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IDAHO PUBLIC
UTILITIES COMMISSION

January 10, 2020

VIA HAND DELIVERY

Diane Hanian, Secretary
Idaho Public Utilities Commission
11331 W. Chinden Boulevard
Building 8, Suite 201-A
Boise, Idaho 83714

Re: Case No. IPC-E-18-15
Study of Costs, Benefits, and Compensation of Net Excess Energy Supplied
by Customer On-Site Generation
Idaho Power Company's Petition for Reconsideration and/or Clarification

Dear Ms. Hanian:

Enclosed for filing in the above matter please find an original and seven (7) copies of Idaho Power Company's Petition for Reconsideration and/or Clarification in the above matter.

If you have any questions about the enclosed documents, please do not hesitate to contact me.

Very truly yours,



Lisa D. Nordstrom

LDN:kkt

Enclosures

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IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)
COMPANY'S APPLICATION TO STUDY)
THE COSTS, BENEFITS, AND)
COMPENSATION OF NET EXCESS)
ENERGY SUPPLIED BY CUSTOMER ON-)
SITE GENERATION.)
_____)

CASE NO. IPC-E-18-15
IDAHO POWER COMPANY'S
PETITION FOR
RECONSIDERATION AND/OR
CLARIFICATION

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)	
COMPANY'S APPLICATION TO STUDY)	CASE NO. IPC-E-18-15
THE COSTS, BENEFITS, AND)	
COMPENSATION OF NET EXCESS)	IDAHO POWER COMPANY'S
ENERGY SUPPLIED BY CUSTOMER ON-)	PETITION FOR
SITE GENERATION.)	RECONSIDERATION AND/OR
)	CLARIFICATION
_____)	

Following a year-long effort and challenging negotiations between parties with strongly-held views, most parties reached a compromise to resolve longstanding and contentious issues regarding Idaho Power Company's ("Idaho Power" or "Company") on-site generation offering for residential and small general service customers. The Idaho Public Utilities Commission ("Commission") rejected this multiparty settlement in Order No. 34509, dated December 20, 2019, issued in Case No. IPC-E-18-15. The Commission found there was insufficient evidence in the record that the parties had performed a comprehensive study of these issues, as called for in a previous Commission order,¹ and

¹ Order No. 34509 at 7-9 (Dec. 20, 2019).

also that members of the public had not received adequate notice this docket might result in fundamental changes to the Company's on-site generation offering.²

Pursuant to Rules of Procedure 33, 325, and 331, et seq.,³ and Idaho Code § 61-626, Idaho Power petitions the Commission for reconsideration and clarification of final Order No. 34509. The Company respectfully requests the Commission approve the Settlement Agreement on reconsideration because evidence in the record supports that the parties did in fact conduct a comprehensive study. Having now read Order No. 34509, the Company understands the Commission would have benefited from a narrative presentation describing the detailed elements of this study to provide more context for understanding and interpreting the results. In filing this petition for reconsideration, therefore, Idaho Power's intent is to assist the Commission's evaluation by discussing the evidence provided in the record that supports the Settlement Agreement and, collectively, comprises the comprehensive study requested by the Commission in Case No. IPC-E-17-13.⁴

Evidence in the record also demonstrates that the public received adequate notice regarding the potential for fundamental changes in this docket. Regardless of this fact, the Commission's decision to grandfather existing customers effectively moots this issue.

In the past, the Commission has made it clear to Idaho Power that it expects the Company to timely inform the Commission of known potential problems that could negatively impact customer rates before those problems become large and unduly

² *Id.* at 6.

³ IDAPA 31.01.01.33; IDAPA 31.01.01.325; IDAPA 31.01.01.331, et seq.

⁴ *In the Matter of the Application of Idaho Power Co. for Authority to Establish New Schedules for Residential and Small General Service Customers with On-Site Generation*, Case No. IPC-E-17-13, Order No. 34046, at 22-23, 31 (May 9, 2018).

impactful.⁵ This case complies with that guidance and presents a reasonable and fair Settlement Agreement, that if implemented, would put in place a framework for mitigating avoidable negative impacts to residential and small commercial customers' rates. Rejection of the Settlement Agreement in this case not only impedes progress toward addressing known issues with the compensation structure in the residential and small commercial on-site generation classes, but has already stalled,⁶ and will likely continue to stall, progress toward addressing similar issues in the large commercial, industrial, and irrigation on-site generation service (Schedule 84). The Company believes the evidence on the record supports approval of the Settlement Agreement which would result in timely resolution of known problems, and therefore, asks the Commission to reconsider its decision.

If the Commission declines to reconsider its decision rejecting the Settlement Agreement, then in the alternative, Idaho Power respectfully requests the Commission reconsider the extensive procedures it has ordered for conducting an entirely new study process. The Settlement Agreement is the product of a comprehensive study resulting from a year-long collaborative process among the Company, Commission Staff ("Staff"), and numerous intervening parties with diverse interests.⁷ Over the course of conducting

⁵ For example, "[], we find it reasonable and prudent for the Company to closely monitor the net metering service and to provide an annual appraisal of the service's status and impact on the reliability of the Company's system. Further, we expect the Company to promptly notify us of any changes in the net metering service that materially affect the system." Order No. 32846 at 7, Case No. IPC-E-12-27 (July 3, 2013).

⁶ On December 3, 2019, settlement discussions in Case No. IPC-E-19-15, *In the Matter of Idaho Power's Application to Evaluate Schedule 84 – Net Metering*, had progressed to the point where parties had agreed to begin drafting a settlement agreement. As direct a result of Order No. 34509, all discussions and progress toward settlement in Case No. IPC-E-19-15 have stopped.

⁷ While all 13 parties participated in the settlement process, nine of those parties ultimately signed the Settlement Agreement. Those parties are collectively referred to in this petition as the "Signing Parties."

this study, the participants analyzed and ultimately resolved numerous longstanding and contentious issues regarding the administration of Idaho Power's on-site generation service for residential and small general service customers.⁸ The Company appreciates the Commission's desire for additional public involvement and review but is concerned the prescribed process will result in largely discarding thousands of hours of careful analysis and deliberation. Instead, Idaho Power requests an order on reconsideration directing the Company to (1) file a recommendation in this docket to implement net hourly billing for new Schedule 6 and Schedule 8 customers in a manner that ensures neutral financial impact to those customers during this interim period, and (2) initiate a public process to explore the appropriate value to be assigned to hourly exported energy from non-grandfathered on-site generators. This proposed process will establish a clear delineation between grandfathered and non-grandfathered customers and will implement a bill presentation that more accurately reflects the actual amounts of customer energy consumption and exported customer generation. The immediate implementation of net hourly billing for new Schedule 6 and 8 customers will also build on the extensive work performed to date, greatly narrow the scope of issues to be explored going forward, and send a clear signal to solar installers and future participants that future changes are likely to occur.

Regardless of the Commission's decision on reconsideration, if it is not the Commission's intent for its decisions in this case to hinder progress toward settlement in

⁸ See Comments of Commission Staff in Support of Settlement Agreement, at 3 (Nov. 6, 2019) (“[A]ll parties to the case worked diligently to reach compromise on the long list of complicated and sometimes contentious issues. As a result, Staff believes that the solutions reached here are sound, robust, and will preserve the right of customers to offset their electric consumption while holding all other customers harmless.”).

Case No. IPC-E-19-15 (“19-15 Case”) for customers taking net metering service under Schedule 84, the Company respectfully requests that the Commission issue an order explicitly stating such and direct parties to continue negotiations toward settlement in that case.

Lastly, while Idaho Power is not requesting reconsideration of the Commission’s decision regarding grandfathering, to assist the Company in providing the grandfathered customers with clear expectations going forward, the Company seeks clarification regarding grandfathering as the Commission intended for it to be implemented and administered.

I. BACKGROUND

A. **Case No. IPC-E-17-13**

On July 27, 2017, Idaho Power applied for authority to establish new schedules for residential and small general service customers with on-site generation, initiating Case No. IPC-E-17-13. Idaho Power explained that its existing retail pricing structure did not accurately reflect the cost to serve its on-site generation customers, who require services from the Company but also meet some of their energy needs with on-site, customer-owned systems such as rooftop solar.

On May 9, 2018, the Commission issued Order No. 34046. The Commission found it was “time to distinguish a class of customers that uses the grid for standard energy import and use, from a class of customers that uses the grid to both import and export energy.”⁹ The Commission explained that its “analysis of the history of the Company’s on-site generation service reveals an unfairness in how current and future on-site

⁹ Order No. 34046, at 16 (May 9, 2018).

generation customers avoid fixed costs[,]” because “[t]he ability these customers have to ‘net out’ or net to zero their electricity use causes them to underpay their share of the Company’s fixed costs to serve customers, and this inequity will only increase as more customers choose on-site generation.”¹⁰ Further, the Commission observed that a “bi-directional” on-site generation customer “can push energy back to the grid whenever its generation source and timing allows it to, with the Company having limited control over the use and distribution of this somewhat unpredictable resource.”¹¹ This results in “load and usage characteristics” that are unique to on-site generation customers, including “increased volatility in demand and load factors, excess net-energy exportation in the spring and summer, and more volatility in contributions to the Company’s peak(s).” The Commission observed that these characteristics affect “circuits, voltage management, islanding, and load cycle adjustments,” making it more difficult for Idaho Power “to forecast resource availability and load.” Based on these distinguishing class characteristics shared by on-site generators who export to the grid, the Commission granted Idaho Power’s request to separate on-site generation residential customers and small general service customers into newly-proposed Schedules 6 and 8, respectively.

In Case No. IPC-E-17-13, Idaho Power did not request – and the Commission did not order – any immediate changes in ratemaking treatment for on-site generation customers. Nevertheless, the Commission did express significant concern that Idaho Power’s customers may currently be receiving price signals regarding on-site generation

¹⁰ Order No. 34046 at 16-17.

¹¹ Order No. 34046 at 18.

investment from the industry that are “not in the public interest.”¹² The Commission observed that “incorrect price signals related to rate or rate design changes may be trivialized[,]” notwithstanding the fact that “[r]ates change, . . . rate design evolves, and no utility rate can be locked or considered to exist ad infinitum[,]” since “tariff rates are not contracts.”¹³

Therefore, the Commission directed Idaho Power to initiate a new docket to conduct a comprehensive study of the costs and benefits of on-site generation on the Company’s system, as well as proper rates and rate design, transitional rates, and related issues of compensation for net excess energy provided as a resource to Idaho Power. The Commission also determined it was “time for the Company to address fixed-cost apportionment across its system”¹⁴ and directed the Company to “file a study with the Commission exploring fixed-cost recovery in basic charges and other rate design options prior to its next general rate case.”¹⁵

The Commission stated that “current and prospective on-site generators will be better positioned to analyze the costs and benefits of buying, installing, and maintaining an on-site generation system as a result of this Order.”

B. Case No. IPC-E-18-15

On October 19, 2018, Idaho Power petitioned to initiate Case No. IPC-E-18-15 to comply with the Commission’s directive in Order No. 34046. The Idaho Conservation

¹² Order No. 34046 at 19.

¹³ *Id.*

¹⁴ Order No. 34046 at 17. Case No. IPC-E-18-15 was opened to fulfill this directive.

¹⁵ *Id.* at 31. Case No. IPC-E-18-16 was opened to fulfill this directive.

League (“ICL”), Idaho Irrigation Pumpers Association, Inc. (“IIPA”), Idaho Hydroelectric Power Producers Trust (“IdaHydro”), Rocky Mountain Power, Vote Solar, the City of Boise City (“City of Boise”), Idaho Clean Energy Association, Inc. (“ICEA”), Idaho Sierra Club, Northwest Energy Coalition (“NWECC”), Micron Technology, Inc. (“Micron”), Industrial Customers of Idaho Power (“ICIP”), and Russel Schiermeier (collectively, “the Intervenor”) intervened as parties in this docket. Per direction from the Commission, Staff conferred with Idaho Power and the intervenors regarding the procedural and substantive scope of the docket.¹⁶ In total, the parties held one prehearing conference and eight settlement conferences.¹⁷ During the course of this collaborative process, Staff kept the Commission apprised with three consecutive status reports.¹⁸ The process culminated in a Settlement Agreement filed with the Commission on October 11, 2019, that was signed by Idaho Power, Staff, IIPA, IdaHydro, City of Boise, Idaho Sierra Club, ICEA, ICIP, and Russell Schiermeier (“the Signing Parties”). In the Settlement Agreement, the Signing Parties recommended net hourly billing for netting exports and consumption within the hour, with on-site generation customers compensated for net hourly exports at an Export Credit Rate.¹⁹ The Settlement Agreement also establishes a methodology for calculating this Export Credit Rate, to be updated biennially as part of

¹⁶ Order No. 34189 at 1 (Nov. 9, 2018).

¹⁷ Staff Decision Memo at 2 (Oct. 11, 2019).

¹⁸ Staff Report (Feb. 28, 2019) (“First Staff Report”); Second Staff Report (May 28, 2019); Third Staff Report (Aug. 28, 2019).

¹⁹ Motion to Approve Settlement Agreement and Settlement Agreement, Att. 1 at 2 (Oct. 11, 2019).

Idaho Power's Integrated Resource Planning ("IRP") process, and a phased schedule for implementing the Export Credit Rate over an eight-year transition period.²⁰

On December 20, 2019, the Commission issued Order No. 34509 "finding the record is inadequately developed to make a determination as to whether the Settlement Agreement is fair, just, reasonable, and in the public interest."²¹ The Commission's Order also grandfathers existing customers under the rules in place as of the service date of the Order.²² As of December 20, 2019, Idaho Power has 5,010 active customers with on-site generation taking service under Schedules 6 and 8 with 36.743 megawatts ("MW") of generation capacity. An additional 454 applications with 4.078 MW of generating capacity were pending completion.

II. PETITION FOR RECONSIDERATION

The Commission has the authority to grant or deny reconsideration under Idaho Code § 61-626(2). Reconsideration provides an opportunity for any interested person to bring to the Commission's attention any question previously determined, and thereby affords the Commission an opportunity to rectify any mistake or omission.²³ Consistent with the purpose for reconsideration, Commission rules require a petition for reconsideration to "set forth specifically the ground or grounds why the petitioner

²⁰ *Id.* at 2-5.

²¹ Order No. 34509 at 6.

²² *Id.* at 10-15.

²³ *Washington Water Power Co. v. Kootenai Environmental Alliance*, 99 Idaho 875, 879, 591 P.2d 122, 126 (1979); *see also Eagle Water Company v. Idaho PUC*, 130 Idaho 314, 317, 940 P.2d 1133, 1136 (1997).

contends that the order or any issue decided in the order is unreasonable, unlawful, erroneous or not in conformity with the law[.]”²⁴

Order No. 34509 overlooks evidence in the record of the collaborative, comprehensive Export Credit Rate study performed by parties at the Commission’s request, as well as substantial public notice of the study and settlement process. Consequently, Idaho Power requests the Commission reconsider its rejection of the Settlement Agreement or, in the alternative, its creation of a new process that does not build upon the parties’ efforts to study the issues thus far.

A. The Company Respectfully Requests the Commission Reconsider its Decision to Reject the Proposed Settlement Agreement.

The Commission rejected the Settlement Agreement, finding that “filing the Settlement Agreement in the absence of a comprehensive study does not comply with our directive to parties in Order No. 34046.”²⁵ The Commission also concluded that “the public was not adequately notified this docket might result in a significant change to the Company’s net-metering service structure.”²⁶ As demonstrated below, however, the Settlement Agreement was in fact supported by a comprehensive study -- initially performed by Idaho Power, and later, revised in the collaborative process -- and this information establishes both that a comprehensive study was performed and that the public received ample notice of the potential for significant structural changes to the net

²⁴ IDAPA 31.01.01.331.01. Under Rule 331, the petition must also provide information regarding “the nature and quantity of evidence or argument the petitioner will offer if reconsideration is granted[.]” *id.*, and “whether the petitioner . . . requests reconsideration by evidentiary hearing, written briefs, comments, or interrogatories.” IDAPA 31.01.01.331.02.

²⁵ Order No. 34509 at 6.

²⁶ *Id.*

metering service. In light of this information, it is in the public interest to approve the Settlement Agreement, which is the product of a comprehensive study resulting from thousands of hours of careful and deliberative work during a year-long collaborative process among the Company, Staff, and numerous intervening parties.

1. The Parties Comprehensively Studied the Issues as the Commission Directed and Filed the Analysis in the Evidentiary Record.

In Order No. 34046, the Commission directed the Company to “initiate a docket to comprehensively study the costs and benefits of on-site generation on Idaho Power’s system, as well as proper rates and rate design, transitional rates, and related issues of compensation for net excess energy provided as a resource to the Company.”²⁷ In compliance with this directive, Idaho Power petitioned the Commission to initiate Case No. IPC-E-18-15 and conducted an initial comprehensive study addressing on-site generation (“Initial Study”). This Initial Study served as the foundation for analysis and input from other parties over the course of eight separate workshops. Through this collaborative process involving 13 parties, Idaho Power agreed to make certain revisions to the Initial Study, and ultimately, nine different parties with diverse interests reached agreement on (1) an acceptable methodology for evaluating costs and benefits to Idaho Power’s system from on-site generation, and (2) an appropriate compensation structure for excess generation. These modifications were incorporated into a final study that supports the value-based compensation terms in the Settlement Agreement (“Export Credit Rate Study”). As described below, both the Initial Study and the revised components comprising the Export Credit Rate Study were filed with the Commission in this docket and form part of the record for reconsideration. These studies, together with

²⁷ Order No. 34046 at 31.

the compensation structure provisions documented in the Settlement Agreement itself, fulfill the Commission's directive in Order No. 34046.

Having read Order No. 34509, Idaho Power acknowledges the benefit of hindsight that a narrative presentation and a careful roadmap describing all of the elements of these studies would have provided more context for the Commission and members of the public who did not participate directly in the settlement process to understand and interpret the results. The Company therefore supplies the following description to serve as the foundation for a finding on reconsideration that the Signing Parties did in fact produce a comprehensive study in fulfillment of the direction provided by the Commission in Order No. 34046 and, thus, that the recommendations in the Settlement Agreement are adequately supported and can be approved.

The information requested by the Commission in directing a comprehensive study in Order No. 34046 essentially falls into three main categories: (1) system impacts (that is, costs and benefits); (2) rates and rate design; and (3) a compensation structure for excess generation.²⁸ The Settlement Agreement, the Initial Study, and the Export Credit Rate Study that were collectively filed in this docket address the first and third categories,

²⁸ Order No. 34046 at 31. *See also id.* at 22 (finding that "[a]ll parties to this case substantially agreed there should be more analysis of how onsite generation customers are unique, including how their usage characteristics affect costs and benefits, rates, and rate design[.]").

namely, system impacts and compensation structure. The second category, proper rates and rate design, is being addressed separately in Case No. IPC-E-18-16.²⁹

a. Idaho Power's Initial Study

The Initial Study provided by Idaho Power addresses both system impacts and compensation structure and consists of the following components:

- A cost-of-service study for on-site generation Schedules 6 and 8,³⁰ which was based on (i) a class cost-of-service study performed in the same manner as those performed for general rate cases, and (ii) quantification of the revenue deficiency that exists under both net monthly and net hourly billing;³¹ and
- A strawman proposed methodology for assigning value for net excess energy for purposes of compensation, together with a summary of the revenue impact associated with making this change.³²

²⁹ In Order No. 34046, the Commission also directed the Company to "file a study with the Commission exploring fixed-cost recovery in basic charges and other rate design options prior to its next general rate case." Order 34046 at 31. On September 30, 2019, Idaho Power filed its Fixed Cost Report in Case No. IPC-E-18-16, as directed, and a public comment period is currently underway. *In the Matter of the Petition of Idaho Power Co. to Study Fixed Costs of Providing Electric Service to Customers*, Case No. IPC-E-18-16, Order No. 34466, at 2 (Oct. 24, 2019). The Company expects on-site generation cost-of-service related matters and rate design to be addressed by the parties in their comments in that proceeding, and ultimately, by the Commission upon reviewing the record in that case. In this proceeding, therefore, the Signing Parties determined it would be reasonable and consistent with the Commission's intent to address issues of rate and rate design in Case No. IPC-E-18-16, because it is not practical or even possible to consider cost of service for only one segment of customers. The exercise of developing a cost-of-service study allocates a jurisdictionalized revenue requirement amongst classes, so the result of determining a standalone customer class's revenue requirement and implementing changes accordingly would almost certainly result in either over- or under-recovery of the overall revenue requirement. Therefore, the Signing Parties determined the most efficient manner to address these issues and stay consistent with the Commission's directives in Order No. 34046 was to study the costs of providing utility services (as determined by a class cost-of-service study) and the appropriate rates and rate design (informed by the class cost-of-service study and other important policy considerations) in the IPC-E-18-16 proceeding.

³⁰ Motion to Approve Settlement Agreement, Att. 1-7 to Att. 4.

³¹ Motion to Approve Settlement Agreement, Att. 9 to Att. 4.

³² Motion to Approve Settlement Agreement, Atts. 8-9 to Att. 4.

Each of these components comprising the Company's Initial Study were filed with the Commission in this proceeding on October 11, 2019, appended as Attachment 4 to the Signing Parties' joint motion to approve the Settlement Agreement.³³

b. Multiparty Workshops

This Initial Study described above served as a starting point for discussions with the other parties that occurred over the course of eight separate settlement workshops held in 2019. During this collaborative process, the study components were thoroughly vetted and challenged by numerous parties participating in these workshops, as evidenced by the comprehensive scoping list summarized in Staff's first status report to the Commission.³⁴ These study components included study design, cost to serve grid consumption of on-site generation customers, grid impacts of on-site generation customers with and without smart inverters, the value of net exported energy, and additional utility, environmental, and societal impacts.

c. Developing an Export Credit Rate Calculation Methodology

Ultimately, the Signing Parties agreed to adjust the Company's strawman methodology for calculating net excess energy compensation, modifying both the energy and capacity components. In general, the parties agreed that the compensation rate for excess generation would be based on avoided cost, rather than the market-based

³³ Motion to Approve Settlement Agreement, Att. 4. The components of the Initial Study in this attachment consisted of both written documents and numerous large Excel files containing formula calculations. The Company therefore provided these files to the Commission in compact disc format and committed to providing them to members of the public upon request. Motion to Approve Settlement Agreement (cover letter).

³⁴ First Staff Report, Att. 1, at 1-8. The Settlement Agreement reflects that all the issues identified in the Table 1 scoping list have been resolved by the Signing Parties.

approach utilized in the Company's Initial Study.³⁵ The market-based approach originally developed by the Company in the Initial Study³⁶ resulted in an Export Credit Rate for residential on-site generation of \$28.17 per megawatt-hour ("MWh") as compared to the final Export Credit Rate determination of \$44.06 per MWh.

The details of this calculation were the subject of substantial debate, however, with the parties presenting and studying multiple calculation methodologies over the course of the eight workshops. As Commission Staff noted in their comments in support of the Settlement Agreement, "a significant amount of time and effort was spent exploring a variety of methods and inputs to calculate a fair compensation value."³⁷ The final methodology leverages actual data from the Company's existing on-site generation customers, is based almost entirely on information that is publicly available and methodologies that have been vetted through public processes, and represents a reasonable compromise.

Specifically, to determine the avoided energy value, the Signing Parties agreed to use the Demand-Side Management avoided cost structure, which is developed through

³⁵ Idaho Power Co.'s Comments in Support of Settlement at 6 (Nov. 6, 2019).

³⁶ Motion to Approve Settlement Agreement, Att. 4. to Att. 4.

³⁷ Comments of Commission Staff in Support of Settlement Agreement at 5 (Nov. 6, 2019).

the public IRP process and reflects the seasonal value of the resource.^{38 39} To determine the value of the avoided capacity costs, after studying and evaluating several methods the Signing Parties agreed to rely on a National Renewable Energy Laboratory (“NREL”) methodology as a starting point for quantification. The NREL-based methodology was used to determine the capacity value of solar for the Company’s 2019 IRP and was presented during the IRP Advisory Council meeting on December 13, 2018. The Signing Parties agreed to take this methodology a step further to determine the capacity value of exported solar specifically.⁴⁰ The Export Credit Rate Study analyzed all customer generators that were online during calendar year 2017 to determine what amount of their exports are likely to occur at the time of Idaho Power’s system peak loading periods (as determined by the 100 peak hours in 2017).

The results of this analysis demonstrate that most customer generation on Idaho Power’s system is being consumed on site during the Company’s system peak hours.

³⁸ *In the Matter of Idaho Power Co.’s 2017 Integrated Resource Plan*, Case No. IPC-E-17-11, Application, Att. 1, App. C, at 63-64 (Jun. 30, 2017).

³⁹ Motion to Approve Settlement Agreement, Att. 1, at 2-3; Idaho Power Co.’s Comments in Support of Settlement at 6; Comments of Commission Staff in Support of Settlement Agreement at 5-6. As further explained in Staff’s comments in support of the Settlement Agreement, the Signing Parties also agreed to support an investigation into the development of a single avoided cost value for resources on the Company’s system. If that investigation results in a method for calculating avoided costs that is subsequently approved by the Commission, under the Settlement Agreement it would likely apply to the value of exported energy supplied by Schedule 6 and 8 customers. Comments of Commission Staff in Support of Settlement Agreement at 10.

⁴⁰ Idaho Power Company’s Comments in Support of Settlement, Att. 1 (Nov. 6, 2019). Attachment 1 included several large Excel files pertaining to the modified Export Credit Rate studies, in addition to a narrative document describing the NREL-based methodology for determining the capacity value of solar exports. The Company therefore provided these files to the Commission in compact disc format and committed to providing them to members of the public upon request. Idaho Power Company’s Comments in Support of Settlement (cover letter). While the narrative on the capacity value of solar exports was present on the record in this proceeding when the Commission entered Order No. 34509, the Company has provided the document again in Attachment 1 to this Petition for the Commission’s review.

Both the energy and the capacity value were increased by 8.1 percent to reflect avoided transmission and distribution (“T&D”) line losses.

Finally, while there were studies developed and presented during settlement negotiations quantifying values for integration costs and benefits associated with deferred T&D capacity and environmental benefits, those studies were not mutually agreed to and were not included in the final Export Credit Rate. Instead, the Signing Parties agreed that zero-dollar placeholders would be included for now, with the ability for parties to advocate for different values in future proceedings.

d. The Final Export Credit Rate Study

To implement the methodology changes for an Export Credit Rate agreed to in the settlement workshops, the Company developed revised study components for calculating net excess energy compensation. These study components consist of Excel-based models that calculate the capacity value of solar for Schedules 6 and 8, together with an associated narrative describing the capacity contributions, and an Excel-based model for calculating an Export Credit Rate that is to be updated biennially with inputs from Idaho Power’s most recently acknowledged IRP. Together, these revised study components comprise the Export Credit Rate Study. The Company filed this Export Credit Rate Study with the Commission on November 6, 2019, as Attachment 1 to Idaho Power’s Comments in Support of the Settlement Agreement.⁴¹ Because the Export Credit Rate Study was

⁴¹ Idaho Power Company’s Comments in Support of Settlement, Att. 1. The components of the Export Credit Rate Study in Attachment 1 included several large Excel files containing formula calculations, in addition to a narrative document. The Company therefore provided these files to the Commission in compact disc format and committed to providing them to members of the public upon request. Idaho Power Company’s Comments in Support of Settlement (cover letter). The Company has received two such requests and has provided the executable files to those requesting them. While this Export Credit Rate Study was present on the record in this proceeding when the Commission entered Order No. 34509, to make it more readily accessible for the Commission’s review, the Company has also now provided it in Attachment 1 to this Petition as a PDF.

originally filed on compact disk with executable files, the Company has included a PDF version of the Export Credit Rate Study with an accompanying table of contents and narrative descriptions as Attachment 1 to this Petition. The Company believes the revised format for the Export Credit Rate Study will better facilitate a comprehensive review by the Commission and interested parties on reconsideration.

e. Other Compensation Structure Elements Addressed in the Study Process

In addition to modifying the calculation methodology for an Export Credit Rate, during the workshops, the Signing Parties also evaluated and ultimately agreed to key aspects of an appropriate compensation structure for net excess generation. For example, while Idaho Power's Initial Study considered the total value of the generating resource profile output,⁴² other workshop participants preferred to limit the analysis to exports, while disregarding customer generation consumed on site. This "bright line at the meter concept" formed an important part of the final compromise and is reflected in the compensation structure recommended in the final Settlement Agreement.⁴³

The Signing Parties also evaluated the interval length over which to allow customers to net their excess energy and consumption and ultimately agreed to move from net monthly billing to net hourly billing.⁴⁴ This shorter measurement interval for consumption and excess net energy supports the "bright line at the meter" concept by preserving the customer's ability to consume on-site generation behind the meter, while

⁴² Motion to Approve Settlement Agreement, Att. 8 to Att. 4.

⁴³ See Motion to Approve Settlement Agreement, Att. 1, at 2 (calculating avoided energy value based in part on "actual energy exports"); Comments of Commission Staff in Support of Settlement Agreement at 3-4 (discussing the importance of the "bright line at the meter" concept).

⁴⁴ Motion to Approve Settlement Agreement, Att. 1, at 2.

allowing the Company to more accurately distinguish at the point of delivery between rates for consumption and the credit provided for exported energy.⁴⁵ This is a significant improvement in billing accuracy over the much longer netting period currently in place for residential and small general service on-site generation customers. As the Commission observed in Case No. IPC-E-17-13, under the monthly net billing construct customers can net out their imports and exports over the course of a month and thereby underpay their share of fixed costs for the grid usage associated with actual system energy they consume.⁴⁶ Net hourly billing is designed to help mitigate this inequitable cost shifting.⁴⁷

The parties also evaluated an appropriate transition period for implementing the Export Credit Rate.⁴⁸ While the Signing Parties envisioned implementing net hourly billing immediately, they agreed to an eight-year transition period for incrementing the revised methodology for calculating an Export Credit Rate.⁴⁹ Thus, under the terms of the Settlement Agreement, the Export Credit Rate would initially be set at what is effectively

⁴⁵ Comments of Commission Staff in Support of Settlement Agreement at 3-4. As the Commission found in Case No. IPC-E-17-13, “[i]t is reasonable and fair to distinguish a customer’s freedom to offset usage behind the meter from a customer’s choice to export energy to the grid.” Order No. 34147, at 16 (Sept. 21, 2018) (order on reconsideration).

⁴⁶ See Order No. 34046 at 16-17 (acknowledging the ability an on-site generation customer currently has to “ ‘net out’ or net to zero their electricity use[,]” which “causes them to underpay their share of the Company’s fixed costs to serve customers,” and observing that “this inequity will only increase as more customers choose on-site generation”).

⁴⁷ See Idaho Power Co.’s Comments in Support of Settlement at 5. See also Comments of Commission Staff in Support of Settlement Agreement at 4 (“Under net monthly billing, customers could use kilowatt hours produced anytime in the month to offset kilowatt hours consumed from the Company anytime in the month. This long netting period does not accurately reflect the customer’s consumption of Company-supplied energy because exported energy can ‘mask’ consumption on a customer’s bill. Shortening the billing interval from net monthly to net hourly drastically decreases this problem and effectively eliminates any meaningful amount of ‘masking.’”).

⁴⁸ See First Staff Report, Att. 1, at 7.

⁴⁹ Motion to Approve Settlement Agreement, Att. 1, at 4-5.

the status quo (the Blended Base Energy Rate for each respective customer class), with incremental adjustments every two years to achieve full implementation of the new methodology in the eighth year.⁵⁰

f. Summary of Comprehensive Study Materials in the Record

As demonstrated in the foregoing discussion, the Company and the other parties who participated in the settlement workshops, have fulfilled the Commission's directive in Order No. 34046 to conduct a comprehensive study, and in so doing, the parties have addressed all the issues identified in the Commission's Order. First, the parties analyzed system costs and benefits, as documented in the cost-of-service study for on-site generation initially performed by the Company. While Idaho Power developed these study components prior to the multiparty workshops, they were thoroughly vetted during the year-long study process and jointly filed with the Commission in support of the Settlement Agreement on October 11, 2019.⁵¹

Second, the parties exhaustively evaluated options for an appropriate compensation structure, culminating in an agreement among the Signing Parties to begin implementing net hourly billing immediately, with net excess generation to be compensated at an Export Credit Rate phased in over a period of eight years and subject to future updates based on an acknowledged IRP. This final recommended compensation structure is documented in the Settlement Agreement,⁵² which is in turn

⁵⁰ *Id.*

⁵¹ Motion to Approve Settlement Agreement, Att. 4.

⁵² Motion to Approve Settlement Agreement, Att. 1, at 2-6 (describing the Signing Parties' agreement with respect to net hourly billing, the methodology to determine the Export Credit Rate, biennial updates, ratemaking treatment, and retail rate compensation during an eight-year transition period).

supported by the Export Credit Rate Study filed with the Commission on November 6, 2019.⁵³

Thus, all the information originally requested in Order No. 34046 has been produced, analyzed, and filed.⁵⁴ The Company therefore respectfully requests the Commission find on reconsideration that the Settlement Agreement is adequately supported by a comprehensive study in the evidentiary record and can be approved.

Although the Company believes the existing record is sufficient to grant and process reconsideration on written briefs under Commission Rule of Procedure 331,⁵⁵ reconsideration of the Commission's rejection of the Settlement Agreement could alternatively be conducted with an evidentiary hearing or through public comment, as contemplated in Commission Rules of Procedure 274 and 331.⁵⁶ Therefore, Idaho Power has also presented a PDF version of the Export Credit Rate Study as Attachment 1 to this Petition to facilitate additional review by the Commission and the public, which the

⁵³ Idaho Power's Comments in Support of Settlement, Att. 1. This Study supplants the Company's initial strawman proposal for compensating net excess generation. Motion to Approve Settlement Agreement, Att. 8 to Att. 4.

⁵⁴ As noted above, issues of proper rates and rate design for residential and small general service on-site generation customers are being addressed separately in Case No. IPC-E-18-16, where Idaho Power has already filed its Fixed Cost Report and the public comment period is underway. Order No. 34466 at 2.

⁵⁵ IDAPA 31.01.01.331.03.

⁵⁶ IDAPA 31.01.01.331.03 (allowing for reconsideration by "evidentiary hearing, written briefs, comments, or interrogatories"); IDAPA 31.01.01.274 (establishing procedure governing consideration of settlements).

Company would proffer if reconsideration is granted with an evidentiary hearing or comments.⁵⁷

2. The Public Received Adequate Notice that This Docket Might Result in Fundamental Changes to the Net-Metering Service. Regardless of this Fact, the Commission's Decision to Grandfather Existing Customers Effectively Moots this Issue.

Idaho Power also respectfully requests the Commission find on reconsideration that the public received adequate notice this docket might result in significant changes to the Company's on-site generation offering for residential and small general service customers. As noted above, this docket is the outgrowth of the Commission's directive to the Company in Order No. 34046 to "initiate a docket to comprehensively study the costs and benefits of on-site generation on Idaho Power's system, *as well as proper rates and rate design, transitional rates, and related issues of compensation for net excess energy provided as a resource to the Company.*"⁵⁸ In fact, the Commission explicitly encouraged interested stakeholders to "*work together in compromise[]*" on this effort, given the "intractability these issues have created around the region and the country generally[.]"⁵⁹ Based on the full context surrounding this matter, it is reasonable to conclude that interested members of the public would have been aware that a multiparty

⁵⁷ See IDAPA 31.01.01.331.01 (requiring a description of "the nature and quantity of evidence . . . the petitioner will offer if reconsideration is granted"). See also *In the Matter of the Investigation Into Whether Ponderosa Terrace Estates Water System, Inc. is a Public Utility Subject to Regulation by the Idaho Public Utilities Commission*, Case No. GNR-W-01-01, Order No. 29123 (Sept. 24, 2002) (denying petition for reconsideration in part due to the petitioner's failure to include new evidence with the petition); *In the Matter of the Application of Idaho Power Co. for Authority to Increase its Interim and Base Rates and Charges for Electric Service*, Case No. IPC-E-03-13, Order No. 29547, at 2 (July 13, 2004) (explaining that at the stage of deciding whether to grant reconsideration, the Commission will not weigh new evidence presented by the petitioner; rather, the petitioner's proffered evidence will be evaluated at a subsequent "hearing on reconsideration that will allow all parties to review the evidence and respond").

⁵⁸ Order No. 34046 at 31 (emphasis added).

⁵⁹ *Id.* at 22 (emphasis added).

process involving compromise on appropriate compensation for net excess energy could indeed result in changes being implemented to the existing compensation structure for on-site generation.

The record also demonstrates that Idaho Power engaged in a robust public notification process, providing ample notice to the public that this docket could result in alterations to the net metering service. Attachment 2 to this Petition contains a long list of such communications to the public by the Company, Staff, the Commission, and others. In addition to letters and emails sent to customers by Idaho Power, customers received notice that Case No. IPC-E-18-15 could result in changes to net metering from at least three Commission orders/notices and two press releases/editorials widely circulated in the Company's service area. If reconsideration is granted, Idaho Power would present similar information evidencing notice to customers and the public generally.

The record further demonstrates members of the public not just heard but *understood* such changes were possible. Over the course of the 12-month period before the proposed Settlement Agreement was filed in this docket, the Commission received 81 public comments regarding the case, a majority of those comments, 70 percent, were received from existing on-site generation customers. As set forth in Attachment 3, the evidentiary record reflects that approximately 75 percent of commenters made statements regarding possible reductions in the compensation for their excess energy, increases to rates or rate design changes, and changes to the one-to-one net monthly service structure.⁶⁰ As these comments demonstrate, members of the public well

⁶⁰ 79 of the 81 public comments were received by the Commission at least three months prior to the filing of the Settlement Agreement. 59 of the 81 comments were filed in June 2019. See Attachment 3.

understood that this docket could result in programmatic changes. Similarly, it is clear the parties understood this docket could materially impact net metering compensation, as evidenced by assertions of interest in numerous petitions for intervention.⁶¹ The Commission's decision to grandfather existing customers largely makes moot the opposition raised in public comments, as a majority of these commenters will not be impacted by the Settlement Agreement.

Finally, impacted customers and stakeholders were formally represented in the proceeding. In addition to the Company and Staff, 12 parties intervened in the case and actively participated in presenting analyses and the detailed proposals referenced by Staff in its August 28, 2019, status report.⁶² The City of Boise, for example, actively participated in each of the eight settlement meetings and presented analyses and proposals as a representative of approximately 30 percent of Idaho Power's residential on-site

⁶¹ Petition to Intervene of Russell Schiermeier and Procedural Comments, at 1, 2 (Jun. 14, 2019) (claiming a "direct and substantial interest in this proceeding in that terms and conditions for the continued and potential operation of his net metering operations *may be affected* by the outcome of this proceeding[.]" and asserting that "this proceeding [.] *may have a material impact* on their ability to net meter electrical production.") (emphases added); Petition to Intervene of ICIP, at 2 (June 4, 2019) (claiming "a direct and substantial interest in this proceeding in that its members' ability to net meter electrical production may be affected by the outcome of this proceeding[.]" and asserting "this proceeding [.] may have a material impact on their ability to net meter electrical production."); ICEA's Petition to Intervene, at 2 (Nov. 30, 2018) ("ICEA claims a direct and substantial interest in this proceeding in that the prices its [solar industry] members receive for electrical sales and costs they pay to Idaho Power *may be affected* by the outcome of this proceeding.") (emphasis added); IdaHydro's Petition to Intervene, at 2 (Nov. 21, 2018) ("IdaHydro claims a direct and substantial interest in this proceeding in that the prices it receives for electrical sales and costs it pays to Idaho Power *may be affected* by the outcome of this proceeding.") (emphasis added); Petition to Intervene of Micron, at 3 (May 2, 2019) (claiming a "direct and substantial interest in this proceeding" because "[a]s a large customer, Micron is particularly susceptible to the impact of potential cost shifts to customers without on-site generation[.]" and asserting "this proceeding that *may have a material impact* on its electric rates and terms and conditions of service.") (emphasis added).

⁶² See Third Staff Report at 2.

generation customers.⁶³ The broader participating customers' interests were represented by the Sierra Club, ICL, NWECC, Vote Solar, and participating customer Russell Schiermeier.⁶⁴ The installer industry was also represented in the proceeding by ICEA.⁶⁵

As all of the foregoing demonstrates, residential and small general service on-site generation customers were on adequate notice that this docket might result in fundamental changes to the net-metering service. But even if the Commission disagrees, the question of whether such customers received adequate notice and appreciated the potential for programmatic changes to their excess energy compensation structure is effectively mooted by the Commission's decision in Order No. 34509 to grandfather net metering rates for all existing customers.⁶⁶ Under the terms agreed to by the Signing Parties, a decision by the Commission to grandfather existing customers would not nullify the Settlement Agreement with respect to future customers.⁶⁷ Therefore, the question of

⁶³ The City of Boise stated in its petition to intervene that it "has set specific energy use and carbon reduction goals for internal operations based on detailed baselining of current energy use and the implementation of energy efficiency measures in combination with increased installation of renewable energy[]" and that "the intervenor's broader sustainability goals are a reflection of the comments and feedback received from the citizens of Boise City in the course of the Intervenor's various community engagement processes." City of Boise's Petition for Leave to Intervene, at 2 (Nov. 29, 2018).

⁶⁴ In its petition to Intervene, Sierra Club referenced representing 3,600 members who live and purchase utility services in Idaho and stated their work "includes advocating for the implementation of programs that assist its members and utility consumers generally to access renewable energy." Petition to Intervene of the Idaho Sierra Club, at 2 (Nov. 30, 2018). ICL (representing 11,000 members, most of whom are Idaho Power residential customers) and NWECC stated similar causes of "ensuring utility rates and programs are fair, just, and reasonable while expanding access to Idaho's clean energy resource options," and promotion of "renewable energy," respectively. Petition to Intervene of ICL, at 2 (Oct. 31, 2018); Petition to Intervene of the NW Energy Coalition, at 2 (Mar. 13, 2019).

⁶⁵ ICEA stated in its petition to intervene that it is "dedicated to the advancement of renewable energy, energy efficiency and their associated technologies in the state of Idaho" and "its members currently sell products that are subject to the schedules at issue in this matter." ICEA's Petition to Intervene, at 2 (Nov. 30, 2018).

⁶⁶ See Order No. 34059 at 10-14.

⁶⁷ Motion to Approve Settlement Agreement, Att. 1, at 7.

whether existing customers received sufficient notice that a collaborative and comprehensive study process ordered by the Commission might result in programmatic changes is simply not relevant to the ultimate determination on reconsideration, namely, whether to approve the Settlement Agreement with respect to future customers as a reasonable compromise resolution of many longstanding, contentious issues surrounding net metering.

B. In the Alternative, the Company Respectfully Requests the Commission Reconsider its Directive for an Entirely New On-site Generation Study Process, instead Allowing the Company, Interested Parties, and the Public to Build on Extensive Work Performed to Date.

If the Commission declines to reconsider its decision not to approve the Settlement Agreement, Idaho Power respectfully requests that in the alternative, the Commission reconsider the extensive procedures it has prescribed for conducting an entirely new comprehensive study from scratch.⁶⁸ The Company appreciates the Commission's desire for additional public involvement and scrutiny but is concerned the process the Commission has prescribed essentially sends all of the parties back to the drawing board. This will result in largely discarding thousands of hours of careful and collaborative analysis and deliberation, during which 13 different parties with divergent interests worked in good faith to come to a common understanding of a reasonable approach that was ultimately supported by nine of those parties (and opposed by none).⁶⁹

⁶⁸ Order No. 34509 at 9-10.

⁶⁹ See Idaho IIPA's Application for Intervenor Funding, at 9 (Dec. 12, 2019) (requesting intervenor funding of approximately \$82,000 for more than 370 hours of work); ICL's Application for Intervenor Funding, at 3, 6 (Nov. 27, 2019) (requesting intervenor funding of approximately \$12,000 for 59 hours of work); Idaho Sierra Club's Request for Intervenor Funding, at 3, 6 (Dec. 10, 2019) (requesting intervenor funding of approximately \$6000 for more than 50 hours of work); ICEA's Petition for Intervenor Funding, at 4 (Nov. 27, 2019) (requesting approximately intervenor funding of approximately \$23,000).

Instead, Idaho Power asks the Commission to direct the Company to (1) file a recommendation in this docket for the immediate implementation of net hourly billing for new Schedule 6 and Schedule 8 customers with no immediate change to the compensation value, which ensures a neutral financial impact to those customers during this interim period, and (2) initiate a public process to explore the appropriate value to be assigned to hourly exported energy from all non-grandfathered on-site generators (i.e., Export Credit Rate) in the future.

1. The Company's Proposal

a. Implement Net Hourly Billing During this Interim Period

Idaho Power recommends that on reconsideration, the Commission direct the Company to file a recommendation in this docket to begin implementing net hourly billing for new Schedule 6 and Schedule 8 customers during the pendency of the Export Credit Rate Study docket. During this interim period, the Company will begin presenting both cumulative net hourly energy consumption and cumulative net hourly exports of excess energy on customer bills, rather than merely displaying the net of these two as is done for grandfathered customers. The Company will base both the energy consumption rate and the Export Credit Rate at the same retail rate, which will result in a neutral financial impact to customers. That is, the Company will immediately begin netting on an hourly basis, but because for the time being the energy consumption and crediting rates will be at the same amount, the ultimate amount charged or credited to new Schedule 6 and Schedule 8 customers during this period will be the same as it would have been under a

monthly netting billing construct.⁷⁰ The Company's implementation recommendation could be put forward for public review and comment prior to the Commission's final order implementing the new billing construct.

As discussed above, it is well established that moving from net monthly billing to net hourly billing is an important step toward reducing inequitable cost shifting.⁷¹ The Company's Initial Study developed for this docket included a cost-of-service study for on-site generation,⁷² which demonstrates that moving to *full* implementation of a net hourly billing construct, when combined with a value-based Export Credit Rate⁷³ can significantly reduce cost shifting – a 73 percent reduction in the modeled residential cost shift based on this 2017 study. The following is an excerpt of the relevant portion of this study:

⁷⁰ To ensure customers remain neutral during this interim period pending the completion of a new Export Credit Rate study, the Company will also need to make some adjustments to the ways in which the non-base rate components are calculated on customer bills. The Company will present these adjustments in further detail at the evidentiary phase on reconsideration.

⁷¹ See Order No. 34046 at 16-17; Order No. 34147 at 16; Comments of Commission Staff in Support of Settlement Agreement at 3-4. See also Motion to Approve Settlement Agreement, Att. 10 to Att. 4 (cost shifting studies performed by the Company for prior dockets based on data from 2015 and 2016).

⁷² Motion to Approve Settlement Agreement, Att. 1-7 to Att. 4.

⁷³ To be clear, while a new Export Credit Rate study docket is pending, the Company is not proposing utilization of a value-based Export Credit Rate – it is proposing the retail rate currently charged for energy usage. Additionally, the Company is not proposing *full* implementation of net hourly billing, insofar as the Company intends to make adjustments to the non-base rate components of new customers' bills during this interim period to ensure a neutral financial impact.

IDAHO POWER COMPANY
NET METERING HOURLY BILLING RESULTS
TWELVE MONTHS ENDING DECEMBER 31, 2017

	Residential On-Site Generation		Small Gen. On-Site Generation	
	Net Monthly Billing	Net Hourly Billing	Net Monthly Billing	Net Hourly Billing
(a) Revenue Requirement	\$1,434,220	\$1,434,220	\$35,353	\$35,353
(b) Revenue	\$983,286	\$1,311,651	\$17,674	\$27,176
(c) [a - b] Cost-Shift	(\$450,934)	(\$122,569)	(\$17,678)	(\$8,177)
(d) Net Hourly kWhs in Excess of Net Monthly		3,848,851		91,482
(e) RVO DER Value (\$0.02817 per kWh)		\$0.02817		\$0.02817
(f) [d x e] Credit for Excess Generation		\$108,422		\$2,577
(g) [c + f] Cost-Shift to System	(\$450,934)	(\$14,147)	(\$17,678)	(\$5,599)
(h) Annual Customer Billings	13,055	13,055	412	412
(i) Current Service Charge	\$5.00	\$5.00	\$5.00	\$5.00
(j) [g / h] Increase to Eliminate Cost-Shift	\$34.54	\$1.08	\$42.95	\$13.60
(k) [i + j] Total Service Charge	\$39.54	\$6.08	\$47.95	\$18.60

The Company does not believe further study, beyond what has already been presented on the record in this case, is necessary to support utilizing existing meter functionality to implement a more accurate measurement of grid usage by, and excess net energy from, the on-site generation customer. The presentment of cumulative hourly energy imports and cumulative hourly energy exports on Schedule 6 and Schedule 8 customers' monthly bills will provide helpful insight into the extent they are utilizing the grid to serve both their energy needs and to facilitate export of excess on-site energy generation. This additional granularity in the monthly billing information under the net hourly monthly billing construct will also provide future on-site generation customers with a better ability to assess the impact that changes to the export credit may have on their monthly net energy costs.

This proposed implementation process will also establish a clear delineation between grandfathered and non-grandfathered customers. The grandfathering provisions included in Order No. 34509 separate new and existing on-site generation customers without indicating how they may be treated differently going forward. Implementing net

hourly billing for non-grandfathered customers will provide customers with a clear indication of the applicable billing construct and reduce some uncertainty for those considering the installation of on-site generation.

Implementing net hourly billing during this interim period will also allow the Company to gain valuable experience with this billing construct while the parties and members of the public fine tune an approach to calculating the Export Credit Rate through the study review process. In addition, taking interim steps toward implementation of the net hourly billing construct now will build on the extensive work performed to date, greatly narrow the scope of issues to be explored going forward, and provide a clear signal to prospective customers that the current compensation structure is subject to change.

b. Initiate a Value of Exported Energy Docket for All Customer Classes

The procedures prescribed by the Commission in Order No. 34509 consist of a scoping phase, a study design phase, and a study review phase. The first two phases have already been largely accomplished in this docket. As detailed above, during the comprehensive study process performed in this docket, the parties completed a scoping document (which was presented to this Commission in draft form as a table appended to the First Staff Report in February 2019), a comprehensive study of the costs and benefits of excess net energy on Idaho Power's system, and substantial thinking on how to structure compensation for that excess net energy to reduce shifting of on-site generation customers' share of fixed distribution system costs to other customers. Moreover, the Company has already filed a separate but related comprehensive study regarding cost of service and rate design in Case No. IPC-E-18-16, which is currently undergoing public

review and comment.⁷⁴ The Company therefore proposes building on this existing body of relevant work rather than abandoning it entirely.

Accordingly, Idaho Power respectfully requests the Commission reconsider and instead direct the Company to initiate a petition for a new docket to broadly explore the value of exported customer generation to serve as the basis for a methodology for determining Export Credit Rates for all customer classes. Following sufficient notice to the public and interested parties, a period for intervention, and a process for public input and participation, the Company would file a final study and Export Credit Rate recommendations for Commission review that incorporates feedback from the Commission, the public, and other parties, and relies on the most recent data then available.

It is also important to note that the Company, Staff, and intervening parties have been actively discussing modifications to Idaho Power's Schedule 84, Net Metering Service, in the 19-15 Case for several months. This proposed value of exported energy study process should be broad enough in scope to properly inform Export Credit Rates considered in the 19-15 Case, thereby achieving process efficiencies and cost savings for the Company and interested parties.

2. Streamlined Procedures Serve the Public Interest

Under this more streamlined set of procedures in a new docket, the existing studies would serve as a starting point for further discussion, helping frame and focus

⁷⁴ Order No. 34466 at 2.

deliberations among interested parties and members of the public.⁷⁵ This more efficient process would allow for faster resolution of the longstanding and complex issues surrounding Idaho Power's net metering service. It is in the public interest not to drag this process out any longer than necessary, because only a final Commission order approving changes to Idaho Power's on-site generation offering will fully remove the cloud of uncertainty for prospective customers and the solar industry.

Furthermore, the sooner this uncertainty regarding the on-site generation service is resolved, the sooner bad actors from the solar installation industry will be thwarted from engaging in deceptive practices to capitalize on customer confusion. Certain installers continue to provide misleading information to Idaho Power's customers about the long-term economics of solar installation, even after being served with requests to cease and desist. In fact, after the Commission's issuance of Order No. 34509, the Company has received several calls from installers asking the Company how the installer is supposed to sell systems if they cannot tell a customer that the net monthly billing construct will continue. The Company is concerned the installers will not change their sales approach as long as the net monthly structure remains in place. For example, a public hearing witness employed by a solar installation company testified "we talked to a couple other solar companies in the area, we've all sold and installed several families and homeowners

⁷⁵ If the Commission is not inclined to allow the Company to utilize the existing study as a starting point for further deliberation, then in the alternative, the Company respectfully requests the Commission at least allow the Company to file the most current version of the Table 1 scoping list developed during the settlement workshops to frame a scoping process. See First Staff Report, Att. 1; see also Second Staff Report at 2 (discussing the status of Table 1). This table reflects a substantial amount of work by the parties to the settlement process, and the Company believes it would be the best use of resources to allow interested members of the public to build on this list rather than starting fully anew.

in the previous years with the notion that Idaho Power was going to keep this net metering policy in check and in place.”⁷⁶

3. Idaho Power’s Efforts to Reduce Confusion and Protect its Customers

Idaho Power wholly disagrees with the Commission’s characterization of the Company’s role in creating an expectation that its net metering fundamentals would remain unchanged.⁷⁷ First, the Company has and continues to communicate with its customers about the potential for changes that can impact the payback of their investment in on-site generation.⁷⁸

Second, as the Commission is aware, Idaho Power was instrumental in advancing the Residential Solar Energy System Disclosure Act (the “Act”),⁷⁹ which requires the written disclosures specifically referenced in the Commission’s Order. The Act adds a new chapter to Title 48 of the Idaho Code, Monopolies and Trade Practices, which is also where Idaho’s consumer protection legislation resides. The Act requires all solar energy system retailers to deliver certain written disclosures to residential consumers to discourage such retailers from over-representing performance of solar energy products, as well as misrepresenting affiliations with utility companies or other energy-related service providers. The Act further provides the Idaho Attorney General with the authority

⁷⁶ Tr. at 22, ll. 7-11 (Dec. 2, 2019).

⁷⁷ Order No. 34509 at 10 (stating that that “before the service date of this Order, customers reasonably assumed the net-metering program fundamentals would not change[.]” because “[r]epresentations made by both solar developers *and the Company*, whether explicit or implied, created a reasonable basis for reliance.”) (emphasis added).

⁷⁸ Idaho Power Company’s Opening Brief at 17-20 (Nov. 13, 2019).

⁷⁹ *Idaho Code* § 48-1801, et seq.

to enforce the specific requirements of the Act, mirroring the enforcement authority found in Idaho's Consumer Protection Act.

Third, when calls from customers continued to pour in around deceptive and misleading information being provided by certain solar installers within Idaho Power's service area, the Company proactively pursued a complaint process with the Office of the Attorney General on February 21, 2019 ("AG Complaint").⁸⁰ The Company spent months tracking and gathering the information necessary to submit a formal complaint to the Attorney General for purposes of protecting its customers from these deceptive practices. Idaho Power also sent numerous cease and desist letters to solar companies reported by its customers as engaging in these deceptive practices. In addition, after learning that one developer continued to spread misinformation about solar installation benefits and Idaho Power's net metering offering, Idaho Power converted its AG Complaint, insofar as it applied to the developer, from an informational claim to an enforcement claim.⁸¹

Based on Idaho Power's significant efforts to prevent and resolve the deceptive and misleading information being spread to its customers, there is no evidence to support the view that the Company is responsible either explicitly or impliedly for creating an expectation that its net-metering service would remain unchanged.

⁸⁰ Attachment 4, AG complaint (Feb. 21, 2019). In addition, Idaho Power has formally complained to the AG's office about installers who represent themselves as being affiliated with the Company.

⁸¹ True and correct copies of Idaho Power's request for enforcement (including a supporting transcript), the installer's response, and the Attorney General's resolution of the claim are attached hereto as Attachment 5 (File No. 159276-223156).

4. Recommended Procedures on Reconsideration

If the Commission grants reconsideration under this alternative, Idaho Power will present evidence and argument supporting a recommendation for (1) the immediate implementation of net hourly billing for new Schedule 6 and Schedule 8 customers with no immediate change to the compensation value, which ensures a neutral financial impact to those customers during this interim period, and (2) how to complete the study called for in Order No. 34509 while building on the parties' substantial work to date, as reflected in the Export Credit Rate Study included with this petition as Attachment 1. Reconsideration could then be conducted by written comments and/or hearing within the 13 weeks set forth in Idaho Code § 61-626.⁸² At the Commission's direction, Idaho Power will also initiate a public process in a separate docket to explore the appropriate value to be assigned to hourly exported energy from all on-site generators (i.e., Export Credit Rate) in the future.

III. PETITION FOR CLARIFICATION

Regardless of whether reconsideration is granted, the Company has reviewed the Commission's Order regarding grandfathering and seeks clarification to ensure it has clearly understood the Commission's intent.⁸³ Specifically, the Company requests that the Commission clarify those portions of its Order pertaining to grandfathering in three specific respects.

⁸² IDAPA 31.01.01.331.03 (allowing for reconsideration by "evidentiary hearing, written briefs, comments, or interrogatories").

⁸³ IDAPA 31.01.01.325.

A. Possible Exceptions to the Utility Customer Relations Rules (“UCRR”) Definition of “Customer”.

First, Idaho Power asks that the Commission clarify its use of the term “customer” as used in the grandfathering portion of its Order. The Commission grandfathered “the *customer* at the meter site at the originally installed nameplate capacity of the system.”⁸⁴ The definition for “Customer” is provided in Rule 005.02 of the UCRR.⁸⁵ Utilizing that definition, the “customer” is the person who is financially obligated for service at that meter site as of December 20, 2019, and that customer is tied to a contract within Idaho Power’s Customer Relations and Billing System. Accordingly, it is Idaho Power’s understanding that once that service contract ends, the site will no longer be grandfathered.

It is important to note, however, that a service contract can be closed for multiple reasons; for example, when a customer moves out, when the primary name on the contract is changed, or when a service is disconnected due to non-payment. Idaho Power believes it is not the Commission’s intent to terminate the grandfathered status in the case where the service contract ends due to the name change as a result of the death of a spouse, in the case of a divorce, when a rental unit changes occupants, or in the case of new construction where the temporary service is in the builder’s name with the intention that a new customer take service when construction is complete. Idaho Power requests

⁸⁴ Order No. 34509 at 15 (emphasis added).

⁸⁵ Rule 005.02 of the UCRR provides: “Unless restricted by definition within a rule or group of rules to a particular class of customer, “customer” means any person who has applied for, has been accepted by the utility, and is (a) receiving service from a utility; or (b) has received service within the past ten (10) calendar days prior to termination by the utility; or (c) has assumed responsibility for payment of service provided to another or others. If the person receiving service is not the same person as the person assuming responsibility for payment of service, the latter is the customer for purposes of obtaining or terminating service, receiving refunds, or making changes to the account.”

the Commission clarify that closure of the service contract terminates the grandfathered status at the site – either with or without these possible exceptions.

B. Order No. 34509 Provides Notice to ALL Customer Classes that the Compensation Structure May Change.

Second, Idaho Power requests the Commission clarify that all customer classes are on notice that the compensation structure may change as a result of the ordered proceedings. The Commission stated:

Given the more clearly worded disclosure in the recently-enacted Residential Solar Energy System Disclosure Act, and our more complete description in this Order of what a “tariff can change” means, we perceive a reasonable difference between existing customers and new customers. Based on these differences, and harmonizing Idaho Code 61-315 with Idaho Code §§ 61-501, -502, and -503, we find there are reasonable differences between existing and new net-metering customers that justify treating these types of customers differently from each other.⁸⁶

The Commission further stated that “an existing customer is a person or business who either has an on-site generation system interconnected with Idaho Power’s system as of the service date of this Order, or who has made binding financial commitments to install an on-site generation system as of the service date of this Order.”⁸⁷

The Company interprets Commission Order No. 34509 to put *all* Idaho Power customers who are considering on-site generation on notice that future changes could include changes to the compensation structure, including irrigation customers, and commercial and industrial customers, as well as residential and small general service customers. To accomplish this, the Company has begun sending the email included as Attachment 6 for all applications received after December 20, 2019, from Schedule 9, 19,

⁸⁶ Order No. 34509 at 14.

⁸⁷ *Id.*

and 24 customers, as well as Schedule 6 and 8 customers. Idaho Power wishes to clarify or confirm that this reading is correct.

C. Schedule 6 and 8 Rate Structures May Be Adjusted in a Future Rate Case

Third, Idaho Power wishes to clarify its understanding as to which customers are subject to rate structures in Schedules 6 and 8, as adjusted in a future rate case. In its Order, the Commission stated that it was:

[G]randfathering existing customers into Schedule 6 or Schedule 8 as those Schedules exist on the service date of this Order We expect proposals for changes to consumption rates and rate structures to be made only in a general rate case in which rates and rate structure for all customers classes are under review.⁸⁸

The Company interprets the Commission's Order to mean that subsequent to a future rate proceeding, grandfathered customers will be subject to the rate structure and pay the rates for consumption contained within their respective Schedules 6 and 8. To ensure that its future filings are consistent with the Commission's intent, Idaho Power requests the Commission confirm whether this interpretation is correct.

Should the Commission determine that any of the requested issues for clarification is more appropriate for reconsideration, Idaho Power believes that the evidentiary record could be augmented by written comments or oral argument at the discretion of the Commission.

IV. CONCLUSION

The Settlement Agreement in this docket is supported by substantial evidence in the record that the parties fulfilled the Commission's directive in Order No. 34046 to

⁸⁸ Order No. 34509 at 14-15.

conduct a comprehensive study addressing all the issues identified in the Commission's Order. Therefore, Idaho Power respectfully requests the Commission approve the Settlement Agreement on reconsideration as a reasonable resolution of many longstanding and contentious issues surrounding the Company's on-site generation service.

In the alternative, the Company requests the Commission to reconsider its direction to conduct an entirely new scoping process and comprehensive study. Recognizing the significant efforts expended by the parties to date, the Company recommends the Commission direct the Company to (1) file a recommendation in this docket for the immediate implementation of net hourly billing for new Schedule 6 and Schedule 8 customers in a manner that ensures neutral financial impact to those customers during this interim period, and (2) initiate a public process to explore the appropriate value to be assigned to hourly exported energy from all on-site generators in the future, building on the substantial body of work performed in this case.

Regardless of the Commission's decision on reconsideration, if it is not the Commission's intent for its decisions in this case to hinder progress toward settlement in the 19-15 Case for customers taking net metering service under Schedule 84, the Company respectfully requests that the Commission issue an order explicitly stating such and direct parties to continue negotiations toward settlement in that case.

Finally, the Company seeks clarification of several aspects of the Commission's Order grandfathering existing customers.

DATED at Boise, Idaho, this 10th day of January 2020.


LISA D. NORDSTROM
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 10th day of January 2020 I served a true and correct copy of IDAHO POWER COMPANY'S PETITION FOR RECONSIDERATION AND/OR CLARIFICATION upon the following named parties by the method indicated below, and addressed to the following:

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