ROCKY MOUNTAIN POWER
A DIVISION OF PACIFICORP

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August 10, 2018

OVERNIGHT DELIVERY

Diane Hanian
Commission Secretary
Idaho Public Utilities Commission
472 W. Washington
Boise, ID 83702

RE: CASE NO. IPC-E-17-13
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

Attention: Diane Hanian
Commission Secretary

Please find enclosed for filing an original and seven (7) copies of Rocky Mountain Power's comments in the above-referenced matter.

Informal inquiries may be directed to Ted Weston, Idaho Regulatory Manager at (801) 220-2963.

Very truly yours,

Joelle Steward
Vice President, Regulation

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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-17-13** **ROCKY MOUNTAIN POWER'S COMMENTS IN OPPOSITION OF VOTE SOLAR'S PETITION FOR RECONSIDERATION**

In accordance with Idaho Code § 61-626, Rule 331 of the Idaho Public Utilities Commission Rules of Procedure, and Order No. 34098 of the Idaho Public Utilities Commission (the "Commission") in Case No. IPC-E-17-13 (the "Reconsideration Order"), stating "[w]e now order Vote Solar, Idaho Power, Commission Staff and any other party who desires to do so" to file briefs by August 10, 2018 discussing whether a customer's ability to export energy should determine if the customer should be included in Schedules 6 and 8, Rocky Mountain Power, a division of PacifiCorp ("RMP" or "Company") respectfully submits these comments in opposition to Vote Solar's Petition for Reconsideration of Order No. 34046 in Case No. IPC-E-17-13 issued May 9, 2018 ("Petition"). In support of its comments, the Company states as follows.

BACKGROUND

Idaho Power Company ("Idaho Power") applied for authority to create new schedules for residential and small general service customers with on-site generation ("R&SGS generators"). RMP typically does not intervene in other utilities' cases unless it determines that the case involves a sufficiently broad issue that could potentially affect the Company; therefore, it did not intervene

in this case. As expected, the Commission's Order No. 34046 approving Idaho Power's schedules 6 and 8 ("Final Order"), which apply to R&SGS generator classes, does not directly impact RMP. However, Vote Solar's Petition requests that the Commission reconsider its Final Order contending that the Commission must change the application of its Final Order so that new Idaho Power schedules 6 and 8 apply only to customers that export electricity. A Commission decision on Vote Solar's Petition could potentially impact RMP, in particular, a decision on "... the meaning and repercussions of "in parallel" connection" about which the Commission specifically requested additional information. Reconsideration Order, at 3. For this reason and as explained in detail below, and consistent with the Commission's invitation in its Reconsideration Order for any party desiring to file a brief to do so by August 10, 2018, the Company responds to Vote Solar's Petition. If the Commission determines that RMP must first intervene to respond to Vote Solar's Petition, the Company respectfully requests that the Commission treat this filing as RMP's Petition to Intervene and Comments in Opposition to Vote Solar's Petition for Reconsideration.

Vote Solar argues that the Commission's findings and reasoning do not support inclusion of non-exporting customer-generators in schedules 6 and 8. Vote Solar's argument fails—the record supports the finding that all R&SGS generators (i.e., those that operate "in parallel" with the utility's grid and are therefore able to export) are distinct from those without on-site generation, for a variety of reasons.

ARGUMENT

A. An "in parallel" connection facilitates the *ability* or capability to export, consistent with Idaho Power's applicable tariff schedules 6 and 8 and RMP's Net Metering Tariff. Any change to its meaning would require changes to RMP's currently approved and effective Net Metering Tariff and would be inappropriate; therefore, the Commission should endorse Idaho Power's and RMP's definition and use of "in parallel" connection.

RMP's applicable tariff, net metering schedule 135, uses the phrase "in parallel" in the

application section which describes the type of customer to which the tariff applies:

> **APPLICATION**: On a first-come, first-served basis to any customer that owns and operates an Eligible Generating Plant that is located on the Customer's premises, on the Customer's side of the Point of Delivery, is interconnected and operates *in parallel* with the Company's existing transmission and distribution facilities and is intended primarily to offset part or all of the Customer's own electrical requirements.

Emphasis added. Electric Service Schedule No. 135, effective July 31, 2016 ("Net Metering Tariff"). The Net Metering Tariff applies to any customer with on-site generation that is interconnected and operates in parallel with the Company's grid. Any customer that is interconnected and operates in parallel to the utility grid is capable of exporting electricity. The Net Metering Tariff makes no distinction based on whether or not the customer does, in fact, export. Any decision that narrows the scope of the phrase "operates in parallel" in the currently effective Net Metering Tariff will impact the Net Metering Tariff, RMP's interconnection agreements (drafted consistent with the Net Metering Tariff), and ultimately RMP's net metering customers.

In addition, back-up and other ancillary services the Company provides under the Net Metering Tariff are made possible because of the R&SGS generating plants' interconnection and operation in parallel to RMP's grid. All R&SGS generators are receiving these back-up and other ancillary services. Narrowing the definition of "in parallel" connection to mean only that connection that is used to "export" electricity under the Net Metering Tariff would probably require the creation of a separate tariff for R&SGS generators that do not export since they otherwise receive back-up and other ancillary services. Otherwise, RMP will not be able to capture the costs to serve these types of customers. Thus, the Company recommends that the Commission endorse Idaho Power's and RMP's use of "in parallel" connection as a connection that facilitates

the *ability* or capability to export.

B. "In-parallel" connection, as used by RMP and Idaho Power, should be the determining factor on whether R&SGS generators qualify for service under schedules 6 and 8. All R&SGS generators use services for which they should, but do not fully, pay as a consequence of generating some of their own electricity with on-site generation.

While R&SGS generators take less electricity from the utility grid, their overall demand requirements may remain relatively unchanged. Their usage results in lower load factors which means more variability in usage which is more costly to serve. In other words, R&SGS generators do not stop using electricity but instead, they offset a portion of their requirements with on-site generation, which requires back-up services from the utility for which they are not paying when they generate their own electricity with on-site generation.

From RMP's perspective, with the exception of large customers, the costs of infrastructure necessary to support R&SGS generators' access to the grid are included in volumetric rates. R&SGS generators can offset charges for infrastructure they relied on for their own consumption through the netting and banking process as well as by reducing their consumption of energy supplied from the grid. The majority of costs in rates are fixed costs of facilities which do not vary with changes in customer usage; therefore, these are costs that do not go away, regardless of consumption levels.

As noted in the Company's 2016 Net Metering report filed October 31, 2017, Idaho's contribution to the system peak was 575 megawatts, after accounting for irrigation load control curtailment. Net metering customers' on-site generation reduced Idaho's contribution to that peak by 482 kilowatts, or approximately 0.08 percent. Under the current rate structure, R&SGS generators are avoiding a disproportionate amount of fixed costs even if they are not exporting to

the grid. In the Company's last general rate case[1] the cost of service study supported a monthly customer charge to recover fixed costs of $29.86 per month. Currently the monthly customer charge is $5.00, leaving almost $25.00 per month of fixed costs recovered through volumetric charges. This creates a significant potential for costs to be shifted from R&SGS generators to non-participating customers even if they do not export energy.

The current net metering pricing structure for R&SGS generators does not reflect the cost of serving those customers, nor does it appropriately reflect the benefits and costs of interconnecting customer owned on-site generation to the system. The existing retail pricing structure does not accurately reflect the cost to serve customers with on-site generation that continue to require services from the grid, but that also meet some of their own energy needs with on-site, customer-owned systems. Therefore, "in parallel" connection, as used by Idaho Power and RMP in each of their applicable tariffs, should be the determining factor on whether schedules 6 and 8 applies to R&SGS generators.

C. The Commission's finding that all R&SGS generator classes should be included in schedules 6 and 8 (without distinction on whether they export or not) is supported by the record.

In finding that all R&SGS generators are distinct from customers without on-site generation, the Final Order stated, "the evidence as a whole, given the circumstances, supports the differentiation, substantially, competently and with a just and reasonable result."[2] Although the Commission did not restate the whole record in the Final Order explaining why even those R&SGS generators with the ability to, but that do not, export electricity are distinct from customers without on-site generation, it incorporated all of the evidence on the record in support of its decision to apply schedules 6 and 8 to all R&SGS generators. While the Final Order mentions R&SGS

[1] Case No. PAC-E-10-07.
[2] Final Order, at 15-16.

generators that export electricity back to the utility several times and certainly more than those that are able to and do not export, the Commission also "... recognize[d] the fundamental difference between, as an example, a residential customer with no on-site generation and one that *can* both import energy from, and export it to, the Company's grid using the same infrastructure."[3] Emphasis added. The Commission did not limit its decision to only those customers that export. Rather, it understood that any R&SGS generator that has the *ability* to export electricity is distinct and should be in a separate class from customers without on-site generation. Therefore, it is appropriate for all R&SGS generator classes to be included in schedules 6 and 8.

D. All R&SGS generator classes use the utility's grid differently from customers without on-site generation and should therefore qualify for schedules 6 and 8 service.

A variety of reasons support distinguishing all R&SGS generators from those without on-site generation. Whether or not these customers actually export should determine whether they qualify for schedules 6 and 8 service.

For instance, in addition to noting R&SGS generators' "bi-directional [ ] use of the Company's grid"; the Final Order also described Idaho Power's characterization of these customers "... as "partial requirements" customers, in that they generate all or some of their own annual energy needs, while still relying on the utility for a variety of services." Final Order, at 5 (quoting Tr. at 493). While the Company will not restate the record here, Idaho Power witness Mr. Angell's testimony explained the types of services provided to all R&SGS generators, even those that do not export electricity, that distinguishes them from customers without on-site generation.[4]

In addition, the Commission's decision to include all R&SGS generators in schedules 6

[3] *Id.*, at 17.

[4] See Tr. at 598, ll. 17-600, and l. 15. (for example, Mr. Angell testified that so long as R&SGS generators remain connected to the utility, they continue to take services from the utility, including capacity to meet the in-rush current requirements for starting motor loads such as air conditioning compressors, supplemental services when solar is not available at night, and frequency services to maintain power quality).

and 8 classes was also informed by recognition of their load and usage characteristics. For example, the Final Order referenced Idaho Power's explanation that R&SGS generators have lower load factors than standard customers, they also have higher evening and nighttime demand, and their rate of change of usage is higher throughout the day.[5] These load and usage factors are the same for all R&SGS generators, whether or not they export, and support the creation of a separate class from customers with no on-site generation, and switching them to schedules 6 and 8 service.

E. Export limiting devices are installed behind the meter which requires the utility to expend time and resources to interconnect, monitor and prevent their reconfiguration to allow customers to export electricity. Given the complexity involved in monitoring and tracking metering and billing information to identify customers that may be exporting and should not be, schedules 6 and 8 should apply to all R&SGS generators.

The Company agrees with Idaho Power that export limiting devices ("ELD") do not ensure that electricity from R&SGS generators' on-site generation equipment is not exported because they are installed behind-the-meter. The utility does not have direct control of the device. Consequently, ELDs can be reconfigured to allow the customer to export electricity without detection from the utility. These ELDs cannot realistically be used to keep R&SGS generators with ELDs in the same class as those customers without on-site generation. In addition, interconnecting, monitoring, and tracking these customers and their metering and billing information, would require additional time and resources from the utility and add a level of complexity necessary to properly account for utility service.

Even if ELDs could be controlled by the utility, R&SGS generators with ELDs would still be connected to the utility's grid requiring and relying on backup and other ancillary services that are not fully paid for as a result of these customers' on-site generation. Therefore, schedules 6 and

[5] Final Order, at 5.

8 should also apply to R&SGS generators with ELDs, like all other R&SGS generators with onsite generation.

F. Battery storage could be used by customers to avoid "in-parallel" connection to the utility's grid for ancillary services. In such a case, it would be appropriate for R&SGS generators with battery storage and no "in parallel" connection to utility grid to take no service from the utility, including from schedules 6 and 8.

The only way to ensure that no electricity is exported back to the utility and that no other services are provided to R&SGS generators is if there is no in-parallel connection to the utility. If a customer installs battery storage and completely disconnects from the grid and stops relying on the utility for backup and other ancillary services, then that customer would not utility service. In this situation, it would be appropriate for this type of customer to be excluded from schedules 6 and 8 because this type of customer would not be connected to the utility and would not take utility services. Like Idaho Power, the Company would support excluding this type of customer that has no in-parallel connection to the utility from service under any schedule, including schedules 6 and 8. To be clear, if the customer connects a battery storage device to the utility's grid, and uses the utility's grid for backup and other ancillary services, it would be appropriate for this customer to be included with all R&SGS generators and served on schedule 6 or 8 service.

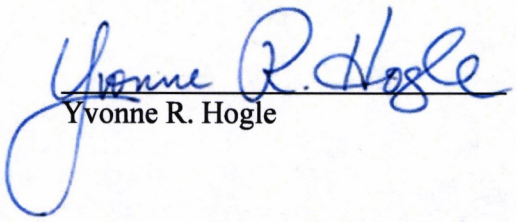
CONCLUSION

The Company has followed these proceedings and supports Idaho Power's position in the case. Interconnection and "in parallel" connection gives R&SGS generators the ability to export energy and allows the utility to provide valuable backup and other ancillary services required by all R&SGS generators. Therefore, "in parallel connection" should determine if the customer should be included in schedules 6 and 8.

Dated this 10th day of August, 2018.

RESPECTUFLLY SUBMIITED,

ROCKY MOUNTAIN POWER



Yvonne R. Hogle

CERTIFICATE OF SERVICE

I hereby certify that on this 10th day of August, 2018, I caused to be served, via E-mail a true and correct copy of Rocky Mountain Power's **COMMENTS IN OPPOSITION OF VOTE SOLAR'S PETITION FOR RECONSIDERATION** in IPC-E-17-13 to the following:

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Dated this 10th day of August, 2018.

Jennifer Angell
Supervisor, Regulatory Operations