Specifically, the Interconnection Trade Associations recommend adopting a rebuttable presumption that Network Upgrades benefit all users of the system and therefore QFs that fund Network Upgrades are entitled to cost reimbursement. Under this presumption, a utility may demonstrate when, in rare circumstances, a specific Network Upgrade will *not* benefit other users and a QF should not receive reimbursement. However, PSE expressed concern that allowing refunds would be inconsistent with WAC 480-106-080. Rather, the better reading of that rule is that refunding QFs is allowed rather than prohibited. This view is supported by the rule's express mandate for non-discriminatory cost allocation.

1. The UTC's Rule Allows Rather than Prohibits Reimbursement for Network Upgrades

When the UTC recently revised its PURPA rules, the Interconnection Trade Associations noted that the interconnection rules were not sufficiently detailed and unclear, but the UTC

¹² See Docket No. UE-210220, NIPPC Comments at 20-21 (May 17, 2021); see also Docket No. UE-210220, NIPPC Comments at 11 (June 10, 2021) ("NIPPC appreciates PSE's explanation about proposed process but maintains that any change should be addressed prior to RFP approval. This will harm PPA bids.") (internal citations omitted)).

declined to launch further proceedings to review and amend the rule. Nonetheless, allowing cost reimbursement in specific circumstances, as proposed herein, is consistent with the existing rule language and better furthers the UTC's and FERC's policies than prohibiting cost reimbursement as PSE appears to propose.

In the recent rulemaking, the Interconnection Trade Associations explained that:

The Commission's interconnection rules are not sufficiently detailed, and are unclear on key aspects. ...

For example, the rules require the interconnection customer to pay for system and network costs on a nondiscriminatory basis. The rule is unclear as to whether this requirement is intended to be consistent with FERC's interconnection policies, which require reimbursement to the interconnection customer of all network interconnection upgrades on the transmission system. Network upgrades have system-wide benefits for all customers and should be charged to all customers. A single interconnecting generator should not bear the economic cost of system upgrades associated with the interconnection because they benefit all customers. The crediting policy articulated in FERC Order No. 2003 refunds the cost of system upgrades built to accommodate interconnecting generators through transferable transmission rate credits, or ultimate balloon payments.¹³ The credits or refunds are available only if the generator achieves operation and are only paid back over a period of time to ensure that the upgrades are not completed for purely speculative purposes.

...
This is a well-established policy the Commission should formally adopt in a subsequent proceeding to end the extreme abuses of the interconnection process that have occurred. ...¹⁴

There was no further discussion in the rulemaking on this specific policy. The Commission did not address the merits of interconnection cost responsibility or refunds, but ultimately decided against launching further proceedings to address interconnection matters "in the absence of a demonstrated substantial need."¹⁵

¹³ Order No. 2003, 104 FERC ¶ 61,103, at PP. 813-14.

¹⁴ *In Re Rulemaking for Public Utility Regulatory Policies Act, Obligations of the Utility to Qualifying Facilities, WAC 480-107*, Docket No. U-161024, NIPPC and REC Comments Regarding Proposed PURPA Rules at 23-24 (Apr. 1, 2019).

¹⁵ Docket No. U-161024, General Order R-597 at P. 19 (June 12, 2019).

WAC 480-106-080 states, in full:

- (1) Any costs of interconnection are the responsibility of the owner or operator of the generating facility entering into a power contract under this chapter. The utility must assess all reasonable interconnection and necessary system or network upgrade costs the utility incurs against a qualifying facility on a nondiscriminatory basis.
- (2) The owner or operator of the qualifying facility must reimburse the utility for any reasonable interconnection costs the utility may incur. Such reimbursement may be made, at the utility's election:
 - (a) At the time the utility invoices the owner or operator of the qualifying facility for interconnection costs incurred by the utility; or
 - (b) Over an agreed period not greater than the length of any contract between the utility and the qualifying facility.¹⁶

Stated differently, the rule requires QFs to pay interconnection costs either upfront or over time, at the utility's discretion. Nowhere does it say that QFs cannot receive cost reimbursement.

The Commission should therefore clarify that cost reimbursements are allowed in certain instances. The Interconnection Trade Associations recommend that the Commission adopt a rebuttable presumption that Network Upgrades benefit all users of the system. Under this presumption, a utility may demonstrate when, in rare circumstances, a specific Network Upgrade will *not* benefit other users. This presumption provides flexibility consistent with the rule's silence.

Further, the presumption is consistent with the requirement that QFs only pay for "necessary" and "reasonable" costs for system or Network Upgrades.¹⁷ For example, a utility that plans to build a Network Upgrade in 2025 for \$10 million might assess costs to expedite construction to a QF interconnecting in 2024, but the original \$10 million were not necessitated by the QF. Thus, that QF should be reimbursed for any costs that are not made "necessary" by the QF's interconnection, and it would not be reasonable to impose them on the QF.

¹⁶ WAC 480-106-080.

¹⁷ WAC 480-106-080(1).

As explained in the next section, making clear that cost reimbursement is allowed (and expected) is also consistent with the UTC’s overarching goal to implement PURPA and fulfill PURPA’s nondiscrimination mandate.

2. The UTC’s Rule Expressly Requires Non-Discriminatory Cost Allocation, Supporting an Approach Consistent with Treatment of Non-QFs

The UTC’s rule expressly requires action “on a nondiscriminatory basis.” Allocating all the costs of network upgrades to QFs without an opportunity for refunds available to non-QFs constitutes discrimination in violation of both PURPA and the UTC’s current rule.

PURPA’s non-discrimination provision requires that this Commission’s rules ensure comparable treatment for QFs and utilities.¹⁸ The D.C. Circuit has explained that this provision is intended to put QFs “on an *essentially equal competitive footing* with competing suppliers.”¹⁹ Unlike the Federal Power Act’s antidiscrimination provision which only bars *undue* discrimination, PURPA bars *any* discrimination, and therefore utility and state arguments attempting to justify discrimination against QFs must fail.²⁰ Additionally, because the Commission’s PURPA rules governing state-jurisdictional interconnections arise from PURPA’s

¹⁸ 16 U.S.C. § 824a-3(b)(2) (requiring that “rates . . . shall not discriminate against [QFs]”); *Indus. Cogenerators v. FERC*, 47 F.3d 1231, 1232 (D.C. Cir. 1995) (“Section 210 of the PURPA was enacted, in part, to address discrimination by electric utilities in the availability and price of power that they sell to and buy from cogeneration facilities for resale”).

¹⁹ *Env’tl. Action, Inc. v. FERC*, 939 F.2d 1057, 1061-62 (D.C. Cir. 1991) (vacating FERC order that excluded QFs from open-access tariff because this “would effect an administrative repeal of this congressional choice” to disallow discrimination against QFs).

²⁰ Compare 16 U.S.C. § 824d(b) (Federal Power Act prohibition on “undue prejudice or disadvantage”), with 16 U.S.C. § 824a-3(b)(2) (PURPA’s requirement that rates “shall not discriminate”).

must purchase provisions, the statutory bar against any discrimination applies to such state-jurisdictional interconnections.²¹

Thus, while FERC has delegated to states the right to implement interconnection where the QF sells all of its output to the interconnecting utility under PURPA,²² PURPA requires that states do so in a nondiscriminatory manner. The applicable FERC rules require states to assess interconnection costs “on a nondiscriminatory basis[.]”²³ and to include only “reasonable standards to ensure system safety and reliability of interconnected operations.”²⁴

Consistent with PURPA, the UTC’s rules require utilities to act in a non-discriminatory basis. In furtherance of this mandate, the UTC should interpret its rule to require, or at least allow, cost reimbursement, as the Interconnection Trade Associations recommend.

Without a refund policy, a non-independent transmission provider, like PSE, can engage in discrimination against the interconnection customer that is its direct competitor in the generation market. In Order No. 2003, FERC explained that a non-independent transmission provider, i.e., a vertically integrated monopoly utility, is “an interested party” with respect to the amount of costs for network upgrades that should be allocated to the utility’s competing generators.²⁵ Logically, FERC was “concerned that, when the Transmission Provider is not independent and has an interest in frustrating rival generators, the implementation of participant

²¹ *Small Power Production and Cogeneration Facilities; Regulations Implementing Section 210 of the Public Utility Regulatory Policies Act of 1978*, Order No. 69, FERC Stats. & Regs. ¶ 30,128, 45 Fed. Reg. 12,214, at 12,220-12,221 (1980), *aff’d*, *Am. Paper Inst. v. Am. Elec. Power Serv. Corp.*, 461 U.S. 402, 418-23, 103 S. Ct. 1921 (1983).

²² Order No. 2003, 104 FERC ¶ 61,103, at PP. 813-815.

²³ 18 CFR § 292.306(a).

²⁴ 18 CFR § 292.308; *Pioneer Wind Park I, LLC*, 145 FERC ¶ 61,215, P 37 and n.72 (Dec. 16, 2013) (finding a curtailment provision in a QF contract unlawful because it was discriminatory).

²⁵ Order No. 2003, 104 FERC ¶ 61,103, at P. 21; *see also* Order No. 2003, 104 FERC ¶ 61,103, at P. 696.

funding, including the ‘but for’ pricing approach [for network upgrades], creates opportunities for undue discrimination.”²⁶ Discrimination can easily occur because “aspects of the ‘but for’ approach are subjective, and a Transmission Provider that is not an independent entity has the ability and incentive to exploit this subjectivity to its own advantage.”²⁷ The Commission provided the example of the vertically integrated utility’s “incentive to find that a disproportionate share of the costs of expansions needed to serve its own power customers is attributable to competing Interconnection Customers.”²⁸ The Commission determined that “*any policy that creates opportunities for such discriminatory behavior to be unacceptable.*”²⁹

The Interconnection Trade Associations also note that should the UTC agree that QFs subject to its jurisdiction are required to fund the cost of Network Upgrades without reimbursement, such treatment would single out only a very limited subset of generators for differential treatment. As PSE notes in its filing, it currently provides service to QFs under its Open Access Transmission Tariff (“OATT”) and the new optional schedule would only apply to generators that are both: 1) interconnecting to PSE’s system; and 2) selling to PSE as a QF.³⁰ The Interconnection Trade Associations understand PGE’s filing as providing that any other generator receives the cost allocation and reimbursement treatment including: 1) off-system generators interconnected to another utility’s system but selling to PSE, whether as a QF or not (these would receive compensation from their off-system interconnection utility); 2) on system generators not invoking PURPA’s mandatory purchase obligation to make their sale to PSE; and

²⁶ Order No. 2003, 104 FERC ¶ 61,103, at P. 696.

²⁷ Order No. 2003, 104 FERC ¶ 61,103, at P. 696.

²⁸ Order No. 2003, 104 FERC ¶ 61,103, at P. 696.

²⁹ Order No. 2003, 104 FERC ¶ 61,103, at P. 696 (emphasis added).

³⁰ PSE Cover Letter at 1.

3) on system generators invoking PURPA's mandatory purchase obligation to make their sale to a utility other than PSE.

Facilitating cost reimbursement is a valid interpretation consistent with the rule's plain language and in furtherance of the non-discriminatory treatment mandate. Therefore, the Interconnection Trade Associations dispute PSE's interpretation that the rule prohibits cost reimbursement.

The Interconnection Trade Associations respectfully recommend that the UTC adopt the Interconnection Trade Association's proposed change and explicitly acknowledge that the change is consistent with and in furtherance of longstanding UTC policy.

Finally, the Interconnection Trade Association want to be clear that they are not accusing PSE of engaging in any specific discriminatory conduct or any inappropriate motives. The interpretation of what is allowed and required under WAC 480-106-080 is a legal question for the UTC to resolve, and we recognize that PSE simply has a good faith difference of opinion in regard to its legal obligations.

3. Expressly Adopting a Presumption for Reimbursement is Also Good Policy

In addition to being consistent with the UTC's rule and FERC precedent, the rebuttable presumption proposed herein is also good public policy when one considers the ultimate effect of the cost reimbursement policy.

Network Upgrade costs, once paid by the transmission utility, are added to transmission rate base.³¹ Rates are ultimately a function of both the amount of power moved through the transmission system and the rate base.³² Under FERC's policies, the transmission rate a

³¹ Order No. 2003-A, 106 FERC ¶ 61,220, at P. 657.

³² Order No. 2003-A, 106 FERC ¶ 61,220, at P. 657.

particular FERC-jurisdictional interconnection customer pays is generally the higher of an incremental rate or an embedded average cost rate. FERC has observed:

Our experience indicates that the incremental rate associated with network upgrades required to interconnect a new generator (dividing the costs of any necessary network upgrades by the projected transmission usage by the new generator) will generally be less than the embedded average cost rate (including the costs of the new facilities in the numerator and the additional usage of the system in the denominator). In other words, in most instances, *the additional usage of the transmission system by a new Interconnection Customer will generally cause the average embedded cost transmission rate to decline for all remaining customers.*³³

As applied here, this would mean that in most instances, a QF funding Network Upgrade costs without reimbursement simply pays the full cost of the upgrade while the remaining users of the system enjoy a transmission rate decrease. This discriminates against that subset of QFs.

Even if this were the rare case where FERC's "higher of" policy would permit the transmission provider to charge the incremental rate to the interconnection customer causing unusually expensive Network Upgrades,³⁴ an on-system QF should not have to bear the entire cost of the Network Upgrade without any compensation. To start with, as FERC has emphasized:

[A]n incremental rate is not the same as direct assignment; the Interconnection Customer that pays an incremental rate is paying for Transmission Service over the entire Transmission System. Charging both the incremental cost of the Network Upgrades and an embedded cost transmission rate would be charging twice for the same service, i.e., "and" pricing, and we do not permit such pricing for the Transmission Services of a non-independent Transmission Provider.³⁵

³³ Order No. 2003-A, 106 FERC ¶ 61,220 at P. 581 (emphasis added).

³⁴ See Order No. 2003-A, 106 FERC ¶ 61,220, at P. 581.

³⁵ Order No. 2003-A, 106 FERC ¶ 61,220, at P. 586 (emphasis in original).

Also, a QF is not a transmission customer and therefore receives none of the benefits that accrue to an interconnection customer who receives transmission service.³⁶

Rather, the QF simply lowers transmission costs to other customers.

Therefore, it makes sense that in most instances the QF should not be responsible for Network Upgrade costs, i.e., the presumption should be that the upgrades benefit all users of the system. But in the rare event that the Network Upgrades in question would result in a higher average embedded cost, the utility would need to rebut that presumption by providing adequate evidence regarding the incremental cost. The Interconnection Trade Association has been made aware that this is a calculation that utilities routinely perform in their transmission rate structures and that utilities are in possession of the necessary information. Therefore, the utility is the appropriate entity to bear the burden of proof.

III. CONCLUSION

The Interconnection Trade Associations support PSE's proposal to offer QFs a new option to securing interconnection service, under which at least some QFs will have the option to mitigate the need for expensive Network Upgrades by instead opting for limited curtailment by PSE. The Interconnection Trade Association appreciate PSE's constructive proposal and engagement, which addresses some of the important obstacles facing QF interconnections.

The Interconnection Trade Associations recommend one discrete but significant change to the treatment of Network Upgrades to facilitate cost reimbursement, except in the limited circumstance when a utility demonstrates that a Network Upgrade does not ultimately provide system benefits. The Interconnection Trade Associations maintain this change is consistent with

³⁶ See *PaTu Wind Farm, LLC v. Portland General Elec. Co.*, 151 FERC ¶ 61,223 at P. 56 (2015), *rev. denied*, 854 F.3d 692 (D.C. Cir. 2017).

and in furtherance of the UTC's current QF interconnection rule, WAC 480-106-080, and the federal PURPA. Without adopting this important recommendation, then some of the usefulness of this optional tariff may be jeopardized.

Dated this 23rd day of November 2021.

Respectfully submitted,

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Of Attorneys for Northwest & Intermountain Power
Producers Coalition and for Renewable Energy
Coalition

Agenda Date: December 23, 2021
Item Number: A1

Docket: UE-210818
Company Name: Puget Sound Energy

Staff: Deborah Reynolds, Assistant Director, Conservation and Energy Planning

Recommendation

Take no action, thereby allowing the tariff sheets filed by Puget Sound Energy on October 29, 2021, in Docket UE-210818 to become effective on January 1, 2022, by operation of law.

Background

On October 29, 2021, Puget Sound Energy (PSE or Company) filed with the Washington Utilities and Transportation Commission (Commission) revisions to its Tariff WN U-60, adding new Schedule 153, Qualifying Facility Transmission Interconnection Service. The Company requested an effective date of January 1, 2022.

Under the Public Utility Regulatory Policy Act of 1978, renewable energy facilities smaller than 80 megawatts are entitled to interconnect with the utility. PSE states that the proposed transmission level service attempts to mitigate the need for qualifying facilities (QFs) to pay for expensive system upgrades in the first place and eliminates the need for a QF to secure and pay for PSE transmission service. In exchange for eliminating network upgrade costs, the QF would be subject to curtailment if the transmission system needed to shed or reduce the amount of power carried by the system.

Discussion

Staff agrees that removing the requirement for a QF under this tariff to pay for transmission network upgrades supporting network reliability standards of N-1-1 (essentially requiring a generator to build a third transmission line) can significantly reduce a QF's interconnection costs. While the size of the reduction will vary, the Company's proposal should reduce a QF's interconnection costs without negatively impacting system operation. Staff supports the tariff as filed.

Joint comments were filed on November 23, 2021, by the Northwest & Intermountain Power Producers Coalition and the Renewable Energy Coalition. PSE filed a response to the joint comments on December 8, 2021. While both sets of comments address a variety of topics, the only remaining issue is whether the approval of the instant tariff resolves the issue of whether a qualifying facility could be reimbursed for the network upgrade portions of the interconnection

expenses. Staff believes this tariff does not settle the issue of reimbursement. In its rulemaking order under Docket U-161024, when this issue was raised by the joint commenters, the Commission declined to address it. The Commission also clearly stated its support for alternative sources of energy and noted that if it became aware of interconnection issues inhibiting the ability of QFs to effectively provide such alternatives, it would consider initiating a proceeding to address those issues.¹ Staff believes it would be most appropriate to address reimbursement through an individual complaint filed by a QF, which would allow the Commission to consider the specific facts of a particular case.

Conclusion

Take no action, allowing the tariff to go into effect by operation of law.

¹ Docket No. U-161024, General Order R-597 at par. 19 (June 12, 2019).