

Modifications From Agency

PUBLIC SERVICE COMMISSION OF WISCONSIN

In the Matter of the Rulemaking to Update Wisconsin Administrative Code
Chapter PSC 119 for Interconnecting Distributed Generation Facilities

1-AC-256

Clearinghouse Rule No. 22-077

REPORT TO LEGISLATURE Germane Modifications from Agency

I. Basis and Purpose of the Proposed Rule

The proposed rule updates 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 were informed by the recommendations of a rulemaking advisory committee including representatives from utilities, distributed generation installers, customer and renewable energy advocates, and technical experts on distributed generation issues.

Updates are intended to account for the significant changes in distributed generation technology and operations since the current rules were promulgated in 2004. Specific updates include referencing new technical standards and codes; adding and refining rule definitions to reference considerations raised by new and updated technologies related to distributed generation that have emerged in recent years; and clarifying language related to testing and communication requirements to reflect present practices and requirements.

Updates are also intended to refine rule provisions related to the application process and information sharing. The volume of interconnection requests has substantially increased since the initial rules were promulgated and may continue to increase in future years. To ensure administrative requirements, remain fair and timely, and balance the interests of customers, installers and utilities, in the face of increased application volume, the proposed rule updates seek to clarify and update application process requirements and also update corresponding application forms. The proposed rule updates, including the revised application process, are designed to support more-effective information collection; update timing deadlines and decision criteria for application processing; update application-related fee levels and clarify requirements for fee administration; require utilities to provide more information on application requirements, processing of submitted applications, and grid conditions relevant to interconnections; and establish a more clearly defined dispute resolution process.

II. Germane Modifications

The Commission resubmits the proposed rule pursuant to Wis. Stat. § 227.19(2) with germane modifications. While the proposed rule CR 22-077 was under review by the Joint Committee for Review of Administrative Rules (JCRAR), JCRAR raised concerns about language defining “distributed generation” (DG) capacity ranges and “export capacity” of a DG facility. On November 1, 2023, the Commission recalled the proposed rule pursuant to Wis. Stat. 227.19(4)(b)4. to make germane modifications. The Commission approved the proposed rule with germane modifications on November 9, 2023.

JCRAR raised concerns regarding language in Sections 4 and 9 of the proposed rules. In Section 4, JCRAR expressed concerns regarding the second sentence which would not allow a DG facility with a non-exporting energy storage system of 1 MW or larger to be used in determining the export capacity as part of the category definitions. In Section 9, JCRAR express concerns with the second sentence because the use of “or” in the phrase, “Export capacity is either the nameplate rating, or a lower amount if limited using any approved means,” is unclear. Language was proposed for the second sentence of Section 9 to make sure it is clear that the lesser

of the two capacity values should be used. The Commission modified Sections 4 and 9 with JCRAR's suggested revisions as follows:

- **Section 4—PSC 119.02(7):**
 - Deleted the second sentence of this section, “The nameplate rating shall be used instead of the export capacity for this definition if the non-exporting energy storage system is larger than 1 MW.”
- **Section 9—PSC 119.02(17m):**
 - Deleted the second sentence of this section, “Export capacity is either the nameplate rating, or a lower amount if limited using any approved means.”
 - Replaced with the following language below. The suggested language was slightly revised to comply with LRB formatting guidelines:
 - Export capacity is the lesser of the following:
 - (1) the nameplate rating.
 - (2) if limited using any approved means, that limited amount.

III. Final Regulatory Flexibility Analysis

The proposed rule changes are not expected result in significant economic impact on small businesses. The definition of “small business” in Wisconsin Stat. § 227.114 (1) states that to be considered a small business, the business must not be dominant in its field. Since utilities are monopolies in their service territories, they are dominant in their fields and are not small businesses. The Commission’s fiscal estimate and economic impact analysis also determined that the proposed rules will not have an economic impact on small businesses. The Commission sought input from all utilities, electric cooperatives, installers of distributed generation technology, manufacturers of distributed generation technologies, customer advocates, Wisconsin Utilities Association, Utility Workers’ Coalition, and National Federation of Independent Businesses.

IV. Response to Small Business Regulatory Review Board Report

The Small Business Regulatory Review Board did not prepare a report on this rule proposal.

V. Wisconsin Environmental Policy Act and Housing Analysis

The Commission evaluated whether the rules would have an environmental impact and concluded that the rules do not result in any possible significant, adverse environmental or social impacts. Therefore, preparation of an environmental assessment or environmental impact statement under Wisconsin Stat. § 1.11 was not necessary. The Commission completed an evaluation of the potential impact on housing under Wisconsin Stat. § 227.115 and concluded the rules do not impact housing.