

# STATEMENT OF SCOPE

## Public Service Commission of Wisconsin (Docket 1-AC-256)

**Rule No.:** ch. PSC 119

**Relating to:** Rules for Interconnecting Distributed Generation Facilities

### **1. Description of the objective of the rule and expected financial impact:**

The proposed rule would update the existing provisions of Wis. Admin. Code ch. PSC 119 (PSC 119), regarding the interconnection of customer-owned distributed generation facilities with the distribution system of electric public utilities. Updates would account for the significant changes in distributed generation technology and operations since the current rules were promulgated in 2004, and refine rule provisions related to application processing and information sharing to ensure they are fair, timely, and balance the needs of customers, utilities, and installers.

### **2. Description of existing policies relevant to the rule, and new policies proposed to be included in the rule and analysis of policy alternatives; the history, background, and justification for the proposed rule:**

The Commission has authority under Wis. Stat. § 196.03(1), 196.19(2), 196.20(1), and 196.37(2) to regulate services rules and services that public utilities provide to consumers.

In 2001 Wisconsin Act 16, the Legislature enacted Wis. Stat. § 196.496. The statute defines a “distributed generation facility” as a facility for the generation of electricity with a capacity of up to 15 megawatts that is located near the point where electricity is used or is in a location that will support the functioning of the electric power distribution grid. The statute also directs the Commission to promulgate rules for the interconnection of distributed generation facilities to the electric distribution facilities operated by public utilities. Under Wis. Stat. § 196.496(2), the interconnection rules must:

- To the extent technically feasible and cost-effective, establish uniform statewide standards that promote the development of distributed generation facilities;
- Address engineering, reliability, and safety concerns; and
- Establish methods for determining charges for interconnection.

The Commission developed interconnection rules, with the advice of an advisory committee created under Wis. Stat. § 227.13, which were promulgated in January 2004 as PSC 119. The rules establish uniform interconnection requirements for all regulated electric utilities in Wisconsin, including:

- A standardized application process that allows streamlined processing for small facilities with capacity of 20 kilowatts and less; and
- Technical requirements related to system design, safety, technology, and equipment certification.

Distributed generation in Wisconsin and in other states has undergone significant changes in the 16 years since promulgation of PSC 119. The number of distributed generation installations throughout the state has grown substantially, increasing the volume of applications and presenting new engineering and reliability considerations. Technological development has accelerated; new technologies have emerged that affect interconnection that were not contemplated in the development of the initial rule; and updated technical and certification standards have been established. Further technological developments and increases in deployment are also expected to occur in future years, highlighting the value of establishing rule provisions that can effectively deal with continuing change.

The objective of this rulemaking will be to establish revisions to PSC 119 that address these changes, while meeting the established goals to maintain uniform interconnection requirements, support distributed generation development, and address engineering, reliability and safety concerns. These revisions will identify changes to application processes, including but not limited to, enhanced communication and information sharing, that can help maintain timely processing while meeting the needs of both applicants and utilities. Revisions will also identify updated technical requirements that align with current industry standards; address interconnection considerations raised by new technologies; other new technological developments; and enable distributed generation to be used as effectively as possible to support system reliability and provide value for utilities and ratepayers. Where feasible, revisions will also seek to position the rules to efficiently respond to technology changes or other technical issues that may emerge in future years.

Revisions to PSC 119 will be developed with the advice of an advisory committee created under Wis. Stat. § 227.13.

### **3. Statutory authority for the rule (including the statutory citation and language):**

This rule is authorized under Wis. Stat. §§ 196.02(1) and (3), 196.496(2), 196.03(1), 196.19(2), 196.20(1), 196.37(2), and 227.11.

Section 227.11 authorizes agencies to promulgate administrative rules. Section 196.02(1) authorizes the Commission to do all things necessary and convenient to its jurisdiction. Section 196.02(3) grants the Commission specific authority to promulgate rules. Section 196.03(1) requires public utilities to provide reasonably adequate service and facilities. Section 196.19(2) requires public utilities to file all rules and

regulations that in the judgment of the Commission affect service. Section 196.20(1) requires public utilities to include all service rules in their rate schedules, and file changes in rate schedules with the Commission. Section 196.37(2) authorizes the Commission to exercise control over the service rules that a public utility has with its consumers and requires the Commission to make a just or reasonable order if the Commission finds that the service is unjust, insufficient, or unlawful. As described above, Section 196.496(2) directs the Commission to promulgate rules regarding the interconnection of distributed generation facilities to electric distribution facilities.

**4. Estimate of the amount of time that state employees will spend to develop the rule, and of other resources necessary to develop the rule :**

The Commission estimates that approximately 450 hours of employee time will be required to update the interconnection rules.

**5. Description of all entities that may be impacted by the rule :**

Electric utilities; developers and installers of distributed generation facilities; utility customers who use or may seek to use distributed generation technologies; and stakeholders interested in the development and deployment of distributed generation technologies.

**6. Summary and preliminary comparison of any existing or proposed federal regulation that is intended to address the activities to be regulated by the rule :**

The Federal Energy Regulatory Commission (FERC) has addressed interconnection considerations through FERC Order No. 841 concerning electric storage resources (issued 2018), FERC Order No. 872 concerning updates to the Public Utility Regulatory Policies Act of 1978 (PURPA) (issued 2020), and FERC Order No. 2222 concerning distributed energy resources more generally (issued 2020).

In those Orders, FERC declined to issue regulations regarding interconnection to the distribution facilities owned by the electric utility serving the customer. Order Nos. 841 and 2222 do address participation in electricity markets operated by regional transmission organizations (such as the Midcontinent Independent System Operator, Inc. or MISO, which serves this role in Wisconsin) by interconnected resources. However, Order Nos. 841 and 2222 both explicitly established that nothing in the Orders preempts the right of states to regulate the safety and reliability of their own distribution systems, and states that all distributed energy resources affected by the Orders must comply with any applicable state rules related to interconnection with the customer's own electric utility.

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