BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER COMPANY'S APPLICATION FOR AUTHORITY TO MODIFY ITS NET METERING SERVICE AND TO INCREASE THE GENERATION CAPACITY LIMIT	)	**CASE NO. IPC-E-12-27** **ORDER NO. 32925**

On August 14, 2013, the Commission issued Order No. 32280. As part of that Order, the Commission granted interested persons until September 30, 2013 to submit supplemental comments on the following additional issue:

> If a net metering customer takes service through multiple meters at one or more premises, should the customer be allowed to apply net metering credits to offset usage on the other meters? If so, what conditions should apply?

See Order No. 32880 at 5. The Commission received timely comments on this "meter aggregation" issue from: Idaho Power Company; Commission Staff; Pioneer Power, LLC; Idaho Conservation League (ICL); Idaho Clean Energy Association (ICEA); and several members of the public including Ada County.

With this Order, the Commission summarizes the supplemental comments and directs the Company to allow for meter aggregation as expressed below.

SUPPLEMENTAL COMMENTS

Idaho Power, Commission Staff, Pioneer Power, ICL and ICEA, and several members of the public filed supplemental comments on the meter aggregation issue. Idaho Power primarily opposes meter aggregation, but as an alternative, it proposes that meter aggregation only be allowed under certain conditions. Additionally, Staff, Pioneer Power, ICL, ICEA and the public commenters support meter aggregation with varying conditions. The commenters' positions are summarized below.

A. Idaho Power

Idaho Power submitted the only comments opposing meter aggregation. Idaho Power opposes meter aggregation because: (1) aggregation exacerbates the potential under-recovery of fixed costs from net metering customers; (2) aggregation does not align with the intent of net metering as an avenue to offset usage, and diminishes the incentive for customers to right size generation units; and (3) the Company's billing system is not designed to bill net metering on an aggregated basis. With regard to the latter point, the Company says that customizing the system to allow for aggregated billing would cost about $60,000, which is not cost-justified given the small number of customers, and if aggregation is allowed the Company would incur additional costs, such as labor costs to complete a manual meter transaction. In light of these challenges, Idaho Power recommends that meter aggregation be disallowed. *See* Idaho Power Comments in Response to Order No. 32880 (IPC Comments) at 2-6.

But as an alternative to proposing that meter aggregation be disallowed, Idaho Power proposes that meter aggregation only be allowed upon the conditions that would "reasonably address the challenges associated with meter aggregation in the Company's service area." *See* IPC Comments at 6-7. The Company proposes such conditions.

First, the Company proposes that a customer only be allowed to apply kWh credits from a net metering system to consumption at a separate meter if the following "eligibility criteria" are satisfied:

1) The separate meter is located at the customer's net metering site or on the same contiguous property as the net metering system. Contiguous property is defined as a single piece of land even if it is separated by public or railroad rights of way;

2) The separate meter is served by the same primary feeder as the Net Metering System at the time the new system application is submitted; and

3) Electricity recorded by the net meter and the aggregated meter is solely for the net metering customer's requirements.

Id. at 7-8.

Besides these "eligibility criteria," the Company proposes conditions related to "billing mechanics," "aggregation priority," and a "meter aggregation fee."

With respect to "billing mechanics," the Company proposes that unused Excess Net Energy credits be applied to eligible meters in the following manner:

1) Transfer of excess credits between metered accounts will occur on an annual basis;

2) Customer must annually declare and confirm eligible accounts in the month of January; and

3) Idaho Power must annually transfer the credits as specified by the customer no later than March 31.

Id. at 8-9.

With respect to "aggregation priority," the Company proposes that customers use the following criteria to prioritize their eligible aggregated meters to determine the order in which credits will be applied:

1) Meter priority for eligible meters will be determined by the customer on an annual basis in January of each year; and

2) Meters on the same rate schedule as the Net Metering System must be prioritized above meters on differing rate schedules.

Id. at 9-10.

In addition to the above requirements, the Company proposes that customers pay a $10 annual "meter aggregation fee" for each aggregated meter. The Company must charge this fee to cover real costs that meter aggregation would impose, and the fee is consistent with approaches taken in neighboring states. The Company says it calculated the proposed fee based on its expected labor cost to complete a manual meter aggregation transaction, and that applying the fee annually instead of monthly aligns with the annual kWh credit transfer that will minimize administrative costs for the Company and its customers. *Id.* at 10-11.

B. Commission Staff

Staff believes the Commission should allow a net metering customer to apply the excess net energy credit from a designated meter to offset usage on additional meters. But to preserve the intent of net metering—that is, to allow a customer to offset usage with self-generation—Staff believes the following conditions must exist to apply credits to offset usage on the aggregated meters:

1) The aggregated meters must be under the same account as the designated meter.[1] Staff believes the "same account" requirement will make the process of applying excess kWh credits easy for customers to understand and less administratively burdensome for the Company;

2) The electricity recorded by the designated meter and any aggregated meters must be for the customer-generator's requirements;

3) The aggregated meters must be located on or contiguous to the premises of the designated meter;

[1] Staff clarifies that, in the case of one meter, the designated meter is the retail meter attached to the generation facility. In the case of two meters, the designated meter is the retail meter attached to the separately metered generation facility.

4) The designated meter and the aggregated meters must be served by the same primary feeder; and

5) The excess net energy credit must first be applied to a designated meter and then to aggregated meters on the same rate schedule as the designated meter before the balance can be applied to other aggregated meters. The kWh credit can only be applied between Schedule Nos. 1 and 7, or between Schedule Nos. 9, 19, and 24.[2]

C. Pioneer Power

Pioneer Power urges the Commission to allow the transfer of excess credits from "the net metering site to other accounts held by the same entity," including "other accounts on a different tariff schedule." Comments of Pioneer Power at 2.

D. ICL and ICEA

ICL and ICEA submitted joint comments proposing that net metering customers be allowed to apply excess kWh credits to separate meters on the following conditions:

1) Any excess kWh credits will first be applied to the same account the net metered system is electrically connected to;

2) A customer may apply any excess kWh credits to another account held by the same customer;

3) The kWh credits may not offset the customer charge portion of any account to which they are applied;

4) Customers must prospectively designate the additional account or accounts to apply the kWh credit; and

5) Customers may change the designated account annually.

See ICL/ICEA Supplemental Comments at 5. In addition, ICL/ICEA are skeptical of the Company's claim that it must use a manual system if aggregation is allowed because its billing system cannot net usage across multiple schedules and customer accounts. ICL/ICEA asks the Commission to "direct Idaho Power to report back within six months on the necessary timeline for ensuring the Company's billing system has adequate capacity to apply a kWh credit system for net metering customers." *Id.* at 4.

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[2] Customers must select and rank the aggregated meters in the order in which the customer wishes to apply credits beyond those used to offset all usage at the designated meter. An aggregated meter on the same rate schedule as the designated meter must be ranked highest.

E. Public

The Commission received public comments from customers and those who install and design renewable energy systems. All of the public commenters recommended that meter aggregation be allowed in some form.

The public commenters disagreed on how a customer's excess net energy credits should be applied. For example, one commenter said customers should be able to transfer their credits to anyone, such as family members and non-profit organizations, to allow them to offset their usage. Another commenter said customers should be allowed to apply their credits to offset usage at any of their other accounts. Some customers would allow the customer to offset usage at their other accounts regardless of schedule and location. Others said the customer's credits should only offset usage at the customer's "related meters."

Commenters also discussed issues like valuation and fees. For example, a customer proposed that credits be applied, and usage for all of the customer's meters be calculated, as if the meters were one meter. Another commenter recommended that the excess credits be applied when the power is generated to account for the value of power at the time of the day when it is produced. Still another proposed a valuation formula to facilitate the transfer of credits between classes. Lastly, a customer said it would be fair for the Company to charge a nominal service fee to process the credit transfer, and to limit the number of transfers to one every 90 days.

DISCUSSION AND FINDINGS

Idaho Power Company is an electric utility subject to the Commission's regulation under the Public Utilities Law. *Idaho Code* §§ 61-119 and 61-129. The Company's rates, charges and contracts for electric service in the State of Idaho are subject to the Commission's jurisdiction.

We appreciate the time the parties and public took to comment on the meter aggregation issue. After reviewing those comments, we find it just, fair, and reasonable for the Company to provide for meter aggregation on the following conditions. We find that these conditions align with the intent of net metering as an avenue to offset usage while minimizing the potential under-recovery of fixed costs from net metering customers.

A. Eligibility Criteria

The intent of net metering is to allow a customer to offset the customer's usage with self-generation. It would be inconsistent with this intent to allow the customer to apply excess net energy credits to offset another customer's usage. Further, it would be inappropriate to let the customer apply the credits to offset the customer's own usage at another delivery point without considering that delivery point's location. As discussed in prior comments and testimony, even with one delivery point, net metering customers may not pay their full fixed costs given the current rate structure. We find that allowing customers to apply credits to offset usage on contiguous meters that are served by the same primary feeder is a reasonable means by which to limit the potential under-recovery of fixed costs. Based on the above, we find it fair, just, and reasonable to allow a customer to apply the customer's excess kWh credits from the designated meter[3] to offset usage recorded on aggregated meters if all of the following eligibility criteria are satisfied:

1) The customer may only apply the excess net energy credits to accounts held by the customer.

2) The aggregated meters must be located on, or contiguous to, the property on which the designated meter is located. Contiguous property includes property that is separated from the premises of the designated meter by public or railroad rights of way;

3) The designated meter and the aggregated meters must be served by the same primary feeder; and

4) The electricity recorded by the designated meter and any aggregated meters must be for the customer generator's requirements.

B. Billing Mechanics and Meter Aggregation Fee

With respect to billing mechanics, we find the Company's billing system cannot currently aggregate positive and negative reads among multiple meters. Further, an estimated 24 net metering customers would potentially benefit from meter aggregation, making the estimated $60,000 needed to customize the Company's billing system not cost justified. Accordingly, at this time the Company's staff must manually transfer meter aggregation credits. To minimize the administrative costs associated with manual meter reading, we find it just, fair, and

[3] In the case of one meter, the designated meter is the retail meter attached to the generation facility. In the case of two meters, the designated meter is the retail meter attached to the separately metered generation facility.

reasonable for the transfer of excess net energy credits between metered accounts to occur annually (as opposed to at some lesser interval). The customer must annually declare and confirm eligible accounts in January, and the Company must annually perform the credit transfer by March 31, as specified by the customer. We also find it appropriate for the customer to pay an annual meter aggregation fee of $10 per aggregated meter to offset the expected labor costs associated with completing a manual meter aggregation transaction.

While the number of net metering customers who presently could benefit from meter aggregation may be small, this number may well increase as the cost of PV systems decrease and net metering becomes more widespread. We expect the Company to monitor these changes and to ensure its billing system can accommodate aggregated billing for net metering accounts when doing so becomes cost-justified. Further, we expect the Company to keep us apprised of meter aggregation in its territory. Accordingly, when the Company files its net metering status report as directed in Order No. 32846, the Company shall explain in detail: (1) the basis for its $60,000 initial-cost estimate for customization; (2) the expected total costs of customization, including without limitation any updates to the Company's original $60,000 estimate, and the ongoing costs to upgrade and maintain the customized system over and above what the Company would incur to upgrade and maintain the billing system without customization; and (3) the number of customers for whom the Company is manually billing aggregated net metering accounts; and (4) the Company's projections for when switching to automated billing of aggregated net metering accounts would be cost-justified.

C. Aggregation Priority

In an effort to save labor costs associated with the manual aggregated meter transactions, we find it fair, just, and reasonable for a customer to first apply the customer's excess net energy credit to the designated meter and then to aggregated meters on the premises that are on the same rate schedule as the designated meter. If the customer has any remaining credits, the customer can apply the balance to offset usage at other aggregated meters.

However, we note that the fixed costs built into each unit of excess net energy may vary when a credit is applied across schedules, and our intent with net metering is to approach a one-to-one offset (i.e., the value of a kWh generated when the system is producing excess energy is worth the same as a kWh credit used to offset usage). We recognize that a one-to-one offset may not fully occur because the credit from excess generation may be used at a different time than it is generated. But we believe that requiring customers to apply the credits across schedules with similar rates and rate designs will help mitigate this mismatch. Accordingly, we find it fair, just and reasonable to only allow the customer to apply kWh credits between the same schedules, between Schedule Nos. 1 and 7, or between Schedule Nos. 9, 19, and 24. We also find it reasonable to require that customers select and rank the aggregated meters in the order in which the customer wishes to apply credits beyond those used to offset all usage at the designated meter. Lastly, we find it reasonable to require that an aggregated meter on the same rate schedule as the designated meter be ranked highest.[4]

ORDER

IT IS HEREBY ORDERED that the Company's net metering service shall provide for meter aggregation as discussed above. The Company shall file conforming tariffs within two weeks of the date of this order.

IT IS FURTHER ORDERED that the Company's report on its net metering service shall include the additional meter aggregation information discussed above.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code* § 61-626.

[4] Ada County submitted a comment discussing its net metering arrangement at Barber Park. The County says it has an 11 kW photovoltaic system on the roof of one building that is interconnected to the meter base on an adjacent building with very little energy usage. The County says the Company assured it that the County could transfer excess energy credits from the little-used, second building to offset more substantial usage at the first building. It is unclear from the record whether the Barber Park buildings are on the same or similar schedules, such that the credit transfer would be allowed under this Order. We recommend that the County work with the Company to ensure that the County's facilities are taking service under the correct schedules.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 19th day of November 2013.

PAUL KJELLANDER, PRESIDENT

MACK A. REDFORD, COMMISSIONER

MARSHA H. SMITH, COMMISSIONER

ATTEST:

Jean D. Jewell
Commission Secretary

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