

October 11, 2019
Customer Name
Customer Address

Dear Valued Customer—

Because you have applied to participate in customer generation, we are writing to let you know Idaho Power and the Staff of the Idaho Public Utilities Commission (IPUC) have filed a settlement agreement with the IPUC regarding changes to the compensation structure for residential and small general service customers with on-site generation. As you know, participating customers use rooftop solar panels and other resources to generate some of their own energy.

This settlement is the result of months of collaborative discussions between Idaho Power and several parties, including the IPUC Staff, Sierra Club, City of Boise, Idaho Clean Energy Association, Idaho Irrigation Pumpers Association and others. One of the main goals of these discussions was to evaluate new compensation structures for customers who export energy to Idaho Power's electrical system using their own generation, which represents a small but growing segment of our more than 560,000 customers. Accurate pricing for customer generation will lead to a more equitable and sustainable service offering into the future.

A determination on whether the changes described below will apply to existing customers with on-site generation will be decided by the IPUC based on arguments provided by parties to the case. If approved by the IPUC as filed, the settlement will result in the following changes for residential (Schedule 6) and small general service (Schedule 8) customers with on-site generation:

1. Energy delivered from, or exported to, Idaho Power's system will now be measured on a net hourly basis, rather than the current monthly netting process. This will allow the more accurate measurement of both the energy provided by Idaho Power to the customer and the amount of customer-generated energy exports.
2. When customers generate more energy than they consume during the hour, they will be credited at a new rate, rather than the full retail rate they are receiving now. The new rate will initially be set at approximately 8.7 cents per kilowatt hour (kWh) for Schedule 6 and 10.2 cents per kWh for Schedule 8, effective January 1, 2020.
3. New and existing (unless exempted by IPUC order) customers with on-site generation will be transitioned to the new pricing structure in four separate increments over an eight-year period. These adjustments are expected to occur in 2022, 2024, 2026 and 2028. The final credit rate to become effective in 2028 has initially been estimated to be 4.4 cents per kWh for Schedule 6 and 4.9 cents per kWh for Schedule 8 customers. The determination of this final credit rate will be reviewed and validated in conjunction with Idaho Power's Integrated Resource Planning process throughout the transition period and is subject to change after separate IPUC proceedings.
4. Idaho Power will provide a "non-export option" for customers who wish to interconnect to Idaho Power's grid without exporting excess energy back to Idaho Power.

Idaho Power believes this settlement will help modernize its compensation structure for customer generation, which will help keep prices fair and affordable for all customers. More detailed information about this case and settlement agreement is available on the IPUC website, puc.idaho.gov.

The settlement is a proposal that is subject to public review and approval by the IPUC. Copies of the settlement are available to the public at the IPUC offices (11331 W. Chinden Blvd, Bldg 8, Suite 201-A, Boise, Idaho 83714), Idaho Power offices or on Idaho Power's website, idahopower.com, or the IPUC website, puc.idaho.gov. Customers also may subscribe to the IPUC's RSS feed to receive periodic updates via email about the case. Written comments regarding the settlement may also be filed with the IPUC.

More information about these changes will be forthcoming. If you have questions, you can call our Customer Care team at (800) 632-6605 or send us an email at solutions@idahopower.com.

We appreciate the opportunity to serve you.

Sincerely,

Your Idaho Power Customer Generation Team