

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 19R-0654E

IN THE MATTER OF THE PROPOSED AMENDMENTS TO RULES REGULATING
ELECTRIC UTILITIES, 4 CODE OF COLORADO REGULATIONS 723-3, RELATING
TO INTERCONNECTION PROCEDURES AND STANDARDS.

**INTERIM COMMISSION DECISION ISSUING
QUESTIONS FOR PUBLIC COMMENT HEARING**

Mailed Date: January 13, 2021

Adopted Date: January 13, 2021

I. BY THE COMMISSION

A. Statement

1. On November 25, 2019, the Colorado Public Utilities Commission issued a Notice of Proposed Rulemaking (NOPR) to amend the rules governing Interconnection Standards and Procedures (Interconnection Rules) within the Commission's Rules Regulating Electric Utilities, 4 *Code of Colorado Regulations* (CCR) 723-3.¹ This NOPR followed the issuance of a previous NOPR in Proceeding No. 19R-0096E,² which initially included the Interconnection Rules now the subject of this rulemaking proceeding.

2. This NOPR proposed substantive changes to the Interconnection Rules. In the NOPR, the Commission noted that, "The Interconnection Rules are presently located within the Renewable Energy Standard Rules (RES Rules) at 4 CCR 723-3-3667 *et seq.* This NOPR proposes to move the Interconnection Rules to a new standalone section within 4 CCR 723-3, comprising Rules 4 CCR 723-3-3850 *et seq.*"

¹ Decision No. C19-0951 (issued on November 25, 2019).

² See ¶ 23 at pp. 8 and 9 of Decision No. C19-0951.

3. The Commission noticed the proposed rules, provided with Decision No. C19-0951 in legislative (*i.e.*, with strikeouts and underlines) format and in final format, available to the public through the Commission's Electronic Filings (E-Filings) System.

4. The NOPR adopted a schedule for filing comments and invited interested participants to file initial comments no later than January 7, 2020 and to file reply comments no later than January 21, 2020.

5. The Commission referred this matter to an Administrative Law Judge (ALJ) to preside over rulemaking hearings and for the issuance of a recommended decision.³ ALJ Denman held a public rulemaking hearing on February 3, 2020.

6. By the spring of 2020, the record in this Proceeding contained a large volume of written and oral comments, as well as extensive post-hearing comments and numerous revisions to the proposed rules. In Decision No. R20-0423-I (issued on June 5, 2020), the ALJ found that holding an additional rulemaking hearing was needed to gather additional information from Participants and to help clarify certain issues, so that the ALJ could fully evaluate and consider the arguments and revised rules proposed by the Participants. The additional rulemaking hearing was held on July 27, 2020.

7. On November 5, 2020, ALJ Denman issued Recommended Decision No. R20-0773. The Recommended Decision does not specifically address every comment or every proposed amendment to the Interconnection Rules, as some were clarifications and edits to existing language or format changes and many were not contested. The amendments propose to: 1) introduce a provision that addresses energy storage, pursuant to SB 18-009; (2) reorganize to consolidate provisions that apply generally to all interconnection requests and to separate out

³ Decision No. C19-0951, Ordering ¶¶ II.A.2 – 6 at pp. 20 and 21.

specific provisions that apply only to the Level 1 Process for certified inverter-based installations no larger than 10 kW; and (3) various other modifications to bring the rules up-to-date with recent FERC policies and IEEE standards.

8. On November 18, 2020, the Commission stayed Recommended Decision No. R20-0773. This decision was made to allow the Commission explore the potential introduction of performance incentive mechanisms (PIMs) as applied to the interconnection of Distributed Energy Resources (DERs).

9. On December 11, 2020, the Commission issued a Decision and Supplemental NOPR in light of comments provided in this rulemaking, as well as the Report to the General Assembly on Performance Based Ratemaking in Proceeding No. 19M-0661EG. The Decision states that Commission believes that Interconnection Rules are critical for customer owned and third-party owned resources to connect to the electric utility's grids and are thus important to the adoption of DERs. In this rulemaking, there has been discussion of performance incentives, mostly focused on financial penalties for utilities not meeting standard timelines. The recently issued Commission Report on Performance Based Ratemaking also makes mention of PIMs as applied to timeliness of processing interconnection requests as well as increased interconnections for DERs. The Report also mentions that with a change to the utility business model, interconnection may fall under a 'platform service model' where utilities can be rewarded for improved customer service.

10. The Decision scheduled a public hearing on Performance Incentive Mechanisms related to Interconnection Standards and Procedures for January 22, 2021. It also requested that initial pre-filed comments be submitted no later than January 18, 2021. The Commission will consider all submissions, whether oral or written. This public hearing was published by the Colorado Secretary of State in the *The Colorado Register* on December 25, 2020.

11. The Commission is interested in public comment responding to the following:

- o For utility-scale or community solar projects:
 - What specific problems are projects currently facing or what opportunities exist to improve the policies and processes surrounding interconnections that the currently proposed rules do not sufficiently address? Specific examples are helpful for the Commission to understand the issues.
 - What would be an appropriate PIM or metric to utilize in order to improve the performance in your area of concern? Specifically, identify what metric should be measured, against what baseline, how a baseline should be established, what sort of data would be needed from utilities and third-party developers, if a positive or negative PIM should be considered, and how the metric should be structured financially.
- o For smaller distributed energy projects:
 - What specific problems are projects currently facing or what opportunities exist to improve the policies and processes surrounding interconnections that the currently proposed rules do not sufficiently address? Specific examples are helpful for the Commission to understand the issues.
 - What would be an appropriate PIM or metric to utilize in order to improve the performance in your area of concern? Specifically, identify what metric should be measured, against what baseline, how a baseline should be established, what sort of data would be needed from utilities and third-party developers, if a positive or negative PIM should be considered, and how the metric should be structured financially.
- o For energy storage projects:
 - What specific problems are projects currently facing or what opportunities exist to improve the policies and processes surrounding interconnections that the currently proposed rules do not sufficiently address? Specific examples are helpful for the Commission to understand the issues.
 - What would be an appropriate PIM or metric to utilize in order to improve the performance in your area of concern? Specifically, identify what metric should be measured, against what baseline, how a baseline should be established, what sort of data would be needed from utilities and third-party developers, if a positive or negative PIM should be considered, and how the metric should be structured financially.
- o What can be learned from our experience with PIMs in Colorado that we can apply towards DER Interconnection?
- o Building off suggestions from the Report to the Legislature on PBR, interconnection may fall under a ‘platform service model’ where utilities can be

rewarded or penalized for customer service. Should Service Level Agreements (SLAs) be explored for the interconnection process.

- o Please describe the step-by-step process that utilities follow after receiving an application for interconnection through to energizing the resource, including the actions taken by each party and timeline for those actions. If these processes are anticipated to change in light of the proposed Interconnection rules, please indicate where these changes are anticipated in the response.
- o Should the Commission begin to think about the role FERC Orders 2222 and 841 may play as organized markets begin to develop in both the State of Colorado, as well as neighboring states.

12. The Commission is interested in public comment to specifically identify the problem a PIM would attempt to solve. The public hearing and comments received on the topics outlined above will play a large role in whether the Commission promulgates rules to address PIMs as well as the content of any eventual proposed rules. In light of the questions outlined above, the Commission is extending the date by which it asks parties to pre-file comments to January 20, 2021.

B. Instructions for Written Comments

13. Written comments are preferred to oral comments given these unique circumstances.

14. Members of the public may provide written comments at:
puc.colorado.gov/puccomments

15. Registered filers for the Commission's E-filing System should instead submit their comments in this Proceeding through the E-filing System.

C. Instructions for Accessing the Remote Public Comment Hearing

16. For those individuals who nevertheless want to provide oral comments at the hearing, the Commission will use the conferencing service GoToMeeting at <https://global.gotomeeting.com/join/911388213>.

17. Members of the public may enter a queue to provide oral comments by phone by dialing +1 (872) 240-3212, and entering PIN when prompted at the time of the hearing. When prompted, the caller shall input 911-388-213 to be placed into the hearing. All participants in the hearing should mute their phones or microphones until called upon to provide comments by Chairman Eric Blank (Chairman).

18. The January 22, 2021 hearing will be webcast to the general public at puc.colorado.gov/webcasts (Hearing Room A). Persons seeking to attend the hearing without providing oral comment are encouraged to participate in this manner and should not use the GoToMeeting platforms. Audio recordings will be available 24 hours after the hearing.

19. Additional information and tutorials for using GoToMeeting are available at: <https://www.gotomeeting.com/meeting/resources/gotomeeting-quick-and-helpfulguide-for-attendees>. These links are only provided for the convenience of the individuals who plan to participate in the remote public comment hearing, and are not intended to guarantee that the information on the link is accurate or that it provides all the information the parties may need in order to use GoToMeeting.

D. General Instructions for the Hearing

20. We intend to focus the January 22, 2021, public comment hearing on oral comments related to the questions posed in this Decision.

21. Participants in the January 22, 2021 hearing are discouraged from orally repeating comments that have been submitted in writing.

22. The following are the procedures for the public comment hearing: (1) the hearing will be transcribed; (2) the hearing will begin at 9:00 a.m. and will continue until concluded, but in no event later than 5:00 p.m.; (3) the Chairman will compile a list of commenters and call on

each to provide the oral comments. At the outset of the hearing, and periodically during the course of the hearing, the Chairman will ask participants who wish to provide comments to identify themselves and the topics or rules they seek to address; (4) the Chairman may take commenters in a particular order (*e.g.*, by topic area or rule); (5) the Chairman may set a time limit for each individual to speak; and (6) the Commissioners may ask clarifying questions of an individual who makes an oral comment at the hearing.

23. Individuals seeking to provide oral comment during the January 22, 2021 public comment hearing are encouraged to provide their name, organization if affiliated, phone number, and topic or topics that they plan to address on or before January 20, 2021, via e-mail at dora_puc_website@state.co.us. The e-mail should include Proceeding No. 19R-0654E and the January 22, 2021 hearing date in the subject line. An e-mail sent prior to the hearing is not required to provide oral comment at the hearing. However, participants providing information about their planned participation prior to the hearing will assist the Commission in organizing topics and planning the discussion.

24. In the event of technical difficulties or other unforeseen circumstances, the Commission may continue the meeting to a future date by separate order.

II. ORDER

A. It Is Ordered That:

1. At the time set for hearing in this matter, interested persons may submit written comments and may make oral comments unless the Commission deems oral presentation unnecessary. The Commission prefers and encourages interested persons to pre-file comments in this Proceeding through its E-Filings System at:

<https://www.dora.state.co.us/pls/efi/EFI.homepage>.

2. Individuals may not attend the public comment hearing in-person, because the building containing the Commission's offices and hearing rooms has been closed to the public.

3. The Commission requests that initial pre-filed comments be submitted no later than January 21, 2021. The Commission will consider all submissions, whether oral or written.

4. This Decision is effective upon its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
January 13, 2021.**

(S E A L)



ATTEST: A TRUE COPY

A handwritten signature in cursive script that reads 'Doug Dean'.

Doug Dean,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

JOHN GAVAN

MEGAN M. GILMAN

Commissioners

COMMISSIONER ERIC BLANK
ABSTAINED.