

**PROJECT NO. 41325**

<b>RULEMAKING TO AMEND</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>SUBSTANTIVE RULE 25.211,</b>	<b>§</b>	
<b>INTERCONNECTION OF ON-SITE</b>	<b>§</b>	<b>OF TEXAS</b>
<b>DISTRIBUTED GENERATION (DG),</b>	<b>§</b>	
<b>AND THE PRO-FORMA DG</b>	<b>§</b>	
<b>INTERCONNECTION AGREEMENT</b>	<b>§</b>	
<b>AND TARIFF</b>	<b>§</b>	

**ORDER ADOPTING AMENDMENTS TO §25.211  
AS APPROVED AT THE FEBRUARY 21, 2014 OPEN MEETING**

The Public Utility Commission of Texas (commission) adopts amendments to §25.211, relating to Interconnection of On-Site Distributed Generation (DG), with changes to the proposed text as published in the September 27, 2013, issue of the *Texas Register* (38 TexReg 6458). The amendments modify §25.211 by adopting the Pro-Forma DG Interconnection Agreement and Tariff into the rule. The amendments modify the Interconnection Agreement to include options regarding indemnification and choice of law for parties entering into an agreement with a federal agency. In addition, the amendments include modifications to the Interconnection Agreement to implement the requirement in subsection (n) that the owner of a distributed generation facility report to the utility any change in ownership of the facility and the cessation of operations of the facility within 14 days of such change. These amendments are adopted under Project Number 41325.

The commission received comments on the proposed amendments from AEP Texas Central Company, AEP Texas North Company, and Southwestern Electric Power Company (AEP Companies); CenterPoint Energy Houston Electric, LLC (CenterPoint Energy); El Paso Electric Company (EPE); Oncor Electric Delivery Company LLC (Oncor); and Southwestern Public Service Company (SPS).

*The commission posed the following question:*

(1) Do amendments need to be made to the rule, tariff, application, or interconnection agreement to effectuate third-party ownership of distributed renewable generation pursuant to Public Utility Regulatory Act §39.916 and §25.217 of this title?

The AEP Companies stated that they had no specific concerns with the proposed amendments to §25.211, the tariff for interconnection, or the interconnection agreement. CenterPoint recommended that the commission adopt the proposed amendments to §25.211 as published. Oncor commented that it generally supported the proposed amendments.

AEP Companies, SPS, EPE, and CenterPoint recommended a separate project be opened following the adoption of these rule amendments that would address the issues associated with third party ownership. Oncor did not oppose the suggestion to open a separate project, but urged the commission in whatever approach it takes, to keep the administrative burden on DG owners and utilities to a minimum.

The AEP Companies stated that they do not believe amendments need to be made to the rule, tariff, or application to effectuate third-party ownership of distributed renewable generation. However, they recommended that a three-party interconnection agreement or specific supplemental terms and conditions to the interconnection agreement be added to accommodate instances where the premises owner requests that a third-party generator be a party to the interconnection agreement.

SPS commented that the proposed amendments do not cover all documents impacted, do not use terms consistently, and do not make clear which part is the responsibility of which parties for certain items; therefore, SPS stated that amendments need to be made to effectuate third-party ownership of distributed generation so that all documents are clear regarding ownership, applicability, and responsibility. SPS also commented that the current rules and other documents do not clearly differentiate between entities and instead largely assume that the DG owner, the site owner, and the retail customer are the same entity. SPS recommended that the Interconnection Manual and Interconnection Agreement also be reviewed and updated, and suggested a working session or limited series of working sessions so that technical and other experts can work to develop a consistent set of rules and associated documents.

CenterPoint also suggested that the Commission open a separate project to consider issues such as third-party ownership of distributed generation facilities, noting that the transmission and distribution utilities (TDUs) do not currently address the issue in a consistent manner. CenterPoint also remarked that the issue of third-party ownership raised questions with the definition of “customer” as currently defined in the rule because while CenterPoint believes the definition contained in the rule relates to the customer of record for the location being served, some entities have argued that the customer is the owner of the DG facility.

EPE supported the idea of a separate project to address third-party ownership, stating that it was evident from initial comments that utilities have handled third-party ownership differently, which demonstrated a clear need for greater guidance from the commission if the commission desires a

level of uniformity of treatment throughout the state. EPE also stated that it may be appropriate to have different procedures within the Electric Reliability Council of Texas (ERCOT) and outside ERCOT, because bundled utilities have greater privity with the retail customer than do the TDUs within ERCOT.

Oncor pointed out that it has interconnected over 550 DG facilities where the owner of the DG facility is not the utility customer/owner of the property upon which the DG facility is installed, and has developed an approach to address such circumstances in the Interconnection Agreement and Facility Schedule that has been acceptable to all parties involved. Oncor stated that the commission could indicate that Oncor's approach is acceptable in the preamble to the adoption of the rule amendments, or could develop a separate Interconnection Agreement and Facility Schedule that applies only to third-party DG ownership situations. Oncor stressed that its current approach minimizes the amount of paperwork involved, and urged the commission to keep the administrative burden on DG owners and utilities to a minimum in whatever approach it takes.

*Commission response*

**Consistent with the comments, the commission intends to open a separate project to address third-party ownership of DG.**

*Subsection (c)*

EPE proposed that the definition of "Facility" in subsection (c)(5) be modified to make clear that not all distribution feeder systems have sufficient capacity to interconnect 10 MW of generation, especially in residential areas. Additionally, EPE stated that requiring a utility to uniformly

connect and receive 10 MW from anywhere on its system may put the reliability of a utility's system in jeopardy. EPE proposed revisions to subsection (c)(5) to address this concern.

*Commission response*

**The commission declines to adopt EPE's proposed language. The language is unnecessary because subsection (h)(4) already adequately addresses this issue by providing that a utility may reject applications for a distributed generation facility under this section if the utility can demonstrate specific reliability or safety reasons why the distributed generation should not be interconnected at the requested site. However, in such cases the utility shall work with the customer to attempt to resolve such problems to their mutual satisfaction.**

EPE recommended that the definition of "inverter-based protective function" in subsection (c)(8) be modified to specify that DG must meet, at a minimum, "IEEE 1547" and "UL 1747." It was EPE's contention that doing so would protect the utility from allegations that it is unfairly or arbitrarily applying such standards. EPE proposed language to amend the subsection (c)(5).

*Commission response*

**The commission declines to adopt EPE's proposed language. The commission does not agree that the proposed modification is necessary, and utilities have sufficient ability to explain their adherence to appropriate standards.**

*Subsection (d)*

EPE proposed that subsection (d)(2) be amended to make clear that any costs incurred modifying distribution facilities to accommodate interconnection of DG be borne by the DG owner. EPE argued that this provision should be changed to allow the utility to access a charge on a DG facility in limited circumstances when the utility must incur costs to protect other customers from adverse impacts resulting from the operation of the distributed generation facility.

*Commission response*

**The commission declines to adopt EPE's proposed language. EPE's comments are confusing because they refer to recovery of facility costs from the DG customer, while its proposed language would be included in the rule provision that addresses operations and maintenance costs and would limit cost recovery to customers in the DG customer's customer class. The commission does not agree that EPE's proposed changes are warranted and, therefore, declines to adopt EPE's proposed modification.**

Oncor stated that subsection (d)(4) could be read to require that existing agreements for interconnection and parallel operation (AIs) be modified to reflect changes to the rule that are adopted by the commission. In light of the fact that it had approximately 1,800 signed AIs at the time it filed its comments, Oncor strongly recommended, and EPE expressed support in its reply comments, that subsection (d)(4) either be struck or changed to indicate that the proposed AI changes do not require modification of existing AIs.

*Commission response*

**Although the amendments being adopted by the commission improve the existing rule and AI, they do not warrant the time and expense that would be necessary to reform existing contracts. Therefore, the commission has amended subsection (d)(4) to require use of the AI resulting from this rulemaking for a new or amended AI.**

Oncor commented that, since charges for interconnection studies and their respective supporting data have already been reviewed and approved by the commission in rate cases, subsections (d)(5) and (d)(5)(A) should be clarified that while conforming tariff changes for the application and the AI are to be filed, this is not true of changes in rates and their supporting data. EPE agreed with Oncor, adding that the provisions are burdensome and unnecessary.

*Commission response*

**The commission has amended subsection (d)(5) consistent with Oncor's comments.**

*Subsection (h)*

EPE proposed that the time to complete interconnection and network studies in subsection (h)(3) be lengthened from six to eight weeks, citing competing priorities for engineering personnel, operational challenges during peak season, and the time needed to elicit information from customers and customers' consultants and engineering firms.

*Commission response*

**Prompt interconnection of distributed generation is in the public interest because it is good customer service and promotes adequate generation resources. The commission concludes that six weeks is sufficient time to complete interconnection and network studies and, therefore, declines to adopt EPE's proposed modification.**

EPE proposed that subsection (h)(5) be amended to give the utility discretion as to whether a DG customer's service should be switched to a radial feed to permit the export of power from the DG facility. EPE stated that a customer should not be in a position to dictate to a utility how it may operate its system. EPE further stated that if the utility determines the most practical and safe way to interconnect a customer's system is to convert that customer to radial feed that the utility should be able to do so without the customer's consent. EPE proposed modification to subsection (h)(5) to address its concerns.

*Commission response*

**The commission declines to adopt EPE's proposed modification to subsection (h)(5). EPE did not demonstrate that this change is necessary. Converting to a radial feed would reduce the reliability of service to the customer, and the customer may not find that approach acceptable.**

*Subsection (i)*

EPE sought to increase the time to complete pre-interconnection studies based on the size of the facility being interconnected, increasing the period from four to six weeks for systems larger

than 500 kW and eight weeks for systems larger than 2MW. EPE stated that the deadlines should reflect the amount of time necessary to complete pre-interconnection study given real world conditions and the complexity involved when evaluating feeders in light of the utility's responsibility to provide safe and reliable service.

*Commission response*

**The commission declines to adopt EPE's proposed language. Prompt interconnection of distributed generation is in the public interest because it is good customer service and promotes adequate generation resources. The commission concludes that the existing rule provides sufficient time for pre-interconnection studies.**

*Subsection (p)*

CenterPoint commented that it supported the modifications to the AI related to indemnification of facilities owned by federal governmental entities as it had issues related to this on various occasions and the proposed amendments would provide a resolution.

EPE proposed that an additional change be made to the standard AI by adding an addendum. This addendum would accommodate political subdivisions of the State of Texas that EPE asserts are generally prohibited by law from entering into contractual indemnification obligations. The effect of the addendum would be to remove the reciprocal indemnification provisions of numbers 4(c) and 4(d) from the AI. EPE stated that it is appropriate to remove both the indemnification provisions from the AI in these circumstances in order for the agreement to be balanced.

*Commission response*

The commission declines to adopt EPE's proposed modification to the AI. EPE's proposal to address indemnification of facilities related to political subdivisions of the State of Texas is distinct from, and inconsistent with, the commission's amendments to address indemnification specific to federal law and federal entities. Additionally, while comments were filed in support of the modification related to federal entities, no reply comments were submitted regarding EPE's proposed modification related to state entities. Furthermore, EPE's specific indemnification issue with the County of El Paso is currently being addressed in a separate proceeding (Tariff Control Number 42105). A consistent and comprehensive approach to address indemnification issues related to state governmental entities may be appropriate in the future. However, absent comments in support of EPE's proposed modification, and absent a significant number of instances in which indemnification issues related to state entities have occurred or are likely to occur, the modification proposed by EPE is not warranted at this time.

Oncor recommended several modifications to add clarity. Oncor proposed that language be added to the end of the third paragraph of number 3 of the AI to explicitly state what should happen after notice is given by the Company to the customer if operation of the Customer's Facilities is causing disruption of service to other utility customers or damage to the Company's equipment. Oncor's language would allow the customer to either (1) modify its facilities or their operation so as to eliminate the problem; or (2) if the Company can modify its facilities so as to rectify the problems, then pay the Company to make those modifications. Should the Customer

simply ignore the problem, then this provision would authorize the Company to disconnect the Customer's Facilities until such time as the problem no longer exists.

Oncor suggested that in the signature blocks, between the "BY" and the "TITLE" lines, for both the Company and Customer, the line be added "PRINTED NAME," as many signatures are often illegible. Oncor also recommended changes to several paragraphs of the proposed Facility Schedule, to provide clarification. Oncor also recommended several changes to the Facility Schedule.

EPE supported the recommendations made by Oncor.

*Commission response*

**The commission has changed the agreement to state that Company and Customer shall work cooperatively and promptly to resolve the problem. Depending on the nature of the problem, Company may be responsible for the costs to resolve the problem. The commission has made clarifications similar to the other changes proposed by Oncor.**

*Subsection (q)*

EPE did not object to the incorporation of the standard tariff with changes as proposed in the rule.

Oncor expressed several concerns with the proposed form of the tariff. Oncor stated that the title of the tariff would suggest that this will be an entirely new tariff, rather than be part of each

utility's existing tariff. Oncor explained that for TDUs, as set out in §25.214(d) (the Pro Forma tariff), the current tariff is titled "Tariff for Retail Delivery Service." Oncor recommended that the title be removed, or if this is in fact intended to be an entirely new and separate tariff, that there should be blanks for the sheet number, the revision number, and the section number rather than actual numbers.

Oncor strongly urged the deletion of the first two pages of the proposed tariff. Questioning the need for those pages, Oncor stated that the tariff already includes the current version of the Application, and the first two pages have not proved to be necessary. Oncor was also unclear as to what the "Definitions," "Pricing," "Standby," "Maintenance" and "Supplemental" provisions are designed to accomplish. For a TDU such as Oncor, these provisions are irrelevant; to the extent they may have some use for integrated utilities, then that would suggest that there needs to be separate tariff forms for the two types of utilities. Further, since these provisions are not part of the Application itself, it is unclear whether these pages would be filled in and sent out to the prospective DG customer as part of the Application, or just what function they are intended to serve.

Oncor also pointed out that pre-interconnection study fees are already contained in the Discretionary Charges section of the Tariff. Oncor stated that it is more appropriate to have the charges remain in the portion of the Tariff that contains all of utility's charges, rather than have them listed separately. Oncor recommended that rather than listing the charges in the Application, that a reference to the Discretionary Charges section of the Tariff be included here,

as well as clarifying changes to address authorized release of information, and some of the questions in the Application. EPE did not object to the proposed changes by Oncor.

*Commission response*

**The commission agrees with Oncor that the DG tariff should be part of each utility's overall retail tariff. In addition, the commission agrees that the pricing provisions should be located in another part of the utility's retail tariff, where the pricing provisions for other services are located. The commission has changed the rule accordingly. The commission has retained statements about the applicability of the commission's rules and the need for the customer to submit an application. The commission has added clarifications to the application form similar to those proposed by Oncor.**

All comments, including any not specifically referenced herein, were fully considered by the commission. The commission has made changes to the rule in addition to those specifically described in order to clarify its intent.

These amendments are adopted under the Public Utility Regulatory Act, Texas Utilities Code Annotated §14.002 (West 2007 and Supp. 2013) (PURA), which provides the commission with the authority to make and enforce rules reasonably required in the exercise of its powers and jurisdiction; and specifically, §14.001, which provides the commission with the general power to regulate and supervise the business of each public utility within its jurisdiction and to do anything specifically designated or implied by PURA that is necessary and convenient to the exercise of that power and jurisdiction; §32.101, which requires an electric utility to file its tariff

with each regulatory authority; §36.003, which requires that each rate be just and reasonable and not unreasonably preferential, prejudicial, or discriminatory; §38.001, which requires an electric utility to furnish service, instrumentalities, and facilities that are safe, adequate, efficient, and reasonable; and PURA §39.101(b)(3) which requires the commission to ensure that customers have access to on-site distributed generation and to providers of energy generation by renewable energy resources.

Cross Reference to Statutes: Public Utility Regulatory Act §§14.001, 14.002, 32.101, 36.003, 38.001, and 39.101(b)(3).

**§25.211. Interconnection of On-Site Distributed Generation (DG).**

- (a) **Application.** Unless the context indicates otherwise, this section and §25.212 of this title (relating to Technical Requirements for Interconnection and Parallel Operation of On-Site Distributed Generation) apply to an electric utility for all purposes except to the extent preempted by federal law. The only part of this section that applies to electric cooperatives is subsection (o) of this section.
- (b) **Purpose.** The purpose of this section includes stating the terms and conditions that govern the interconnection and parallel operation of both on-site distributed generation in order to implement Public Utility Regulatory Act (PURA) §39.101(b)(3) and a natural gas distributed generation facility in order to implement PURA §35.036. Sales of power by on-site distributed generation and natural gas distributed generation in the intrastate wholesale market are subject to §§25.191-25.203 of this title (relating to Open-Access Comparable Transmission Service for Electrical Utilities in the Electric Reliability Council of Texas).
- (c) **Definitions.** The following words and terms when used in this section and §25.212 of this title shall have the following meanings, unless the context indicates otherwise:
- (1) **Application for interconnection and parallel operation or application** -- The form of application prescribed in subsection (q) of this section.
  - (2) **Company** -- An electric utility operating a distribution system.

- (3) **Customer** -- Any entity interconnected to the company's utility system for the purpose of receiving or exporting electric power from or to the company's utility system.
- (4) **Distributed natural gas generation facility** -- A facility installed on the customer's side of the meter that uses natural gas to generate not more than 2,000 kilowatts of electricity.
- (5) **Facility** -- An electrical generating installation consisting of one or more on-site distributed generation units, including a distributed natural gas generation facility. The total capacity of the installation's on-site distributed generation units may exceed ten megawatts (MW); however, no more than ten MW of the installation's capacity will be interconnected at any point in time at the point of common coupling under this section.
- (6) **Interconnection** -- The physical connection of distributed generation to the utility system in accordance with the requirements of this section so that parallel operation can occur.
- (7) **Interconnection agreement** -- The form of agreement prescribed in subsection (p) of this section. The interconnection agreement sets forth the contractual conditions under which a company and a customer agree that one or more facilities may be interconnected with the company's utility system.
- (8) **Inverter-based protective function** -- A function of an inverter system, carried out using hardware and software, that is designed to prevent unsafe operating conditions from occurring before, during, and after the interconnection of an inverter-based static power converter unit with a utility system. For purposes of

this definition, unsafe operating conditions are conditions that, if left uncorrected, would result in harm to personnel, damage to equipment, unacceptable system instability or operation outside legally established parameters affecting the quality of service to other customers connected to the utility system.

- (9) **Network service** -- Network service consists of two or more utility primary distribution feeder sources electrically tied together on the secondary (or low voltage) side to form one power source for one or more customers. The service is designed to maintain service to the customers even after the loss of one of these primary distribution feeder sources.
- (10) **On-site distributed generation (or distributed generation)** -- An electrical generating facility located at a customer's point of delivery (point of common coupling) of ten megawatts (MW) or less and connected at a voltage less than 60 kilovolts (kV) which may be connected in parallel operation to the utility system.
- (11) **Parallel operation** -- The operation of on-site distributed generation while the customer is connected to the company's utility system.
- (12) **Point of common coupling** -- The point where the electrical conductors of the company utility system are connected to the customer's conductors and where any transfer of electric power between the customer and the utility system takes place, such as switchgear near the meter.
- (13) **Pre-certified equipment** -- A specific generating and protective equipment system or systems that have been certified as meeting the applicable parts of this section relating to safety and reliability by an entity approved by the commission.

- (14) **Pre-interconnection study** -- A study or studies that may be undertaken by a company in response to its receipt of a completed application for interconnection and parallel operation with the utility system. Pre-interconnection studies may include, but are not limited to, service studies, coordination studies and utility system impact studies.
  - (15) **Stabilized** -- A company utility system is considered stabilized when, following a disturbance, the system returns to the normal range of voltage and frequency for a
  - (16) **Tariff for interconnection and parallel operation of distributed generation** -- The tariff for interconnection and parallel operation of distributed generation prescribed in subsection (q) of this section.
  - (17) **Unit** -- A power generator.
  - (18) **Utility system** -- A company's distribution system below 60 kV to which the generation equipment is interconnected.
- (d) **Terms of Service.**
- (1) **Distribution line charge.** No distribution line charge shall be assessed to a customer for exporting energy to the utility system.
  - (2) **Interconnection operations and maintenance costs.** No charge for operation and maintenance of a utility system's facilities shall be assessed against a customer for exporting energy to the utility system.
  - (3) **Transmission charges.** No transmission charges shall be assessed to a customer for exporting energy. For purposes of this paragraph, the term transmission

charges means transmission access and line charges, transformation charges, and transmission line loss charges.

- (4) **New or amended interconnection agreements.** A new or amended interconnection agreement entered into 30 or more days after the commission's approval of an electric utility's compliance tariff filed pursuant to paragraph (5) of this subsection shall meet the requirements of this section.
  - (5) **Tariffs.** Not later than 30 days after the effective date of this amended section, an electric utility shall file with the commission for approval tariff amendments to comply with this amended section, including subsections (p) and (q) of this section. An electric utility shall include in its tariff the fees for interconnection studies. An electric utility that sells electricity shall also include back-up, supplemental, and maintenance power services for distributed generation in its tariff.
- (e) **Disconnection and reconnection.** A utility may disconnect a distributed generation unit from the utility system under the following conditions:
- (1) **Expiration or termination of interconnection agreement.** The interconnection agreement specifies the effective term and termination rights of company and customer. Upon expiration or termination of the interconnection agreement with a customer, in accordance with the terms of the agreement, the utility may disconnect customer's facilities.
  - (2) **Non-compliance with the technical requirements specified in §25.212 of this title.** A utility may disconnect a distributed generation facility if the facility is not

in compliance with the technical requirements specified in §25.212 of this title. Within two business days from the time the customer notifies the utility that the facility has been restored to compliance with the technical requirements of §25.212 of this title, the utility shall have an inspector verify such compliance. Upon such verification, the customer in coordination with the utility may reconnect the facility.

- (3) **System emergency.** A utility may temporarily disconnect a customer's facility without prior written notice in cases where continued interconnection will endanger persons or property. During the forced outage of a utility system, the utility shall have the right to temporarily disconnect a customer's facility to make immediate repairs on the utility's system. When possible, the utility shall provide the customer with reasonable notice and reconnect the customer as quickly as reasonably practical.
- (4) **Routine maintenance, repairs, and modifications.** A utility may disconnect a customer or a customer's facility with seven business days prior written notice of a service interruption for routine maintenance, repairs, and utility system modifications. The utility shall reconnect the customer as quickly as reasonably possible following any such service interruption.
- (5) **Lack of approved application and interconnection agreement.** In order to interconnect distributed generation to a utility system, a customer must first submit to the utility an application for interconnection and parallel operation with the utility system and execute an interconnection agreement on the forms prescribed by the commission. The utility may refuse to connect or may

disconnect the customer's facility if such application has not been received and approved.

- (f) **Incremental demand charges.** During the term of an interconnection agreement a utility may require that a customer disconnect its distributed generation unit and/or take it off-line as a result of utility system conditions described in subsection (e)(3) and (4) of this section. Incremental demand charges arising from disconnecting the distributed generator as directed by company during such periods shall not be assessed by company to the customer.
- (g) **Pre-interconnection studies for non-network interconnection of distributed generation.** A utility may conduct a service study, coordination study or utility system impact study prior to interconnection of a distributed generation facility. In instances where such studies are deemed necessary, the scope of such studies shall be based on the characteristics of the particular distributed generation facility to be interconnected and the utility's system at the specific proposed location. By agreement between the utility and its customer, studies related to interconnection of on-site distributed generation on the customer's premises may be conducted by a qualified third party.
- (1) **Distributed generation facilities for which no pre-interconnection study fees may be charged.** A utility may not charge a customer a fee to conduct a pre-interconnection study for pre-certified distributed generation units up to 500 kW that export not more than 15% of the total load on a single radial feeder and

contribute not more than 25% of the maximum potential short circuit current on a single radial feeder.

- (2) **Distributed generation facilities for which pre-interconnection study fees may be charged.** Prior to the interconnection of a distributed generation facility not described in paragraph (1) of this subsection, a utility may charge a customer a fee to offset its costs incurred in the conduct of a pre-interconnection study. In those instances where a utility conducts an interconnection study the following shall apply:

- (A) The conduct of such pre-interconnection study shall take no more than four weeks;
- (B) A utility shall prepare written reports of the study findings and make them available to the customer;
- (C) The study shall consider both the costs incurred and the benefits realized as a result of the interconnection of distributed generation to the company's utility system; and
- (D) The customer shall receive an estimate of the study cost before the utility initiates the study.

- (h) **Network interconnection of distributed generation.** Certain aspects of secondary network systems create technical difficulties that may make interconnection more costly to implement. In instances where customers request interconnection to a secondary network system, the utility and the customer shall use best reasonable efforts to complete the interconnection and the utility shall utilize the following guidelines:

- (1) A utility shall approve applications for distributed generation facilities that use inverter-based protective functions unless total distributed generation (including the new facility) on affected feeders represents more than 25% of the total load of the secondary network under consideration.
- (2) A utility shall approve applications for other on-site generation facilities whose total generation is less than the local customer's load unless total distributed generation (including the new facility) on affected feeders represents more than 25% of the total load of the secondary network under consideration.
- (3) A utility may postpone processing an application for an individual distributed generation facility under this section if the total existing distributed generation on the targeted feeder represents more than 25% of the total load of the secondary network under consideration. If that is the case, the utility should conduct interconnection and network studies to determine whether, and in what amount, additional distributed generation facilities can be safely added to the feeder or accommodated in some other fashion. These studies should be completed within six weeks, and application processing should then resume.
- (4) A utility may reject applications for a distributed generation facility under this section if the utility can demonstrate specific reliability or safety reasons why the distributed generation should not be interconnected at the requested site. However, in such cases the utility shall work with the customer to attempt to resolve such problems to their mutual satisfaction.
- (5) A utility shall make all reasonable efforts to seek methods to safely and reliably interconnect distributed generation facilities that will export power. This may

include switching service to a radial feed if practical and if acceptable to the customer.

(i) **Pre-Interconnection studies for network interconnection of distributed generation.**

Prior to charging a pre-interconnection study fee for a network interconnection of distributed generation, a utility shall first advise the customer of the potential problems associated with interconnection of distributed generation with its network system. For potential interconnections to network systems there shall be no pre-interconnection study fee assessed for a facility with inverter systems under 20 kW. For all other facilities the utility may charge the customer a fee to offset its costs incurred in the conduct of the pre-interconnection study. In those instances where a utility conducts an interconnection study, the following shall apply:

- (1) The conduct of such pre-interconnection studies shall take no more than four weeks;
- (2) A utility shall prepare written reports of the study findings and make them available to the customer;
- (3) The studies shall consider both the costs incurred and the benefits realized as a result of the interconnection of distributed generation to the utility's system; and
- (4) The customer shall receive an estimate of the study cost before the utility initiates the study.

(j) **Communications concerning proposed distributed generation projects.** In the course of processing applications for interconnection and parallel operation and in the conduct of

pre-interconnection studies, customers shall provide the utility detailed information concerning proposed distributed generation facilities. Such communications concerning the nature of proposed distributed generation facilities shall be made subject to the terms of §25.84 of this title (relating to Annual Reporting of Affiliate Transactions for Electric Utilities), §25.272 of this title (relating to Code of Conduct for Electric Utilities and their Affiliates), and §25.273 of this title (relating to Contracts between Electric Utilities and their Competitive Affiliates). A utility and its affiliates shall not use such knowledge of proposed distributed generation projects submitted to it for interconnection or study to prepare competing proposals to the customer that offer either discounted rates in return for not installing the distributed generation, or offer competing distributed generation projects.

(k) **Equipment pre-certification.**

- (1) **Entities performing pre-certification.** The commission may approve one or more entities that shall pre-certify equipment as defined pursuant to this section.
- (2) **Standards for entities performing pre-certification.** Testing organizations and/or facilities capable of analyzing the function, control, and protective systems of distributed generation units may request to be certified as testing organizations.
- (3) **Effect of pre-certification.** Distributed generation units which are certified to be in compliance by an approved testing facility or organization as described in this subsection shall be installed on a company utility system in accordance with an approved interconnection control and protection scheme without further review of their design by the utility.

(l) **Designation of utility contact persons for matters relating to distributed generation interconnection.**

- (1) Each electric utility shall designate a person or persons who will serve as the utility's contact for all matters related to distributed generation interconnection.
- (2) Each electric utility shall identify to the commission its distributed generation contact person.
- (3) Each electric utility shall provide convenient access through its internet web site to the names, telephone numbers, mailing addresses and electronic mail addresses for its distributed generation contact person.

(m) **Time periods for processing applications for interconnection and parallel operation.**

In order to apply for interconnection the customer shall provide the utility a completed application for interconnection and parallel operation. The interconnection of distributed generation shall take place within the following schedule:

- (1) For a facility with pre-certified equipment, interconnection shall take place within four weeks of the utility's receipt of a completed application.
- (2) For other facilities, interconnection shall take place within six weeks of the utility's receipt of a completed application.
- (3) If interconnection of a particular facility will require substantial capital upgrades to the utility system, the company shall provide the customer an estimate of the schedule and customer's cost for the upgrade. If the customer desires to proceed with the upgrade, the customer and the company will enter into a contract for the completion of the upgrade. The interconnection shall take place no later than two

weeks following the completion of such upgrades, except in situations in which a customer is not able to connect within two weeks following the completion of such upgrades, this time may be extended by agreement of the electric utility and the customer. The utility shall employ best reasonable efforts to complete such system upgrades in the shortest time reasonably practical.

- (4) A utility shall use best reasonable efforts to interconnect facilities within the time frames described in this subsection. If in a particular instance, a utility determines that it cannot interconnect a facility within the time frames stated in this subsection, it will notify the applicant in writing of that fact. The notification will identify the reason or reasons interconnection could not be performed in accordance with the schedule and provide an estimated date for interconnection.
  - (5) All applications for interconnection and parallel operation shall be processed by the utility in a non-discriminatory manner. Applications shall be processed in the order that they are received. It is recognized that certain applications may require minor modifications while they are being reviewed by the utility. Such minor modifications to a pending application shall not require that it be considered incomplete and treated as a new or separate application.
- (n) **Reporting requirements.** Each electric utility shall maintain records concerning applications received for interconnection and parallel operation of distributed generation. Such records will include the name of the applicant, the business address of the applicant, and the location of the proposed facility by county, the capacity rating of the facility in kilowatts, whether the facility is a renewable energy resource as defined in §25.173 of

this title (relating to Goal for Renewable Energy), the date each application is received, documents generated in the course of processing each application, correspondence regarding each application, and the final disposition of each application. The owner of a distributed generation facility that is interconnected under this section shall report to the utility any change in ownership of the facility and the cessation of operations of a facility within 14 days of such change. By March 30 of each year, every electric utility shall file with the commission a distributed generation interconnection report for the preceding calendar year that identifies each distributed generation facility interconnected with the utility's distribution system. The report shall list the new distributed generation facilities interconnected with the system since the previous year's report, any change in ownership or the cessation of operations of any distributed generation that has been reported to the electric utility and not included in the previous report, the capacity of each facility and whether it is a renewable energy resource, and the feeder or other point on the company's utility system where the facility is connected. The annual report shall also identify all applications for interconnection received during the previous one-year period, and the disposition of such applications.

- (o) **Distributed natural gas generation facility.** This subsection, as well as the other subsections of this section, apply to a distributed natural gas generation facility. This subsection does not require an electric cooperative to transmit electricity to a retail point of delivery in the certificated area of the electric cooperative if the electric cooperative has not adopted customer choice. If there is a conflict between this subsection and another subsection of this section, this subsection controls.

- (1) **Transmission.**
  - (A) **Electric utilities.** At the request of the owner or operator of a distributed natural gas generation facility, an electric utility shall allow the owner or operator of the facility to interconnect with and use transmission and distribution facilities to transmit electricity to another entity that is acceptable to the owner or operator in accordance with this section and the commission's rules for open-access comparable transmission service for electric utilities in ERCOT, §§25.191 - 25.203 of this title, or a tariff approved by the Federal Energy Regulatory Commission (FERC).
  - (B) **Electric cooperatives.** At the request of the owner or operator of a distributed natural gas generation facility, an electric cooperative shall allow the owner or operator of the facility to use transmission and distribution facilities to transmit the electric power to another entity that is acceptable to the owner or operator in accordance with the commission's rules for open-access comparable transmission service for electric utilities in ERCOT, §§25.191 - 25.203 of this title, or a tariff approved by FERC.
- (2) **Interconnection Disputes.** If an electric utility or electric cooperative seeks to recover from the owner or operator of a distributed natural gas generation facility an amount that exceeds the amount in the estimate provided under PURA §35.036(e) by more than 5%, the commission shall resolve the dispute at the request of the owner or operator of the facility.

(p) **Agreement for Interconnection and Parallel Operation of Distributed Generation.**

Figure: 16 TAC §25.211(p)

(q) **Tariff for Interconnection and Parallel Operation of Distributed Generation.**

Figure: 16 TAC §25.211(q)

This agency hereby certifies that the adoption has been reviewed by legal counsel and found to be a valid exercise of the agency's legal authority. It is therefore ordered by the Public Utility Commission of Texas that §25.211 relating to Interconnection of On-site Distributed Renewable Generation (DG) is hereby adopted with changes to the text as proposed.

**SIGNED AT AUSTIN, TEXAS the 4<sup>th</sup> day of MARCH 2014.**

**PUBLIC UTILITY COMMISSION OF TEXAS**

---

**DONNA L. NELSON, CHAIRMAN**

---

**KENNETH W. ANDERSON, JR., COMMISSIONER**

---

**BRANDY D. MARTY, COMMISSIONER**