



Case No. IPC-E-16-14, Order No. 33616

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Parties to Idaho Power community solar case propose settlement to Public Utilities Commission

BOISE (October 6, 2016) – Parties to a case regarding Idaho Power Company’s application to build a 500-kilowatt community solar project are proposing a settlement to state regulators. The Idaho Public Utilities Commission is taking comment on the proposal through October 18.

The \$1.16 million single-axis solar project, proposed for the southwest corner of Amity and Holcomb roads in southeast Boise, would allow up to 1,093 residential customers and 470 non-residential customers to buy one or more subscriptions (one subscription is a 320-watt panel) for the 25-year life of the proposed project.

Idaho Power originally proposed a one-time fee of \$740 for each subscription. The settlement proposes a fee of \$562 and allows customers to pay that fee either at one time or in monthly installments of \$26.31 over 24 months. Commission staff and other parties to the case said the subscription fee was too high, especially for residential customers, and would discourage participation.

Parties to the case, which include the Idaho Conservation League, the Idaho Irrigation Pumpers Association, the Sierra Club, Snake River Alliance and the City of Boise, also did not agree with the method the company used to calculate the monthly bill credit customers would receive for their part of the solar generation. Parties said the company’s proposed 3-cent per kWh credit for residential customers would not be enough for customers to recoup their initial investment.

Idaho Power originally proposed that the credit be calculated based on the embedded cost-of-service to each customer class. But commission staff and all other parties to the case said the embedded cost-of-service method does not take into account the value that a new generation resource provides to Idaho Power’s system, particularly a solar resource that provides energy during high-use hours of the day.

Because Idaho Power operates its system to minimize ratepayer costs, a new generation project would allow the company to avoid using its most expensive resource, thus providing

greater value than just embedded cost-of-service. Therefore, the credit given to customers should be based on an avoided-cost calculation, commission staff and other parties argued.

Every two years, Idaho Power files an Integrated Resource Plan, which includes an avoided-cost calculation for its energy efficiency and demand-side management (DSM) programs.

Commission staff and parties to the case proposed that Idaho Power base the customer credit on that biennial calculation. Further, they argued, the calculation of DSM avoided costs is more current because it is provided every two years, whereas embedded cost-of-service studies are updated only when the utility files a rate case, which for Idaho Power, was five years ago.

Eventually, the company and parties agreed on a solar energy credit that reflects the embedded cost of energy. However, the parties also agreed to reduce the subscription fee to include 1) the net present value of the difference between the DSM avoided costs – which include energy and capacity – and the forecasted embedded costs over the 25 year life of the project, 2) the value of deferred transmission and 3) the removal of the cost of smart inverters. These benefits, plus the original agreement from Idaho Power shareholders to contribute 15 percent of project costs (\$175,000), brought the subscription down from \$740 to \$562.

The monthly credits given to each subscriber over 12 months cannot exceed that subscriber's total energy use from the prior year.

Idaho Power originally proposed that if the project wasn't at least 80 percent subscribed within 120 days, the project would be scrapped. Commission staff and other parties said the 120 days may not be enough time to market the program and reach 80 percent enrollment. Idaho Power agreed to remove the 120-day timeline. Completion of the project is anticipated in June of next year.

Idaho Power said the proposed project was requested by customers who cannot install their own rooftop solar panels because they reside in rental properties or multi-unit dwellings, have aging rooftops, too much shading or an unsuitable rooftop orientation.

The company states the proposed pilot program will assist the utility in learning about the "complexities associated with offering community solar programs including: customer commitment, construction, contracting, interconnection, maintenance and billing."

The 500-kW project would be divided into 350-kW for residential customers and 150-kW for commercial customers. Subscriptions will be rewarded on a first-come, first-served basis until program capacity is reached. The first 60 days of the enrollment window would reserve 70 percent capacity for residential customers and 30 percent for non-residential customers. After that, if there is unsubscribed capacity reserved for residential customers, it may be opened up to non-residential customers and vice versa.

Idaho Power will retain ownership of the Renewable Energy Credits (RECs) and all other environmental attributes. The RECs would be retired by Idaho Power on behalf of subscribers.

To comment on the proposed settlement, go to www.puc.idaho.gov. Under the “Consumers” heading, click on “Case Comment Form,” and include the case number, IPC-E-16-14, in your comments. Comments can also be mailed to the commission at P.O. Box 83720, Boise, ID, 83720-0074.

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