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IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for the Snake River Alliance and NW Energy Coalition

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF THE
APPLICATION OF IDAHO POWER
COMPANY FOR AUTHORITY TO
ESTABLISH NEW SCHEDULES
FOR RESIDENTIAL AND SMALL
GENERAL SERVICE CUSTOMERS
WITH ON-SITE GENERATION

CASE NO. IPC-E-I7-13

PREFILED REBUTTAL TESTIMONY (NONCONFIDENTIAL) OF

AMANDA M. LEVIN

January 26, 2018

**REBUTTAL TESTIMONY (NONCONFIDENTIAL) OF
AMANDA M. LEVIN**

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1 **REBUTTAL TESTIMONY (NONCONFIDENTIAL) OF**
2 **AMANDA M. LEVIN**

3 **I. INTRODUCTION**

4 **Q. Are you the same Amanda M. Levin who provided Prefiled Direct**
5 **Testimony and supporting exhibits on December 22, 2017, in this proceeding on**
6 **behalf of the Snake River Alliance and NW Energy Coalition?**

7 A. Yes.

8 **Q. What is the purpose of this rebuttal testimony?**

9 A. I respond to the Idaho Public Utilities Commission Staff's ("Staff") proposal to
10 modify Schedule 84. Staff proposes to keep net metering customers in the broader
11 residential and general service classes, but proposes alterations to the energy export rate
12 for these customers. Staff suggests that net metering customers are compensated for the
13 excess energy at the avoided cost rate to "correct any intraclass cost shift without
14 requiring any new rate classes."¹

15 **Q. Please summarize your rebuttal testimony.**

16 A. I agree with Staff that Idaho Power Company's (the "Company") proposal to
17 create a new rate class should be denied at this time and commend them for offering a
18 proposal that would allow net metering customers to remain in these broader rate classes.
19 However, I disagree with Staff's methodology and finding of a cost shift between net

¹ Morrison, Michael, Direct Testimony on Behalf of Staff, at page 3.

1 metered and non-net meter customers that underlies its proposal. I also discuss Staff's
2 use of the avoided DSM cost rate in its initial proposal and provide input on the process
3 and benefits that should be considered in the development of any energy export rate for
4 net metered systems, if Staff's proposal is adopted.

5 II. STAFF'S PROPOSAL FOR SCHEDULE 84

6 **Q. Do you agree with Staff's recommendation that the Commission deny the**
7 **Company's Application to create a separate rate class at this time?**

8 A. Yes. Despite the Company's claim that net-metered customers should be
9 separated into distinct rate classes due to different consumption and load profiles,
10 Staff's own analysis shows that net-metered and non-net-metered customers have very
11 similar consumption patterns.² Staff witness Michael Morrison used hourly
12 consumption data provided by the Company to conduct an analysis of consumption
13 between net-metered and non-net-metered customers. Staff's analysis used data for all
14 net-metered customers with a full year of consumption data in 2016, providing a more
15 robust and accurate picture of this group's consumption and load profile than the
16 Company's analysis included in the Direct Testimony of the Company's witness David
17 M. Angell.³

18 **Q. Do you agree with Staff's statements about the intraclass cost shift created**
19 **by Schedule 84 or its revised projected cost shift?**

² Morrison, Michael, Direct Testimony on Behalf of Staff at page 16-19.

³ Angell, David M., Direct Testimony on Behalf of Idaho Power Company at page 11.

1 A. No. Staff states that “net metering customers are being overcompensated for the
2 energy they produce.”⁴ They argue that the value of energy provided by net metering
3 customers is primarily the utility’s avoided energy rates, but customers are
4 compensated at the full retail rates (which are substantially higher than the utility’s
5 energy costs).⁵ However, testimony provided by both Staff and other intervenors
6 suggest this may not be accurate. These systems provide other measurable value along
7 the entire utility system, from the generation to transmission to distribution of energy.
8 For example, Sierra Club Witness R. Thomas Beach provides analysis of the impacts,
9 benefits, and costs of NEM customers on the system and to other ratepayers. Witness
10 Beach noted analysis he had completed as part of testimony submitted in a previous
11 case that found the levelized capacity and transmission benefits of distributed
12 generation was 4 and 3.2 cents per kWh, respectively, using the Company’s 2011 and
13 2013 Integrated Resource Plan.⁶ This was greater than the value of the energy from
14 these systems in the same analysis. Witness Beach also considers the benefits of
15 avoided distribution costs not reflected in his earlier analysis. He estimates that one
16 kW of distributed generation nameplate capacity in the Company’s territory avoids 0.22
17 kW and 0.31 kW of marginal distribution capacity costs for south and west-facing
18 capacity, respectively.⁷

⁴ Morrison, Michael, Direct Testimony on Behalf of Staff at page 9.

⁵ Morrison, Michael, Direct Testimony on Behalf of Staff at page 9.

⁶ Beach, R. Tom, Direct Testimony on Behalf of Sierra Club at page 13.

⁷ Beach, R. Tom, Direct Testimony on Behalf of Sierra Club at page 30-31.

1 Staff's own analysis also supports the finding that these net metering systems provide
2 value to the system over and above the utility's value of avoided energy generation.

3 According to Staff analysis, the average contribution of a net-metering customer to
4 system peak (in 2016) was 2.31 kW versus 2.86 kW for non-net metering customers.⁸

5 Net metering customers did have larger average individual peaks and group non-
6 coincident peaks.⁹

7 As part of Staff's proposal, Staff provides a revised estimate of the cost shift between
8 net metered and non-net metering customers. They estimate a cost shift of \$137.25 a
9 year, assuming that the excess energy provided by net metering is worth the utility's
10 avoided DSM rates.¹⁰ While Staff arbitrarily used the avoided DSM costs as a proxy
11 for the value of energy provided from these systems, this is likely a significant
12 underestimate. These systems provide additional quantifiable benefits to the system,
13 other ratepayers, and the utility across its generation, transmission, and distribution
14 system over and above the DSM avoided cost used. Since a methodology for
15 calculating the value of these other service has not yet been determined, it is too early
16 to say whether current NEM customers are creating a measurable cost shift. Instead of
17 relying on an arbitrary calculation like DSM avoided cost, the Company should conduct
18 a Resource Value of Solar analysis to determine the actual cost and benefits to the
19 system. This analysis must be conducted in a transparent and open way with sincere,

⁸ Morrison, Michael, Direct Testimony on Behalf of Staff (Rev.) at page 16.

⁹ Morrison, Michael, Direct Testimony on Behalf of Staff (Rev.) at page 16.

¹⁰ Morrison, Michael, Direct Testimony on Behalf of Staff (2nd Rev.) at page 12.

1 substantive opportunities for stakeholder engagement and feedback. Only at that point,
2 can a true determination be made on the value of excess generation.

3 **Q. Do you support Staff's proposal to alter Schedule 84?**

4 A. Not at this time. I appreciate that Staff's proposal would allow net-metered
5 customers to remain part of Residential Schedule 1 and Small General Service
6 Schedule 7. However, the benefits to be quantified and included in the export rate, and
7 the resulting value for exported energy, are still unclear. Without a more defined
8 methodology or value of excess energy to study, I'm not confident Staff's proposal will
9 improve upon the current net metering approach in Idaho.

10 Staff indicates that they believe the methodology for calculating net metering avoided
11 cost should be determined in a separate docket, rather than using the 2016 DSM
12 avoided cost rates included in Staff's testimony.¹¹ I support the creation of a separate
13 docket to determine the appropriate export rate for net metering customers in the
14 Company's service territory. Any valuation study and resulting export rate should
15 reflect all benefits of the energy generated by these net metering systems, including
16 time and location of generation; avoided fuel cost; other avoided plant expense;
17 avoided generation, transmission, and distribution system capacity and/or avoided
18 upgrades; avoided line loss; and environmental benefits, among other benefits
19 identified by stakeholders.

¹¹ Morrison, Michael, Direct Testimony on Behalf of Staff at page 11.

1 Given the low levels of penetration in the Company's territory currently, there is no
2 need to rush through a revision to net metering. The Idaho Public Utilities Commission
3 should ensure that any revisions are done in a thoughtful, deliberate way. Opening a
4 new docket to determine a methodology for or proposed value of excess energy before
5 acting on the rest of Staff's proposal will provide parties with the information necessary
6 to determine if the proposal actually advances public policy objectives.

7 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

8 **A. Yes.**

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 26th day of January, 2018, I served a true and correct copy of the foregoing by delivering the same to each of the following individuals by electronic mail, addressed as follows:

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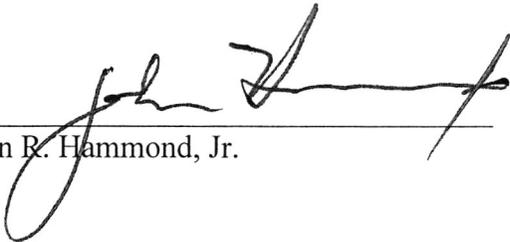
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