



ATTORNEY GENERAL OF MISSOURI

JEFFERSON CITY
65102

JEREMIAH W. (JAY) NIXON
ATTORNEY GENERAL

P.O. Box 899
(573) 751-3321

September 15, 2006

FILED

SEP 15 2006

Public Service Commission
Governor Hotel
200 Madison Street
Jefferson City, MO 65102

Missouri Public
Service Commission

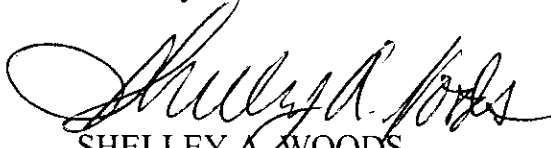
RE: *In the Matter of the Consideration of Adoption of the PURPA Sections
Case Nos. EO-2006-0495; EO-2006-0494; EO-2006-0493; and EO-2006-0497*

Dear Sir/Madam:

Enclosed for filing please find an original and 9 copies of Missouri Department of Natural Resources' Responses to Questions Posed in the August 17, 2006, Commission Order in the four cases listed above. Please stamp "filed" on the extra copy for my files. Thank you.

Sincerely,

JEREMIAH W. (JAY) NIXON
Attorney General


SHELLEY A. WOODS
Assistant Attorney General

SAW:mg
Enclosure
c: Counsel of Record

FILED³

SEP 15 2006

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

Missouri Public
Service Commission

In the Matter of the Consideration of Adoption)
of the PURPA Section 111(d)(15))
Interconnection Standard as Required by)
Section 1251 of the Energy Policy Act of 2005)

Case No. EO-2006-0497

DEPARTMENT OF NATURAL RESOURCES' RESPONSES TO
QUESTIONS POSED IN COMMISSIONS' AUGUST 17, 2006, ORDER

- a) **Can this case be closed based on "prior state actions" as provided in Section 1251 (b)(3) of the Act, 16 U.S.C. 2622(d), and why or why not?**

Although Missouri has a statute, § 386.887, RSMo (Cum. Supp. 2005) that addresses the interconnection of customer-owned renewable generation up to 100 kilowatts, it may not constitute a comparable standard to the EPA Act 2005 interconnection standard.

Section 1254(a) of EPA Act requires that:

Each electric utility shall make available, upon request, interconnection service to any electric consumer that the electric utility serves. For purposes of this paragraph, the term 'interconnection service' means service to an electric consumer under which an on-site generating facility on the consumer's premises shall be connected to the local distribution facilities.

Interconnection services shall be offered based upon the standards developed by the Institute of Electrical and Electronics Engineers: IEEE Standard 1547 for Interconnecting Distributed Resources with Electric

Power Systems, as they may be amended from time to time. In addition, agreements and procedures shall be established whereby the services are offered shall promote current best practices of interconnection for distributed generation, including but not limited to practices stipulated in model codes adopted by associations of state regulatory agencies. All such agreements and procedures shall be just and reasonable, and not unduly discriminatory or preferential.

16 U.S.C. § 2621(d)(15). (Emphasis supplied.)

Section 386.887, RSMo does not include a direct reference to the IEEE Standard 1547. This is not surprising as the IEEE Standard 1547 was approved by the IEEE Standards Board in June 2003, which was after the Missouri statute was adopted in 2002.

Instead of being based upon one standard, Missouri's interconnection standard requires the customer-generator to comply with:

...all applicable safety, performance, synchronization, interconnection and reliability standards established by the commission, the National Electrical Safety Code, National Electrical Code, the Institute of Electrical, Electronics Engineers, and Underwriters Laboratories. Each qualified net metering unit used by a customer-generator shall also meet all reasonable standards and requirements established by the retail electric supplier.

Section 386.887(7), RSMo. (Emphasis supplied.)

A potentially more significant issue than the lack of a direct reference to IEEE Standard 1547 is whether the Missouri statute meets the *intent* of the EAct standard. Since the EAct states that "interconnection services shall be offered based upon the standards developed by IEEE Standard 1547," it is appropriate to review the intent of this standard. 16 U.S.C. § 2621(d)(15). The IEEE explains that the purpose of its 1547 standard is "to provide a uniform standard for interconnection of distributed resources with electric power systems. It provides requirements relevant to the performance, operation, testing, safety considerations, and maintenance of the interconnection."¹ (Emphasis supplied.)

Because the Missouri statute requires the customer to comply with "all applicable ...standards" established by multiple parties and also requires each customer-owned generator unit to meet "all reasonable standards and requirements established by the retail electric supplier", it does not promote the uniform interconnection standard and best practices intended by EAct. § 386.887.7, RSMo. (Emphasis supplied.)

- b) **Can this case be consolidated with any, some or all of the following cases -- EO-2006-0493, EO-2006-0494, EO-2006-0495 and EO-2006-0496 -- because the issues addressed in one or more of these cases are similar, and why or why not?**

The Commission might consolidate the above-styled docket with EO-2006-0493 -- 111(d)(11), Net Metering Standard, because both standards affect on-site

¹ http://grouper.ieee.org/groups/scc21/1547/1547_index.html

customer-owned generation systems, and § 386.887, RSMo addresses both interconnection and net metering.

- c) **What type of proceeding (e.g., rulemaking, rate case implementation, etc.) should the Commission use to address the issues in this case in order to meet the Public Utility Regulatory Policies Act of 1978 ("PURPA") Section 111(a) and 111(b) "consideration and determination" requirements [16 U.S.C. 2621(a), 2621(b)], and why?**

While the Department believes Missouri's interconnection standard in § 386.887, RSMo does not constitute a comparable standard to the new EPAAct interconnection standard, we also recognize that the Commission is somewhat limited in its consideration and determination of whether to adopt the new standard if it would conflict with § 386.887, RSMo.

Former Senator Doyle Childers (now Director of the Department of Natural Resources) sponsored the bill that was enacted in 2002 establishing Missouri's net metering and interconnection law. The former Senator developed the current statute as a compromise measure that was intended to be a first step in assessing the feasibility of small customer-owned distributed generation as a component of Missouri's electric system.

Consistent with the current Public Utility Regulatory Policies Act of 1978 (PURPA) standard for integrated resource planning that requires plans to be "...updated on a regular basis, [and] ... provide the opportunity for public participation and comment..."², Director Childers believes that it is good practice

² As codified in 16 U.S.C. 2621(d)(7): "Each electric utility shall employ integrated resource planning. All plans or filings before a State regulatory authority to meet the requirements of this paragraph must be updated on a regular basis, must provide the opportunity for public participation and comment, and contain a requirement that the plan be implemented."

to review and update issues on a regular basis and that this may be the appropriate time to re-examine the net metering and interconnection statute after several years of operation.

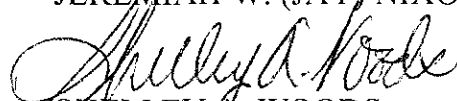
As such, the Department recommends that the Commission continue this EO proceeding for the purpose of identifying and documenting any potential revisions to § 386.877, RSMo and Commission rule 4 CSR 240-20.065 that would be necessary for Missouri to adopt the EPAAct interconnection standard.

We also recommend that the Commission solicit public comments from others who are not a party to this case and include such comments in the docket.

WHEREFORE, the Department of Natural Resources submits this response to the list of questions posed by the Commission in its August 17, 2006, Order.

Respectfully submitted,

JEREMIAH W. (JAY) NIXON



SHELLEY A. WOODS

Assistant Attorney General

MBE #33525

P. O. Box 899

Jefferson City, MO 65102

Telephone (573) 751-8795

TELEFAX No. (573) 751-8464

shelley.woods@ago.mo.gov

Attorneys for Missouri Department of
Natural Resources

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing was served by mailing a copy thereof, via U.S. Mail, this 15th day of September, 2006, to:

Steve Dottheim
Chief Deputy General Counsel
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

Dennis Frey
Senior Counsel
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

Lewis R. Mills, Jr.
Office of the Public Counsel
P.O. Box 2230
Jefferson City, MO 65102

James Lowery
David Kurtz
111 South Ninth Street, Suite 200
P.O. Box 918
Columbia, MO 65202-0918

Thomas Byrne
1901 Chouteau Avenue
P.O. Box 66149 (MC 1310)
St. Louis, MO 63166-6149

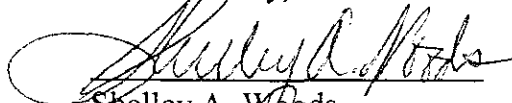
Russell Mitten
312 East Capitol Avenue
P.O. Box 456
Jefferson City, MO 65102

Kathleen Henry
Henry Robertson
705 Olive Street, Suite 614
St. Louis, MO 63101

Curtis Blanc
1201 Walnut, 20th Floor
Kansas City, MO 64106

Diana Vuysteke
211 North Broadway, Suite 3600
St. Louis, MO 63102

David Woodsmall
428 E. Capitol Ave., Suite 300
Jefferson City, MO 65102


Shelley A. Woods
Assistant Attorney General