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IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for the Industrial Customers of Idaho Power

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER) **CASE NO. IPC-E-16-14**
COMPANY'S APPLICATION TO)
APPROVE NEW TARIFF SCHEDULE 63,) COMMENTS OF THE INDUSTRIAL
A COMMUNITY SOLAR PILOT) CUSTOMERS OF IDAHO POWER
PROGRAM)
)
)
)

COMES NOW, the Industrial Customers of Idaho Power ("ICIP") pursuant to that Notice Application and Notice of Modified Procedure issued by the Idaho Public Utilities Commission ("Commission") on August 16, 2016, and hereby provides the following comments on Idaho Power Company's ("Idaho Power" or the "Company") Application for approval of a community solar pilot Program. The Company is proposing to construct a 500 kilowatt ("kW") solar array located in southeast Boise. This "pilot program" is open to Schedules 1, 5, 7, 9, 11, 19, 29, and special contract customers. Participants in the program can elect to purchase one or more subscriptions in the solar array, which will determine their entitlement to a proportional share of the power generation by the facility. Once the pilot project is operational, subscribers will receive a bill credit for their portion of the net actual solar energy generated.

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As proposed by the Company, participation is voluntary and will be available on a first come first served basis at an upfront cost of \$740 for each 320-watt panel installed. Participants are limited to their actual load. In addition, non-residential customers are limited to 50 subscriptions. A total of 1,563 subscriptions will be available; 70% of which are initially allocated to residential customers with the remaining 30% allocated to the other customer classes. Although each panel is estimated to generate 638 kWh annually, actual production will be used in the calculation of the credit allowed in the customer's bill.

Idaho Power calculates the value of the credit on the customer's bill per kWh based on the Company's embedded energy-related portion of its base rates that will be updated "as needed" based on changes in future cost estimates.¹ The customer class amounts vary from a high of 3.0246 cents per kWh for residential customers to a low of 2.4915 cents per kWh for the special contract customer the Department of Energy (DOE).

Without considering the time value of money or future credit adjustments by the Company, a simple calculation using the Company's current solar energy credit and the upfront cost of \$740 per panel indicates that the payback period for subscribers in the pilot varies by customer class from a low of 38 years to a high of 47 years as displayed in the following table. As can be seen, the payback period actually exceeds the expected life of the project. There is simply no valid economic reason for a rational ratepayer to subscribe to this program as it has been proposed by Idaho Power.

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¹ Matthew Larkin, Direct Testimony Idaho Power, IPC-E-16-14, p. 14.

Schedule Description	Solar Energy Credit (¢ per kWh)	Payback (years)	Annual Credit per Panel
1 and 5 Residential Service	3.0246	38.3	\$19.30
7 Small General Service	3.0209	38.4	\$19.27
95 Large General Service	2.9936	38.7	\$19.10
9P and 9T Large General Service	2.7352	42.4	\$17.45
19 Large Power Service	2.7735	41.8	\$17.69
24 Irrigation Service	2.6559	43.7	\$16.94
26 Micron Special Contract	2.5167	46.1	\$16.06
29 Simplot Special Contract	2.5371	45.7	\$16.19
30 DOE Special Contract	2.4915	46.6	\$15.90

Given the fact that the average annual residential power bill is \$1,140, against which the bill credit of less than \$20 per year will be applied (along with an upfront cost of \$740 per panel), it very unlikely that the program will attract enough participants to fill Idaho Power's quota of 1,095 residential subscriptions.¹ This problem is exacerbated for non-residential customers as they have an even longer payback period.

The varying amount for each customer class' solar energy credit amount is based on the Idaho Power's most recent (almost one decade old) cost-of-service study from general rate case IPC-E-11-08. This figure has, however, been adjusted for discreet revenue requirement changes authorized by the Commission since the conclusion of that case. There are two problems with the Company's approach to the calculation of the customer credit. First, the data used by the Company -- its old cost-of-service study -- is stale. Updating it using a series of Commission approved revenue adjustments is not sufficient to compensate for the structural changes that have

¹ 2016-2017 PCA Application, Idaho Power Company, IPC-E-16-08, Attachment 2, April 15, 2016.
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occurred on Idaho Power's system since that time. Second, and more importantly, a cost-of-service study is a cost allocation methodology among the various customer classes; it is not a value of power measurement methodology.

The Company calculates the value of electricity on its system every two years in its Intergraded Resource Plan (IRP). As part of the IRP process Idaho Power computes the alternative cost of power for evaluating the cost-effectiveness of its demand-side management (DSM) programs. The Company determines the value of energy and capacity throughout the 20-year planning period using its AURORA model in order to estimate the system benefit for each of its DSM programs. These DSM energy prices are a more appropriate measure of the value of the power generated by the pilot project's solar array because they show what the company would offset with community solar.

Along with these DSM energy values being estimated by the Company, there are several other reasons why these values should be used in determining the Solar Energy Credit applied to a subscribing customer's power bills. Unlike the cost of service number, DSM values are consistently and regularly updated every two years and thus are automatically adjusted as the power system costs change, (both up and down). In addition, they are transparent in that Idaho Power provides the inputs, formulae, and results on a non-proprietary basis as part of its IRP process and filings. The DSM method used by the Company and the results, have been accepted by all parties and have not been challenged in comments after Idaho Power's IRPs have been filed at the Commission.

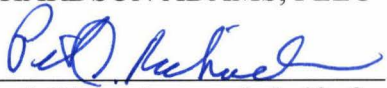
A very rough estimate, using the 2015 DSM energy price estimates as the twenty-five year levelized solar energy credit, indicates that the credit would be in the range of five cents per

kWh. This level of bill credit would create a more meaningful and viable program due to the increased incentive. It actually cuts the payback period by approximately half. Therefore, it makes it more likely that the program may be successful.

The ICIP supports the concept of a nonsubsidized community solar program. Using the Company's preapproved and fully vetted DSM value of power provides a realistic value of power on Idaho Power's system and sufficiently assures that the solar credit to customer's bills will not be subsidized by non participants.

RESPECTFULLY SUBMITTED this 1st day of September 2016.

RICHARDSON ADAMS, PLLC

By 
Peter J. Richardson on behalf of
the Industrial Customers of Idaho Power

CERTIFICATE OF SERVICE

I hereby certify that on the 1st day of September 2016, copies of the foregoing Comments of the Industrial Customers of Idaho Power in Docket No. IPC-E-16-14 were hand delivered to and/or electronically delivered:

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