



April 25, 2018

Arizona Corporation Commission
Docket Control Center
1200 West Washington
Phoenix, AZ 85007-2996

IN RE: Docket Number RE-00000A-07-0609, In the Matter of the Notice of Proposed Rulemaking Regarding Interconnection of Distributed Generation Facilities

COMMENTS OF THE ALLIANCE FOR INDUSTRIAL EFFICIENCY

The Alliance for Industrial Efficiency (the “Alliance”) commends the Arizona Corporation Commission (“ACC”, “Commission”) for taking steps to standardize its interconnection rules. We previously filed comments delineating several best practices and recommendations in this area.¹ We are pleased to see that our recommendations are generally reflected in the staff proposal.

The Alliance is a diverse coalition that includes representatives from the business, contractor, labor and academic communities. We represent trade associations with a strong presence in Arizona, such as the Sheet Metal and Air Conditioning Contractors’ Association (SMACNA). SMACNA companies have been directly involved with some of the most important development projects in the state including the construction of the CyrusOne Phoenix Data Center in Chandler and the expansion of American Express’ offices at Desert Ridge. Members of the Arizona Corporation Commission (the “Commission”) had an opportunity to learn about these projects first hand at a business roundtable and tour organized by our members at the sheet metal training center in Phoenix last year. The Alliance is committed to enhancing manufacturing competitiveness and reducing emissions through industrial energy efficiency, particularly through the use of clean and efficient power generating systems such as combined heat and power (CHP) and waste heat to power (WHP).

Facilities with CHP systems usually require supplemental and/or standby/back-up service from the utility to provide power needs over and above the output of the CHP system and during periods when the system is down due to routine maintenance or unplanned outages. Interconnection rules detail the technical requirements and procedural process by which an electric-generating unit is connected to the grid. These standards are needed to ensure that both the end-user and the utility’s reliability and safety needs are taken into account. A key to CHP’s ultimate market success is the ability to safely, reliably, and economically interconnect with the utility grid system. The lack of standard uniformity in interconnection rules makes it difficult for equipment manufacturers to design and produce modular packages and reduces the economic incentives for on-site generation. Predictable interconnection rules based on industry technical standards and application processes that limit financial uncertainty and delays can encourage CHP projects.

¹ Comments of the Alliance for Industrial Efficiency in Docket Number RE-00000A-07-0609, Jul. 24, 2015 (available online at <http://images.edocket.azcc.gov/docketpdf/0000161793.pdf>).



The ACC's proposal takes an important step to help remove a barrier to CHP deployment by standardizing and expediting the interconnection process for potential CHP hosts. The Alliance commends the Commission for its leadership in this area.

We commend the Commission for incorporating many of the best practices laid out in FERC's small generator interconnection procedures and the IREC model in the proposed rule.

Notably, the proposed rule balances the desire to fast track smaller projects (i.e., those less than 2 megawatts) with the need to provide more careful deliberation to larger projects. For projects that are not eligible for "fast track" interconnection, the proposal sets a clear timeline to ensure that the process moves forward in a timely manner. We are pleased to see that the Commission has removed the 10 MW cap on eligible projects. Again, the proposal reflects a balance between the desire to support a standardized and streamlined interconnection process with the need to allow for a study process.

The Alliance for Industrial Efficiency believes that clear, standardized interconnection procedures are crucial to facilitating CHP and other distributed generation resources in Arizona. We are grateful that the Commission is undertaking steps to adopt such standards for Arizona and appreciate your consideration of our input on this process.

Sincerely,

Jennifer Kefer, Director
Alliance for Industrial Efficiency