

ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

<p>1. Type of Estimate and Analysis <input checked="" type="checkbox"/> Original <input type="checkbox"/> Updated <input type="checkbox"/> Corrected</p>	<p>2. Date August 5, 2022</p>
<p>3. Administrative Rule Chapter, Title and Number (and Clearinghouse Number if applicable) Chapter PSC 119: Rules for Interconnecting Distributed Generation Facilities</p>	
<p>4. Subject Revision of Chapter PSC 119 Rules to Update Technical Requirements and Support More Efficient Application Processing</p>	
<p>5. Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEG-S</p>	<p>6. Chapter 20, Stats. Appropriations Affected None</p>
<p>7. Fiscal Effect of Implementing the Rule <input checked="" type="checkbox"/> No Fiscal Effect <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Indeterminate <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Could Absorb Within Agency's Budget</p>	
<p>8. The Rule Will Impact the Following (Check All That Apply) <input type="checkbox"/> State's Economy <input checked="" type="checkbox"/> Specific Businesses/Sectors <input type="checkbox"/> Local Government Units <input checked="" type="checkbox"/> Public Utility Rate Payers <input type="checkbox"/> Small Businesses (if checked, complete Attachment A)</p>	
<p>9. Estimate of Implementation and Compliance to Businesses, Local Governmental Units and Individuals, per s. 227.137(3)(b)(1). \$0</p>	
<p>10. Would Implementation and Compliance Costs Businesses, Local Governmental Units and Individuals Be \$10 Million or more Over Any 2-year Period, per s. 227.137(3)(b)(2)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
<p>11. Policy Problem Addressed by the Rule Ch. PSC 119 was originally promulgated in 2004, in response to the requirement established by Wis. Stat. § 196.496 to promulgate interconnection rules that establish uniform statewide standards, promote the development of distributed generation facilities, address engineering, reliability, and safety concerns, and establish methods for determining charges for interconnection.</p> <p>Distributed generation in Wisconsin and other states have undergone significant changes since initial promulgation, including the development of new technologies and new technical standards for existing technologies; and significant increases in the number of distributed generation installations requiring interconnection. The revisions proposed under this rulemaking are intended to address these changes while maintaining the goals in Wis. Stat. § 196.496, by establishing updated technical requirements that align with current industry standards, and modifying administrative requirements related to application processes to support timely application processing while meeting the needs of both applicants and utilities.</p>	
<p>12. Summary of the Businesses, Business Sectors, Associations Representing Business, Local Governmental Units, and Individuals that may be Affected by the Proposed Rule that were Contacted for Comments. PSC appointed a rulemaking advisory committee under s. § 227.13, Wis. Stats. The committee included representatives from investor-owned and municipal electric utilities, electric cooperatives, installers of distributed generation technologies (such as solar energy); manufacturers of distributed generation technologies; distributed generation researchers and consultants; and customer advocates. PSC held a preliminary public hearing and solicited comments on the statement of scope after initial issuance in 2021 and received comments from organizations advocating for distributed generation deployment and electric ratepayers.</p>	
<p>13. Identify the Local Governmental Units that Participated in the Development of this EIA. Members of the advisory committee included representatives of Madison College and the Midwest Tribal Energy Resource Association.</p>	

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14. Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred)

As a revision to an existing rule, the proposed rule would not modify the foundational implementation and compliance requirements already present in PSC 119. Customers and distributed generation developers and installers would still be required to submit applications for interconnection to the grid; provide required information on their distributed generation facility that affirms their systems meet technical requirements; procure liability insurance protection; and pay fees to cover the costs of application processing and, where applicable, engineering studies and electric system upgrades necessary to connect the applicant's system to the electric grid. Utilities would still be required to review and approve submitted interconnection applications; conduct engineering reviews of proposed interconnections; pursue electric system upgrades approved and paid for by applicants; conduct tests to confirm the safe and appropriate operation of interconnected distributed generation facilities; and respond to applicants in accordance with rule-established timing requirements.

The revisions proposed in this rule are intended to support clearer and more cost-efficient implementation and compliance for applicants, distributed generation developers and installers, and utilities. References to updated technical standards would provide clarity to applicants and utilities on the criteria that will be used for application reviews. Additional requirements for utilities to provide examples of required technical information, regularly post information on application queues that allow applicants to identify the progress of their application within the rule-established review process, and notification of application approvals can help reduce compliance effort and costs for applicants. Updated language related to system testing requirements will help applicants and utilities avoid misinterpretations and reduce the frequency of failed tests that require additional costs for re-testing. Updated insurance and fee payment requirements are intended to affirm more flexibility for customers to comply with general financial requirements. Additional language related to dispute resolution provides clarity on how applicants can pursue complaints and concerns about utility application decisions with the utility and the PSC.

Implementing these new requirements may in some cases require additional effort and compliance costs from applicants and utilities. For example, utilities would need to bear additional costs to post application queue information and examples of technical information, while applicants may require investment of additional time and cost to review, understand, and ensure compliance with updated technical standards. However, requirements are designed to minimize applicable compliance costs- for instance, application queue information would only be required to be posted monthly through website updates and submissions to PSC.

Given these relatively limited additional compliance costs, and the compliance and implementation benefits outlined in the previous paragraph, PSC estimates that the benefits and costs will approximately balance one another, and result in zero net economic impact of the rule revision to businesses, local governments, public utilities or individuals involved in the interconnection process.

In addition, updated fee requirements are intended to ensure fee levels reflect actual costs to utilities of application processing and review. This leads to more accurate cost recovery at the individual application level. The fiscal impact to individual applicants will vary based on the capacity of the individual applications. Additionally, these updates may help avoid increasing costs for utility customers as a whole, who would have to bear the costs of any interconnection-related utility work not recovered through fees paid by applicants.

15. Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule

As a revision to an existing rule, the available alternative would be to continue operating under the existing PSC 119 language. While the existing PSC 119 language does continue to provide a reasonable foundation for addressing

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interconnection requests and fulfilling the requirements of Wis. Stats. § 196.496, the proposed revisions would have benefits for updating the rule for nearly 20 years of ongoing technology development and supporting more clear and efficient implementation and compliance for both applicants and utilities.

16. Long Range Implications of Implementing the Rule

The number of distributed generation installation facilities installed annually has been increasing throughout the past 20 years, and those increases are expected to continue and potentially accelerate in future years. Updated technical standards and improved application processes should help better position applicants and utilities to efficiently address this continually increasing volume of interconnection activity, ensure safe and reliable installation and ensure equitable cost recovery.

17. Compare With Approaches Being Used by Federal Government

Not applicable- interconnection of distributed generation facilities is regulated at the state level, consistent with the general right of states to regulate the safety and reliability of electric distribution systems.

18. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

Minnesota and Iowa have recently promulgated updates to their own interconnection rules, and rule reviews are currently ongoing in Illinois and Michigan. All four states- as well as a number of other states around the country- are taking similar approaches to the rule revisions proposed in Wisconsin, by updating technical standards and making changes to interconnection application processing that can support efficient processing in light of significant growth in distributed generation deployment.

19. Contact Name

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20. Contact Phone Number

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This document can be made available in alternate formats to individuals with disabilities upon request.

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ATTACHMENT A

1. Summary of Rule's Economic and Fiscal Impact on Small Businesses (Separately for each Small Business Sector, Include Implementation and Compliance Costs Expected to be Incurred)

N/A

2. Summary of the data sources used to measure the Rule's impact on Small Businesses

N/A

3. Did the agency consider the following methods to reduce the impact of the Rule on Small Businesses?

- Less Stringent Compliance or Reporting Requirements
 - Less Stringent Schedules or Deadlines for Compliance or Reporting
 - Consolidation or Simplification of Reporting Requirements
 - Establishment of performance standards in lieu of Design or Operational Standards
 - Exemption of Small Businesses from some or all requirements
 - Other, describe:
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4. Describe the methods incorporated into the Rule that will reduce its impact on Small Businesses

N/A

5. Describe the Rule's Enforcement Provisions

N/A

6. Did the Agency prepare a Cost Benefit Analysis (if Yes, attach to form)

- Yes No
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