

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission	:	
On Its Own Motion	:	
	:	
Consideration of the federal standard	:	06-0525
on interconnection in Section 1254 of	:	
the Energy Policy Act of 2005	:	

ORDER

By the Commission:

On August 8, 2005, the Energy Policy Act of 2005 ("EPAAct") (Pub. L. 109-58) was signed into law. Certain provisions of EPAAct amend the Public Utility Regulatory Policies Act of 1978 ("PURPA") to mandate certain considerations by state regulatory agencies. Section 1254 of EPAAct amends Section 111(d) of PURPA (16 U.S.C. 2621(d)) by adding the following language:

(15) Interconnection. – 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.

Section 1254(b)(1) of EPAAct requires that "[n]ot later than one year after the enactment of the [legislation][August 8, 2006], each State regulatory authority (with respect to each electric utility for which it has ratemaking authority)...shall commence the consideration referred to in PURPA section 111, or set a hearing date for consideration, with respect to the standard established by paragraph (15) of section 111(d)[on interconnection]." Each State regulatory authority must complete the consideration, and must make the determination, not later than two years after the date of the enactment of the new legislative provision (August 8, 2007).

The above requirements may not apply if the state has undertaken certain prior state actions prior to enactment. For example, if the state has implemented for such utility the standard concerned (or a comparable standard), the state regulatory authority for such state has conducted a proceeding to consider implementation of the standard concerned (or a comparable standard) for such utility, or the state legislature has voted on the implementation of such standard (or comparable standard) for such utility. Energy Policy Act of 2005, Conference Report at 1176.

In a Staff Report dated July 17, 2006, the Staff of the Energy Division indicates that the application of the federal standards is intended for electric utilities with total sales of electric energy for purposes other than resale exceeded 500 million kilowatt-hours during any calendar year beginning after December 31, 1975, and before the immediately preceding calendar year (16 U.S.C. 2612(a)). On the basis of the annual reports submitted to the Commission for calendar year 2005, the Illinois utilities subject to this sales threshold are Commonwealth Edison Company, Central Illinois Public Service Company, Central Illinois Light Company, Illinois Power Company, and MidAmerican Energy Company.

Based upon the foregoing, and upon the recommendation in a Staff Report dated July 17, 2006, the Commission determines that it is now appropriate to begin the investigation contemplated by Section 1254 of EPAAct.

The Commission, being fully advised in the premises, is of the opinion and finds that:

- (1) the Commission has jurisdiction over the subject matter of this proceeding;
- (2) it is appropriate to take administrative notice of the amendments to PURPA contained in Pub. L. 109-58;
- (3) the Staff Report dated July 17, 2006 should be made part of the record in this proceeding;
- (4) the statements of fact and conclusions reached in the prefatory portion of this Order are supported by the record and are hereby adopted as findings of fact;
- (5) it is appropriate to issue public notice and institute a rulemaking proceeding to consider and make a determination concerning whether or not this Commission will adopt or decline to adopt the standard on interconnection set forth in Section 111(d)(15) of PURPA (16 U.S.C. 2621(d)(15), as created by EPAAct) for each electric utility whose retail sales of electricity exceed the amount specified in PURPA;

- (6) all electric utilities whose retail sales of electricity exceed the amount specified in PURPA and all other electric utilities for which the Commission has ratemaking authority should be made parties to this proceeding;
- (7) a determination concerning whether or not this Commission will adopt the standard set forth in Section 111(d)(15) of PURPA (16 U.S.C. 2621(d)(15)) for each electric utility whose retail sales of electricity exceed the amount specified in PURPA should be rendered through the issuance of an interim or final order in this rulemaking proceeding no later than February 8, 2007.

IT IS THEREFORE ORDERED by the Illinois Commerce Commission that a rule-making proceeding is instituted to consider, and make a determination concerning, whether or not this Commission will adopt the policies prescribed in the standard established under new Section 111(d)(15) of PURPA (16 U.S.C. 2621(d)(15)) for the electric utilities that meet the retail sales criteria in PURPA.

IT IS FURTHER ORDERED that a determination concerning whether or not this Commission will adopt the standard established under new Section 111(d)(15) of PURPA (16 U.S.C. 2621(d)(15)) shall be made through the issuance of an interim or final order no later than February 8, 2007.

IT IS FURTHER ORDERED that the Staff Report dated July 17, 2006 is made a part of the record of this proceeding.

IT IS FURTHER ORDERED that this Order is not final; it is not subject to the Administrative Review Law.

By Order of the Commission this 26th day of July, 2006.

(SIGNED) CHARLES E. BOX

Chairman