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October 6, 2023

Dear Sir or Madam:

On May 24, 2022, the State Corporation Commission ("Commission") opened a docket (Case No. [PUR-2022-00073](#)) to explore interconnection issues related to utility distributed energy resources ("DER") in a comprehensive manner. In its Order for Comment in that proceeding, the Commission, among other things, provided interested persons an opportunity to comment on DER interconnection issues and directed Commission Staff ("Staff") to file a report ("Report") on such issues. On March 3, 2023, the Commission issued an Order ("PUR-2022-00073 Order") which, among other things, recognized the number and complexity of these interconnection-related issues and identified multiple mechanisms to address them. These mechanisms included (i) Working Groups; (ii) Staff Survey and Filing; and (iii) a Rulemaking.

On May 2, 2023, the Commission opened a docket (Case No. [PUR-2023-00069](#)) for the Rulemaking and issued an Order Initiating Rulemaking Proceeding. In its Order, the Commission directed Staff to solicit comments and schedule meetings (as necessary) with interested parties to determine whether amendments to the Regulations Governing Interconnection of Small Electrical Generators, 20 VAC 5-314-10 *et seq.* ("Interconnection Regulations") on topics listed in the PUR-2022-00073 Order are needed. These topics included the following:

- i. language concerning material modifications;
- ii. language concerning dispute resolutions;
- iii. insurance requirements for Level 1 Interconnections;
- iv. cybersecurity;
- v. the definition of DER; and
- vi. DER performance standards.

Staff has developed the questions below to solicit further input on each topic.

**Material Modification:**

As summarized in the Staff Report in Case No. PUR-2022-00073, comments made pertaining to "material modification" concerned: (i) confusion related to downsizing a project before and after the Feasibility Study; (ii) changing of the point of interconnection on the same property; and (iii) restrictions on the ability to incorporate energy storage into an existing interconnection application by not allowing for changes to the daily production profile.

1. For section 20 VAC 5-314-39, *Modification of the interconnection request*, please provide any pertinent changes (red-lines) to the existing language that would address the concerns identified in the Staff Report, and any additional concerns.

2. Please provide a detailed explanation of each change made to the existing language.

**Dispute Resolution:**

As summarized in the Staff Report in Case No. PUR-2022-00073, comments made pertaining to "dispute resolution" concerned: (i) implementation of an expedited dispute resolution process for Level 2 Interconnections; (ii) provision of easy-to-find contact information for parties involved in the dispute resolution process; (iii) a mechanism to discuss study results and cost estimates prior to scheduling a construction call; (iv) tolling of time and milestones when a dispute has been initiated; and (v) appointing an ombudsperson to facilitate escalated disputes and avoid further regulatory action.

1. For section 20 VAC 5-314-100 *Disputes*, please provide any pertinent changes (red-lines) to the existing language that would address the concerns identified in the Staff Report, and any additional concerns.
2. Please provide a detailed explanation of each change made to the existing language.

**Insurance Requirements:**

As summarized in the Staff Report in Case No. PUR-2022-00073, comments made pertaining to "insurance requirements" concerned eliminating the proof of liability insurance requirement for Level 1 Interconnections.

1. For section 20 VAC 5-314-160 *Insurance, liability, and indemnification*, please provide any pertinent changes (red-lines) to the existing language that would address the concerns identified in the Staff Report and any additional concerns.
2. Please provide a detailed explanation of each change made to the existing language.

**Cybersecurity:**

As summarized in the Staff Report in Case No. PUR-2022-00073, comments made pertaining to "cybersecurity" concerned: (i) the increasing need for a minimum standard for cybersecurity and more robust security protocols for all DERs; and (ii) adopting appropriate, risk-based levels of cybersecurity and data management protocols to ensure the grid remains secure while not creating overly burdensome requirements for DER developers.

1. Please provide detailed comments on the subject of whether a minimum cybersecurity standard for DERs is necessary.
2. If you consider a minimum cybersecurity standard to be necessary:
  - a. Please provide suggested language for inclusion in Chapter 314 establishing such a cybersecurity standard; and

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- b. Please provide detailed comments on which entity, in your opinion, should be responsible for maintaining the cybersecurity standards.

**Definition of DER:**

As summarized in the Staff Report in Case No. PUR-2022-00073, comments made pertaining to the "definition of DER" concerned the lack of a clear definition of DER and the types of systems covered, and whether a common definition of DER could provide a consistent framework for future discussions and policy advancements.

1. Please state whether you believe the inclusion of a formal definition of DER is necessary within the context of Chapter 314. If so:
  - a. Please provide the reasons why it may be necessary.
  - b. Please provide suggested language on what that definition of DER should be.

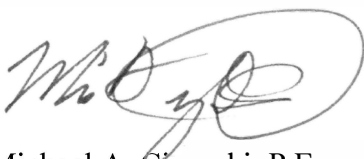
**DER Performance Standards:**

As summarized in the Staff Report in Case No. PUR-2022-00073, comments made pertaining to "DER performance standards" concerned ensuring that reliability is not degraded by DERs being interconnected without meeting reliability requirements.

1. Please provide detailed comments on which DER performance standards should be included in Chapter 314.
2. To what extent do you believe the existing regulations are deficient in meeting the standards identified in the previous question?
3. Please provide suggested language for inclusion in Chapter 314 regarding DER performance standards.

Please send comments to the questions listed above to [mike.cizenski@scc.virginia.gov](mailto:mike.cizenski@scc.virginia.gov) by **December 15, 2023**. After that date, all comments will be posted on the Commission's website, accessible at <https://www.scc.virginia.gov/pages/Rulemaking> and Staff will convene a working group meeting to discuss the submitted comments. Staff anticipates the working group meeting to take place in early 2024. Further information concerning this working group will be provided at a later date.

Thank you,



Michael A. Cizenski, P.E.  
Public Utility Regulation Deputy Director