



SNAKE RIVER ALLIANCE

IDAHO'S NUCLEAR WATCHDOG & CLEAN ENERGY ADVOCATE

September 1, 2016

To: Idaho Public Utilities Commission

Idaho Power Company
Sierra Club
Idaho Conservation League
Industrial Customers of Idaho Power
Idaho Irrigation Pumpers Association
City of Boise

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UTILITIES COMMISSION

From: Ken Miller, Clean Energy Program Director, Snake River Alliance

Re: Snake River Alliance Comments In the Matter of Idaho Power Company's Application for Approval of New Tariff Schedule 63, a Community Solar Pilot Program (IPC-E-16-14)

Dear Commissioners,

On behalf of our members in Idaho Power's service territory, the Snake River Alliance appreciates this opportunity to comment on the above-referenced case. These comments are submitted pursuant to the Commission's Notice of Modified Procedure (Order No. 33569) and the Parties' Proposed Schedule as noticed by the Commission in that order.

The Snake River Alliance has a long history of supporting low-carbon and carbon-free energy resources for Idaho electricity customers. We also have significant experience participating in Idaho Power integrated resource plan (IRP) and other planning efforts. Furthermore, the Alliance is actively engaged in solar power development as the sponsor of the "Solarize the Treasure Valley" campaign to facilitate greater solar PV participation by identifying and introducing potential residential and commercial solar PV clients to solar PV installers in Southwest Idaho and adding significant amounts of new rooftop solar PV generation onto Idaho Power's grid.

The Alliance commends Idaho Power for this proposal for a community solar pilot project and for the Company's initiative to seek stakeholder input on its proposal. We believe the Company's proposal is a reasonable starting point for what is understandably a complex discussion of how to craft a community solar project that is most affordable and accessible to all eligible Idaho Power

customers eager to participate in this offering, while at the same time advancing the larger goal of greater solar power integration into Idaho Power's system.

It is clear that those interested in this case share the goal of crafting a program accessible to customers who for various reasons cannot or do not avail themselves of other clean energy resources such as net-metered rooftop solar PV. Judging by the successes similarly situated utilities nationwide have demonstrated in developing community solar programs, it is also clear that a carefully crafted Idaho Power community solar program should be an attractive offering to the customers who, as Idaho Power agrees, seek access to this kind of energy resource.

Alliance Concerns With Idaho Power Proposal

While we share the Company's stated goal of increased solar development and customer adoption of solar energy (APPLICATION, P. 2), there are some important elements of Idaho Power's proposal that we believe warrant further exploration by the Commission and all stakeholders.

First, the Alliance believes that setting a lump sum, one-time, up-front purchase of one or more shares in the community solar pilot project will hinder customer participation and the project's chances of success. It is clear that, over time, such an investment makes good economic sense for almost any customer. However, a buy-in cost of approximately \$740 for a 25-year subscription will presumably be a non-starter for many prospective shareowners. We believe more analyses will demonstrate the value of allowing customers to purchase shares over time, which is fundamental to fashioning a program that can succeed. As we have seen in many other jurisdictions, there are myriad ways to frame such a payment structure to make the program attractive to more customers. We also believe that through additional discussion, methods can be identified to address Idaho Power's concerns regarding the risk of subscribers leaving the program and stranding costs. For instance, a finance or carrying charge of some level for those seeking monthly subscription payments, an early exit charge, or the ability to transfer a subscription to another customer awaiting participation on a "wait list" would help reduce Idaho Power's exposure to risk from program defection by customers.

We're concerned that the Company's Response to Request No. 7 (Idaho Power Company's Response to the Idaho Conservation League's First Production Request, P. 9) demonstrates a lack of enthusiasm by the Company to entertain monthly payment option alternatives. For instance, the Company states that:

Allowing participants to pay monthly over the life of the program while at the same time allowing them the ability to exit the program at any time introduces financial risk that would ultimately be borne by the Company or non-participants. Because IDACORP shareholders have already committed to provide a contribution equal to 15 percent of the construction costs, the Company was not willing to increase shareholder exposure, nor was it willing to offer a payment option that would potentially result in non-participating customers being assigned

*program-related costs. The Company did not feel that this risk was appropriate for a pilot program and the proposed program structure eliminates this financial risk; consequently **no additional analysis was performed to quantify this risk.***

As mentioned above, we believe such an analysis is absolutely required to quantify that risk if this analysis is to be used as a basis on which to judge this proposed pilot project. The Company states that it is not “willing to offer a payment option that would potentially result in non-participating customers being assigned program-related costs,” yet it argues that the exact analysis required reaching that conclusion is not necessary, and we disagree.

We are not proposing spreading the subscription fee over the course of 25 years, but we do believe that making a payment option available over one to two years at a minimum will make the program more appealing and accessible to prospective share owners. Of course, the possibility of subscribers “unsubscribing” prior to paying the full cost of their shares (and the consequent potential risk to the Company) must be addressed, but we believe the cost structure can be arranged in ways to reduce that risk to the Company. We also agree that a methodology can be established to protect the company against the possibility of subscribers moving outside Idaho Power’s service area with an unpaid subscription balance. Such circumstances are foreseeable and can be managed through measures such as a cancellation fee, or, as mentioned above, arranging for the balance of their subscription to be paid by replacement customers who have been placed on a wait-list, or through other means.

We are also unconvinced that contracting a subscription-payment program to a “third-party” contractor is necessary, sufficient, or practical - other than to achieve Idaho Power’s stated goal of inoculating itself, its shareholders, or its greater customer class from any financial risk. Inserting a third party into this process would presumably add to the cost of administering the program while delivering no real benefits to program participants and only to Idaho Power and its shareholders. We don’t share Idaho Power’s position that a well-crafted community solar program must expose non-participants to unnecessary risk. In fact, we believe there will always be risks associated with programs such as this, and that it is impractical to isolate one party (Idaho Power shareholders) from any risk at the expense of all others. This is, after all, a pilot project intended to identify possible shortcomings in how the program is executed. The financial exposure to any particular party in this case is minimal and worth the “risk” to determine whether the program is viable beyond its pilot stage. No party wants to assume financial risk in moving forward with a project, but we believe one of the points of having a “pilot” project is to identify possible risks moving forward – not to ensure that one party is immune to any risk at this stage. To the extent the Company argues that a third-party financing solution or manager is required to protect the interests of its shareholders and/or customers, we disagree.

A second but equally consequential component of the program is the valuation of the solar power in question – the solar energy credit. Idaho Power has proposed (Paragraph 29, APPLICATION, P. 10) basing the Solar Energy Credit on its embedded energy-related costs recovered through base

rates and updating those costs *“as needed.”* We believe a more accurate and meaningful basis for the credit would be tied to Idaho Power’s Commission-approved DSM avoided costs. It doesn’t appear that the value added by community solar participants in reducing the Company’s need for marginal resources is fully recognized in the Company’s proposal, and we believe it should be.

We also believe that there is a “locational value” in projects such as this and we’re concerned such value has not been quantified by Idaho Power. We are eager to pursue this with the Company going forward.

Low and Fixed-Income Issues

Inasmuch as the ability to afford participation in a community solar pilot project is central to this application, we encourage stakeholders to more creatively explore avenues to include Idaho Power customers on low or fixed incomes to participate the pilot. Such mechanisms have been identified in community solar programs elsewhere, and we believe the success of this program requires a similar effort. Idaho Power should be commended for staking a 15 percent share of this pilot from its shareholders, and that could be one source of funds for a low-income “carve-out” of sorts to enable certain customers who might not otherwise be able to participate to do so. For example, Oregon has considered sequestering 10 percent of the generating capacity from community solar projects to benefit low and fixed-income customers. The Community Action Partnerships of Idaho could be a resource in developing such a program.

The George Washington University Solar Institute explored this issue in depth in 2014 (<http://solar.gwu.edu/research/state-policies-increase-low-income-communities%E2%80%99-access-solar-power>) and among its key take-aways:

- Low-income households in the US spend a higher percentage of household income on energy. Solar power could reduce the energy burden of low-income households by providing electricity that is less than what utilities charge.
- Low-income households face several barriers to going solar, including: difficulty meeting credit requirements for financing or leasing, status as a renter, and inability to benefit from tax credits or other incentive programs.
- California has several successful programs and initiatives designed to support solar deployment to low-income families. The California Solar Initiative (CSI) sets aside \$216 million to support the Single-Family Affordable Solar Housing (SASH) and Multifamily Affordable Housing (MASH) that subsidize solar systems for low-income households. California also used LIHEAP funds to help support solar installations for LIHEAP eligible families.
- Louisiana lacks public support and finance for low-income solar programs, but leasing company PosiGen has developed a model that leverages state tax credits and secures financing on community redevelopment terms.
- Colorado’s 2010 Community Solar Gardens (CSG) Act allow homeowners who without a suitable roof or space to purchase shares of a solar installation. The Act requires that at

least 5 percent of the electricity from the CSG be reserved for low-income families in order to qualify for solar renewable energy credits (SRECs).

- California, Louisiana, and Colorado's low-income solar policies and programs can serve as models that can be replicated in other states.

Burden to Nonsubscribers

We agree with the Company that utility customers who choose not participate in the program should not have undue costs shifted onto them from those who do participate. However, we disagree that such a need exists in this community solar pilot project, and we reiterate that the community solar program has the potential to deliver actual benefits to *all* customers regardless of whether they participate in the program. There are *system-wide benefits* that a community solar program accords all customers, including the delivery of capacity-valued power to the system during times of highest demand and a lowered need for other marginal resources. We look forward to further exploring and identifying those benefits as this docket moves forward.

We're eager to learn more about the justifications for the claims in Paragraph 7, APPLICATION P. 4, prohibiting Idaho Power employees and net metering customers from subscribing until after the initial 60-day enrollment period "in order to test other customers' commitment to community solar." If the Company is concerned that its own employees or its net metering customers may somehow skew the perceived demand for this pilot offering, we would appreciate learning more about that concern and how it can be addressed. Is the Company proposing that its employees be prohibited from participating in the program while it tests "other customers' commitment to community solar?"

We also suggest that a pilot program include a "wait list" of customers who sought to participate in the program but who were precluded if it was fully subscribed. In such an event, those on the wait list could replace subscribers who for one reason or another needed to leave the program, and in such cases that would eliminate the need for a "cancellation fee" for departing subscribers. Unless a subscriber chooses to remain in the program but at another address within Idaho Power's service area, in which case the account would simply be transferred.

Conclusion

The Snake River Alliance appreciates this opportunity to comment on IPC-E-16-14, and we look forward to continuing a productive dialog on the issues presented in this case.

Idaho Power and all interested parties have brought many important issues to into this discussion and have raised thoughtful ideas on how to best proceed with a community solar pilot project. This is an excellent beginning, and we believe there is ample room for continued discussions on how to perfect a pilot project as all stakeholders strive toward a successful implementation.

Respectfully submitted,



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