

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 19R-0654E

IN THE MATTER OF THE PROPOSED AMENDMENTS TO RULES REGULATING
ELECTRIC UTILITIES, 4 CODE OF COLORADO REGULATIONS 723-3, RELATING TO
INTERCONNECTION PROCEDURES AND STANDARDS.

NOTICE OF PROPOSED RULEMAKING

Mailed Date: November 25, 2019
Adopted Date: October 23, 2019

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B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING October 23, 2019.21

I. BY THE COMMISSION**A. Statement**

1. The Colorado Public Utilities Commission issues this Notice of Proposed Rulemaking (NOPR) to amend the rules governing Interconnections Standards and Procedures (Interconnection Rules) within the Commission's Rules Regulating Electric Utilities, 4 *Code of Colorado Regulations* (CCR) 723-3. The Interconnection Rules are presently located within the Renewable Energy Standard Rules (RES Rules) at 4 CCR 723-3-3667 *et seq.* This NOPR proposes to move the Interconnection Rules to a new standalone section within 4 CCR 723-3, comprising Rules 4 CCR 723-3-3850 *et seq.* This NOPR also proposes substantive changes to the Interconnection Rules, as described in this Decision and its attachments.

2. This NOPR follows the issuance of a previous NOPR issued in Proceeding No. 19R-0096E that initially included the Interconnection Rules now the subject of this new rulemaking. By Decision No. C19-0822-I, issued October 7, 2019, in Proceeding No. 19R-0096E the Commission severed the Interconnection Rules from further consideration in the ongoing rulemaking.

3. Through this NOPR, the Commission solicits comments from interested persons on the proposed amendments to the Interconnection Rules. The Commission welcomes the submission of alternative proposed rules, including both consensus proposals joined by multiple stakeholders and individual proposals. Participants are encouraged to provide redlines of specific proposed rule changes for comment and consideration.

4. The Commission refers this matter to an Administrative Law Judge (ALJ), who will hold a hearing on the proposed rules at the below-stated time and place. In addition to submitting written comments, participants will be able to present comments orally at hearing unless the ALJ deems oral presentations unnecessary. The Commission will consider all comments, whether oral or written.

B. Background

5. The statutory authority for the rules proposed here is found at §§ 24-4-101 *et seq.*, 40-2-124, and 40-2-130, C.R.S.

6. As explained above, this NOPR is the second NOPR issued by the Commission proposing amendments to the Interconnection Rules. The Commission first proposed amendments through a NOPR issued by Decision No. C19-0197, issued February 27, 2019, in Proceeding No. 19R-0096E. That NOPR proposed substantive amendments to revise the Commission's Rules Regulating Electric Utilities, 4 CCR 723-3, in six areas: electric resource planning (ERP), the Renewable Energy Standard (RES), net metering, utility purchases from qualifying facilities (QF), interconnection procedures and standards, and community solar gardens. Prior to commencing the rulemaking in Proceeding No. 19R-0096E, the Commission conducted a robust stakeholder outreach effort through Staff of the Colorado Public Utilities Commission (Staff) in Proceeding No. 17M-0694E (Stakeholder Outreach Proceeding).¹

7. The first NOPR addressed the requirements of Senate Bill (SB) 18-009, codified at § 40-2-130, C.R.S., that requires the Commission to adopt rules allowing the installation, interconnection, and use of energy storage systems. Specifically, SB 18-009 requires the

¹ For purposes of § 24-4-103(2), C.R.S., pre-rulemaking stakeholder outreach was conducted through the Stakeholder Outreach Proceeding preceding issuance of the NOPR in Proceeding No. 19R-0096E. Service of this Interconnection-specific NOPR will be provided to all current participants in Proceeding No. 19R-0096E.

Commission to incorporate the following principles into its Electric Rules: (1) customers have the right to install and interconnect energy storage systems without unnecessary restrictions or rules and without discriminatory rates or fees; (2) utility approvals and interconnection reviews shall be simple, streamlined, and affordable for customers; (3) utilities shall not require a meter in addition to a single net energy meter for the purpose of monitoring the energy storage system; and (4) net metering, as described in § 40-2-124, C.R.S., is neither altered or superseded.

8. The proposed amendments to the Interconnection Rules in the first NOPR, issued in Proceeding No. 19R-0096E, would move the Interconnection Rules to a standalone section in the Commission's Rules Regulating Electric Utilities, 4 CCR 723-3.² In addition, the amendments propose to: (1) introduce a provision that addresses energy storage, pursuant to SB 18-009; (2) reorganize to consolidate provisions that apply generally to all interconnection requests and to separate out specific provisions that apply only to the Level 1 Process for certified inverter-based installations no larger than 10 kW; and (3) various other modifications to bring the rules up-to-date with recent Federal Energy Regulatory Commission (FERC) policies and IEEE standards.

9. After issuing the NOPR in Proceeding No. 19R-0096E and receiving initial written comments, the Commission held a rulemaking hearing on April 30, 2019, for public comment on the amendments to the Interconnection Rules proposed in the NOPR.

10. After considering the statutory changes enacted by the 2019 General Assembly, and the participants' comments to date in Proceeding No. 19R-0096E, the Commission determined at its October 23, 2019, Commissioners' Weekly Meeting to sever the

² Attachment F to Decision No. C19-0197 in Proceeding No. 19R-0096E shows the proposed Interconnection Rules in their new location with redlining to indicate changes compared to the existing provisions.

Interconnection Rules from the larger ongoing rulemaking. Thus by Decision No. C19-0822-I, issued October 7, 2019, in Proceeding No. 19R-0096E, the Commission severed the Interconnection Rules from the rulemaking in Proceeding No. 19R-0096E. The Commission found it had sufficient information to issue a new set of proposed Interconnection Rules to respond to suggestions and criticisms in participant comments. The Commission concluded a separate, standalone rulemaking for the Interconnection Rules would allow for rule changes to implement the statutory provisions of SB 18-009 to take effect sooner than if the Interconnection Rules remained part of the broader rulemaking in Proceeding No. 19R-0096E. The Commission indicated it would issue a separate NOPR for Interconnection Rules in order to focus and expedite adoption of revised Interconnection Rules, resulting in this Decision and NOPR.

C. Stakeholder Outreach

1. Proceeding No. 17M-0694E

11. During the Stakeholder Outreach Proceeding that preceded Proceeding No. 19R-0096E, utilities and other stakeholders provided the following comments regarding potential changes to the Commission's existing Interconnection Rules:

12. Public Service Company of Colorado (Public Service) provided a history of the rules of the FERC for Small Generator Interconnection Procedures (SGIP) and acknowledged that the Colorado Commission's rules should be modified consistent with FERC Order No. 792, issued in 2013, most recently amending the SGIP procedures. Public Service and Black Hills Colorado Electric, LLC (Black Hills) submitted redline revisions that incorporated some, but not all, of the updates to FERC's SGIP. Notably, the utilities' proposed rule changes do not address the interconnection of energy storage facilities.

13. The Colorado Energy Office (CEO) and the Joint Solar Parties³ suggested moving the Commission's interconnection procedures and standards into a new separate rule section within the Electric Rules. They also proposed that the rules apply to generators of all sizes regardless of whether the requested interconnection was to the utility's distribution or transmission system. They also proposed that the new rules streamline the interconnection process with expansions of the demand threshold of facilities that may be evaluated under the "Level 1" and "Level 2" processes.

2. Proceeding No. 19R-0096E

14. Following the Stakeholder Outreach Proceeding, the Commission issued a NOPR in Proceeding No. 19R-0096E, commencing a rulemaking to consider changes to the Commission's Rules Regulating Electric Utilities, 4 CCR 723-3, including amendments to the Interconnection Rules. Participants provided the following comments regarding the proposed amendments to the Interconnection Rules:

15. Public Service commented that it supports the approach the Commission has taken regarding its proposed revisions to the rules on Interconnection Procedures and Standards. Public Service is supportive of the Commission's redlines and does not offering any substantial comments in this area.

16. Black Hills states that it agrees with the comments regarding Interconnection filed by Public Service, as well as generally agreeing with the comments of the Colorado Rural Electric Association (CREA).

³ The Joint Solar Parties generally included Colorado Solar Energy Industries Association, Solar Energy Industries Association, Vote Solar, and Sunrun, Inc.

17. CEO expresses concerns that the Commission relied on utility comments from the Stakeholder Outreach Proceeding as the foundation for the proposed rules. CEO points to its proposed revisions in Proceeding No. 17M-0694E to the Commission's interconnection rules that were intended to improve the clarity and organization of the rules, and to modernize, standardize, and streamline the interconnection process. CEO's proposed changes would allow utilities to process interconnection requests efficiently while ensuring the rules are inclusive of new technologies. CEO adds that the Commission should modify the rules to integrate energy storage technologies across the electric grid which can result in many benefits for utilities, their customers, and society as a whole.

18. In their comments, Colorado Solar and Storage Association (COSSA) and the Solar Energy Industries Association (SEIA) provide substantial comments to the Interconnection Rules, that they believe will provide the opportunity to lift barriers to self-generation to facilitate customer adoption and customer financed growth of renewable energy in Colorado, as well as provide positive movement towards the Governor's stated renewable energy goals, which necessarily require both utility and behind-the-meter solutions, while also supporting customers' rights to self-generate and maintaining economic prosperity and job growth. COSSA and SEIA also point to SB 18-009, which requires the Commission to "adopt rules allowing the installation, interconnection, and use of energy storage systems by customers of utilities."

19. Western Resource Advocates (WRA) filed comments that focus on its efforts in the creation of a progressive set of interconnection rules in Arizona, which WRA believes are a valuable model for the Commission's consideration.

20. Vote Solar expresses concern that the NOPR relies too heavily on the comments filed by the utilities in the Stakeholder Outreach Proceeding. Vote Solar notes that while the

utilities are knowledgeable about interconnection, the Commission is missing out on the rich experience of solar developers that have worked across the country. Vote Solar also notes that SB 18-009 makes it clear that the Commission's rules should reflect the fact that it is in the public interest to limit barriers to interconnection, and that Coloradans have a right to install storage at their homes and businesses without unnecessary restrictions

21. CREA filed comments that provide the perspective of smaller, rural utilities with specific aspects of the proposed Interconnection Rules that "may have substantially different impacts on cooperative electric associations as compared to Colorado's larger utilities."⁴

22. COSSA and SEIA note that Colorado established interconnection standards in 2005 by adopting, in large part, the FERC SGIP. They note that the FERC's SGIP has been significantly revised since the Colorado rules were enacted in 2005.⁵ The Commission issued Decision No. C17-0878 on October 26, 2017, in Proceeding 17M-0694E and solicited proposed rule language to update its interconnection rules "to conform to new standards, new interconnection rules, and guidelines promulgated by the FERC,"⁶ including those updated standards.

D. Proposed Amendments to the Interconnection Rules

23. The proposed amendments to the Interconnection Rules described below include proposals initially made in the first NOPR issued in Proceeding No. 19R-0096E. The proposed rules for consideration now in this rulemaking also reflect potential modifications to those initial proposals in the first NOPR as well as additional rule revisions to address statutory requirements and the participant comments to date in Proceeding No. 19R-0096E. The proposed amendments

⁴ CREA Final Comments in Proceeding No. 19R-0096E at pp. 1-2.

⁵ FERC Order No. 792, available at <https://www.ferc.gov/whats-new/comm-meet/2013/112113/E-1.pdf>

⁶ Decision No C17-0878 at ¶ 19.

are described as changes to the existing Interconnection Rules located within the RES Rules, at 4 CCR 723-3-3650 *et seq.*

24. As in the initial NOPR, the Interconnection Rules are proposed to be moved out of the RES Rules, at 4 CCR 723-3-3650 *et seq.*, and into a new section within the Commission's Rules Regulating Electric Utilities, 4 CCR 723-3. The Interconnection Rules would become Rules 4 CCR 723-3-3850 *et seq.*

25. Where applicable, cross-references in the proposed rules have been updated to correspond to the rule changes proposed in the NOPR issued in Proceeding No. 19R-0096E.

26. All proposed changes to the Interconnection Rules are incorporated in Attachments A and B to this Decision. Because the rule changes involve both relocating the rules and making substantive changes, the redline shows a strikeout of the existing rules and replacement with the proposed rules.

1. Rule 3850. Applicability.

27. Proposed Rule 3850 derives from the introduction to Existing Rules 3850 through 3858. The rule adopts current terms for "small generation" as used throughout the Electric Rules and references certain updates to FERC policies.

2. Rule 3851. Overview and Purpose.

28. The first paragraph of Proposed Rule 3851 derives from Existing Rule 3667(b)(I)(D) without significant modification.

29. The second paragraph of Proposed Rule 3851 summarizes the purpose of these interconnection rules.

3. Rule 3852. Definitions

30. Proposed Rule 3852 derives primarily from Existing Rule 3667(a). We propose to eliminate the definition of “Minimum daytime loading” as it is a term that is unnecessary and is no longer used in the Commission’s rules.

31. In Proposed Rule 3852(b), we propose to transform the definition of a “small generating facility” into a definition for a “distributed energy resource” or “DER.” Energy storage is a form of DER. The new definition is based on comments from the Stakeholder Outreach Proceeding and references the IEEE 1547 standard for interconnection and interoperability of DERs and utility electric power systems.

32. In Proposed Rule 3852(e), we propose to introduce a definition for an “energy storage system” pursuant to SB 18-009.

33. In Proposed Rule 3852(g), we introduce a definition for an “inadvertent export.” This definition describes the unscheduled and uncompensated export of real power to the utility system from a “non-export system.”

34. In Proposed Rule 3852(h), we introduce a definition for an “interconnection agreement.” This new definition supports many existing provisions in the interconnection rules as well as certain new rules proposed in this rulemaking.

35. In Proposed Rule 3852(m), we clarify that “line-section” means that portion of the utility’s electric delivery system that is connected to a Customer and bounded by automatic sectionalizing devices or the end of the distribution line.

36. In Proposed Rule 3852(n), we introduce a definition for a “material modification.” We further propose to add a definition for “minor modifications”. This new definition likewise supports several existing and new provisions in these rules.

37. In Proposed Rule 3852(r), we introduce a definition for a “non-exporting system,” as it relates to Proposed Rule 3852(g).

4. Rule 3853. General Interconnection Procedures

38. Provisions that govern all interconnection requests are currently spread throughout Existing Rule 3667. We propose to consolidate the generally applicable provisions under Proposed Rule 3853.

39. Proposed Rule 3853(a)(I) derives from Existing Rule 3667(b)(I) without modification.

40. Proposed Rules 3853(a)(II) and (III) similarly derive from Existing Rule 3667(b)(II) without significant modification.

41. Proposed Rule 3853(a)(IV) includes a new option for customers to request a pre-application report. The proposed language is based on suggested rule additions submitted by the utilities in the Stakeholder Outreach Proceeding. The intent is to expedite the implementation of the formal interconnection requests by customers. In addition, the proposed language sets a maximum fee for a pre-application report at \$300.

42. Proposed Rules 3853(b)(I), (II), and (III) derive from Existing Rule 3667(e)(X) concerning the capacity to be addressed by the customer’s interconnection request. Proposed Rule 3853(b)(III) includes a new provision allowing for the evaluation of requests at less than the DER’s maximum rated capacity in certain circumstances.

43. Proposed Rules 3853(c)(I) through (IV) are a new provision for a single interconnection request to be made for generation facilities combined with an energy storage system.

44. Proposed Rules 3853(d)(I) through (V) derive from Existing Rule 3667(b)(III) mainly without changes.

45. Proposed Rule 3853(d)(VI) is based on Existing Rule 3667(b)(IV) addressing modifications to an interconnection request. The proposed changes require new requests to be submitted when there are significant modifications to the proposed DER. New requests are not required for minor modifications.

46. Existing Rules 3667(b)(V) and (VI) are retained as Proposed Rules 3853(d)(VII) and (VIII). In Proposed Rule 3853(d)(VIII), we add “per substation transformer” as a category affecting queue position.

47. Proposed Rule 3853(e) reflects Existing Rule 3667(a)(I), explaining which process generally applies to various types of DERs (*i.e.*, Level 1, Level 2, or Level 3 as addressed in Proposed Rules 3854, 3855, and 3856, respectively). We add new language expanding the capacity of such projects under the Level 1 process, in line with best practices from other states.

48. Proposed Rule 3853(f)(I) is a new provision clarifying that an interconnection agreement is required when a customer’s DER operates in parallel with the utility’s system. The last sentence of the rule comes from Existing Rule 3667(b)(I)(E).

49. Proposed Rules 3853(f)(II) and (III) derive from Existing Rules 3667(b)(VII) and 3667(e)(VIII), respectively. We add a provision to Proposed Rule 3853(f)(III) that brings the process to a close when the utility provides an executed agreement to the customer.

50. We propose to add a provision in Proposed Rule 3853(f)(IV) to ensure that the customer abides by rules, tariffs, and the interconnection agreement. We also propose to add a provision in Proposed Rule 3853(f)(V) to clarify that the interconnecting customer is responsible

for the costs of utility upgrades or facilities that are necessary for the interconnection but not required to serve other customers. The utility is required to identify such upgrades and facilities up front in the interconnection agreement.

51. Proposed Rule 3853(g) is the same as Existing Rule 3667(e)(I). Similarly, Proposed Rule 3853(h) is the same as Existing Rule 3667(e)(II).

52. Proposed Rule 3653(i) is based on Existing Rule 3667(e)(III); however, we add a cross-reference to the Commission's new Net Metering Rules.⁷ We also add a provision to clarify that additional load or production meters are not required for energy storage systems below 500 kW.

53. Proposed Rules 3853(g) through (n) are the same as Existing Rules 3667(e)(IV) through (IX).

54. Proposed Rule 3853(o) derives from Existing Rule 3667(e)(XI). Although the redlined rule changes in Attachment F do not modify the amounts of required insurance, Proposed Rule 3853(o) modifies the insurance requirements so that that a utility should only require an applicant to purchase insurance covering "Utility Damages" and limiting the amounts required, in order to align with best practices in other states. We seek comments on whether the insurance provisions set forth in this rule are appropriate.

55. Proposed Rule 3853(p) establishes rule requirements for tariff filings from the utilities that set forth certain fees and deadlines. Tariff filings would accommodate utility-specific costs and procedures, which are particular concerns for the rural cooperatives, while allowing for appropriate statewide standardization in the provisions set forth in the rules.

⁷ The cross-reference relies on an assumption that the Commission will adopt a new set of Net Metering Rules separate from the RES Rules in Proceeding No. 19R-0096E.

The introduction of this new tariff provides a new means for the utilities and the Commission to address many of the comments and suggestions raised by stakeholders. Specifically, the issues include fees, timelines, material modifications, maximum rated capacity, and insurance that should be addressed in the requirements for tariff filings. In addition to adopting further rule changes that tie to the tariff filing approach,⁸ the Commission requests comments from participants if there are other issues that should or should not be included in a tariff filing. In addition, we seek comments on issues raised by participants regarding the Level 1 process, the Level 2 process, and the Level 3 process that should be addressed in the utility's Interconnection Tariff.

5. Rule 3854. Level 1 Process (20 kW Inverter Process)

56. Provisions governing "Level 1" interconnections are dispersed throughout Existing Rule 3667. We propose to consolidate these rules under Proposed Rule 3854.

57. We expand the threshold to 20 kW for Level 1 treatment based upon comments during the Stakeholder Outreach Proceeding.

58. The introductory language in Proposed Rule 3854 derives from Existing Rule 3667(f). The following Proposed Rules 3854(a)(I) through (III) are the same as Existing Rules 3667(f)(I) through (III).

59. We propose to modify Existing Rule 3667(f)(IV) based, in part, on the utilities' comments in the Stakeholder Outreach Proceeding. Proposed Rule 3854(a)(IV) replaces the components of the initial Level 1 review with the screens applied in the Level 2 process. This change allows for Existing Rules 3667(f)(IV)(A) through (D) to be eliminated. We seek further

⁸ Interconnection provisions to be addressed in tariffs pursuant to proposed rule revisions include, but are not limited to, timelines, fees, material modification withdrawals, maximum rated capacity, etc.

comment from participants on how to streamline this process so the Level 1 systems do not need to pass all of the same screens as Level 2 Systems.

60. Proposed Rules 3854(a)(V) through (VII) are the same as Existing Rules 3667(f)(IV)(E) through (G).

61. Proposed Rule 3854(b) contains the same outline for a Level 1 interconnection application as found in Existing Rule 3667(g) with additional information required for energy storage systems.

62. Likewise, Proposed Rule 3854(c) contains the same terms and conditions for a Level 1 interconnection as found in Existing Rule 3667(j) with no substantive modifications, except that, for Level 1 eligible projects, the liability insurance provisions in Proposed Rule 3854(c)(VII) no longer require that the utility be named as “an additional insured” on the policy.

6. Rule 3855. Level 2 Process (Fast Track).

63. The introduction to Proposed Rule 3855 updates the introduction to Existing Rule 3667(c) that was adopted without modification in the initial promulgation of the RES Rules in Proceeding No. 05R-112E.

64. The eligibility criteria for the Level 2 Process are modified substantially in Proposed Rule 3855(a). These changes are largely based on the utilities’ comments in the Stakeholder Outreach Proceeding and are related to FERC Order No. 792, amending FERC’s SGIP. Because other stakeholders have proposed more expansive eligibility for the Level 2 Process, we seek comment on the ranges that should be adopted for the eligibility table in Proposed Rule 3855(a).

65. Proposed Rule 3855(b) derives from Existing Rule 3667(c)(II). In Proposed Rule 3855(b)(I), we add a provision that requires the Level 2 “supplemental review” for highly seasonal circuits. In Proposed Rule 3855(b)(II), we correspondingly strike the provision setting a firm limit for interconnections on highly seasonal circuits (*i.e.*, 15 percent or two times the minimum daytime loading).

66. Proposed Rule 3855(b)(V) is updated to reference the most current IEEE standards. Accordingly, we propose to eliminate the “voltage dip” provisions in Existing Rules 3667(c)(II)(A)(v)(1) and (2) and the language in Existing Rule 3667(c)(II)(A)(x)(3) anticipating certain IEEE-related updates addressed in this rulemaking.

67. Proposed Rules 3855(b)(VI) through (X) derive from Existing Rules 3667(c)(II)(A)(VI) through (x)(2) without significant modification.

68. Proposed Rule 3855(c) is based on Existing Rule 3667(c)(II)(E) regarding the “customer options meeting” in the event a proposed interconnection fails the Level 2 screens. The provisions are largely unchanged, except that in Proposed Rule 3855(c)(II)(B) the utility is now required to offer the customer a supplemental review with a good faith estimate of the costs and time of such review.

69. The supplemental review is addressed in detail in Proposed Rule 3855(d), which is based on Existing Rule 3667(c)(III). In Proposed Rule 3855(d)(I), the utility is allowed to evaluate the requested interconnection pursuant to the Level 3 process in the event that the written agreement to conduct the supplemental review and the associated deposit have not been submitted to the utility within 15 days of the customer’s receipt of the utility’s offer to conduct the review.

70. In Proposed Rule 3855(d)(II), we propose to extend the time the utility has to conduct a Level 2 review from 10 days to 30 days. However, in exchange for this extension, the customer may specify the order in which the review screens are conducted pursuant to Proposed Rule 3855(d)(III) and may act more quickly on screening failures pursuant to Proposed Rule 3855(d)(IV).

71. Proposed Rule 3855(d)(V) requires that minimum load, minimum loading, and minimum load data be time-specific in relation to when the DER exports active power to the utility.

72. Proposed Rule 3855(d)(VI)(A) sets forth provisions for a new minimum load screen. The proposed rule is based on the utilities' comments in the Stakeholder Outreach Proceeding.

73. Similarly, Proposed Rule 3855(d)(VI)(B) sets forth provisions for a new voltage and power quality screen and Proposed Rule 3855(d)(VI)(C) sets forth provisions for a new safety and reliability screen. Both of these new screens are based on the utilities' comments in the Stakeholder Outreach Proceeding.

74. Proposed Rule 3855(d)(VII) introduces the option for the interconnecting customer to accept responsibility for the costs of minor modifications to the utility's system in order to permit the interconnection based on the supplemental screens. This new rule replaces Existing Rules 3667(c)(III)(A)(ii) and (iii).

75. Proposed Rules 3855(e)(I) and (II) derive from Existing Rules 3667(c)(II)(B) and (C). The rules in their new placement address the steps that follow the passing of either the initial Level 2 review screens or the supplemental Level 2 review screens. Accordingly, we propose to strike Existing Rule 3667(c)(III)(A)(i).

76. Proposed Rule 3855(e)(III) sets a ten-business day deadline for an executable interconnection agreement when the requested interconnection is subject to modifications to the utility's system based on the initial Level 2 review.

77. Likewise, Proposed Rule 3855(e)(IV) sets a five-business day deadline for an executable interconnection agreement when the requested interconnection is subject to modifications to the utility's system based on the supplemental Level 2 screens.

7. Rule 3856. Level 3 Process (Study Process)

78. Proposed Rule 3856 tracks Existing Rule 3667(d) with certain changes as discussed below.

79. In the introduction to the rule, which is based on Existing Rule 3667(d)(I), we propose to increase the maximum size for the DER eligible for the Level 3 Process from 10 MW to 20 MW. This increase was proposed by the utilities in the Stakeholder Outreach Proceeding and supports other changes to the Electric Rules, including the proposed change in the maximum resource size exempted from an ERP and the changes in certain QF-related provisions.

80. Proposed Rule 3856(a)(IV) adds a provision to Existing Rule 3667(d)(II)(D) setting a deadline for the utility to provide an executable interconnection agreement if the utility and the customer reach a mutual agreement on the lack of need for studies related to "simpler projects."

81. Proposed Rule 3856(b)(I) is based on Existing Rule 3667(d)(III)(A). Given the enhancements to the Level 2 supplemental studies described above, we propose to give the utility the option to use those studies in lieu of the Level 3 feasibility study.

82. Proposed Rule 3856(b)(VI) is a new rule that sets a deadline for the utility to provide an executable interconnection agreement in the event that no further Level 3 studies are necessary following the feasibility study.

83. Proposed Rule 3856(c) retains Existing Rule 3667(d)(IV) without substantive revision. However, similar to Proposed Rule 3856(b)(VI), Proposed Rule 3856(c)(VI) sets a deadline for the utility to provide an executable interconnection agreement in the event that no other Level 3 study (*i.e.*, the facilities study) is required.

84. No changes are proposed to the Level 3 facilities study provisions in Existing Rule 3667(d)(V) as moved into Proposed Rule 3856(d).

8. Rule 3847. Certification Codes and Standards

85. The codes and standards references in this rule are updated to reflect recent and relevant sources. Proposed Rule 3857 is based on Existing Rule 3667(h). In addition, we propose adding the inclusion of UL 1741 SA (the standard for advanced distributed energy resources with grid support functions).

9. Rule 3858. Certification of DER Packages

86. Proposed Rule 3858 tracks Existing Rule 3667(i) without substantive modification.

E. Conclusion

87. The Commission invites comments from interested persons on these proposed amendments to the Interconnection Rules. We suggest participants provide additional comments on specific rule changes that may or may not be better suited for Distribution System Planning

rules. In addition, we seek comments identifying areas where the proposed rules do not meet or in some cases contradict FERC Order 792. The Commission prefers and encourages that comments be filed in this Proceeding No. 19R-0654E through the Commission's Electronic Filings (E-Filings) System at:

<https://www.dora.state.co.us/pls/efi/EFI.homepage>.

88. The proposed rules in legislative (*i.e.*, ~~strikeout~~/underline) format (Attachment A), and final format (Attachment B) are available through the Commission's E-Filings System at:

https://www.dora.state.co.us/pls/efi/EFI.Show_Docket?p_session_id=&p_docket_id=19R-0654E

89. This Commission refers this Proceeding to an ALJ, who will hold a hearing on the proposed rules at the below-stated time and place. Interested persons may provide oral comments at the public hearing unless the ALJ deems oral presentations unnecessary.

II. **ORDER**

A. **The Commission Orders That:**

1. This Notice of Proposed Rulemaking shall be filed with the Colorado Secretary of State for publication in the December 10, 2019, edition of *The Colorado Register*.

2. The Commission invites comments from interested persons on the proposed amendments to the rules governing Interconnections Standards and Procedures (Interconnection Rules) within the Commission's Rules Regulating Electric Utilities, 4 *Code of Colorado Regulations* (CCR) 723-3, as described in this Decision and its attachments. The Commission will consider all comments, whether oral or written.

3. Comments from interested persons on the proposed amendments to the rules governing Interconnection Standards and Procedures shall be due on or before January 7, 2020 and reply comments are due no later than January 21, 2020.

4. The hearing on the proposed rules and related matters shall be held before an Administrative Law Judge (ALJ) as follows:

DATE: February 3, 2020

TIME: 9:00 a.m.

LOCATION: Commission Hearing Room
Suite 250
1560 Broadway
Denver, Colorado

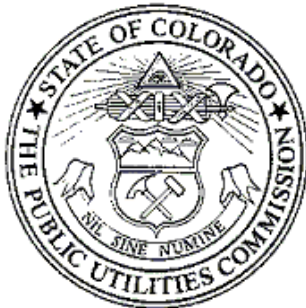
5. The ALJ may set additional hearings, if necessary.

6. At the time set for hearing, interested persons may submit written comments and may present these orally unless the ALJ deems oral comments unnecessary.

7. This Decision is effective upon its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
October 23, 2019.**

(S E A L)



ATTEST: A TRUE COPY

Doug Dean,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

JEFFREY P. ACKERMANN

JOHN GAVAN

Commissioners

COMMISSIONER FRANCES A. KONCILJA
ABSENT.