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LISA D. NORDSTROM
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January 16, 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 Answer/Cross-Petition to Richard Kluckhohn's
Request for Reconsideration

Dear Ms. Hanian:

Enclosed for filing in the above matter please find an original and seven (7) copies of Idaho Power Company's Answer/Cross-Petition to Richard Kluckhohn's Request for Reconsideration 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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Attorney for Idaho Power Company

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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

On January 9, 2020, Richard Kluckhohn, a customer of Idaho Power Company ("Idaho Power" or "Company"), requested reconsideration of Order No. 34509. Mr. Kluckhohn asks the Idaho Public Utilities Commission ("Commission") to amend its order to "grandfather the [on-site generator's] system for the life of the system or a reasonable time frame of not less than the standard warranty period of the system," rather than the customer, into Idaho Power's existing net metering program.¹ Idaho Power, in accordance

¹ Richard Kluckhohn's Request for Reconsideration of Order No. 34509 at 5 (January 9, 2020).

with *Idaho Code* § 61-626 and RP 331.02 and -05, files this Answer/Cross-Petition² to Richard Kluckhohn's request. Idaho Power does not oppose Mr. Kluckhohn's request to amend the Commission's order to grandfather the on-site generation system by location rather than by customer. Several other states have grandfathered net metered customers by system location, which appears to be the predominant regulatory approach thus far. In this Answer/Cross-Petition, Idaho Power presents certain recommended criteria for the Commission's consideration if it grants reconsideration and determines that grandfathering should apply to the system at a given location rather than the customer.

I. STATES GRANDFATHERING NET METERED SYSTEMS

A survey of states that eliminated, revised, or otherwise modified retail rate net metering reveals that the predominant regulatory practice is to apply grandfathering by system location rather than by customer. That is, grandfathering of net metering is associated with the premises on which the on-site generation was installed, not with the specific customer that purchased or installed the system.

Arizona, Utah, Louisiana, and California have each revised or adjusted their net metering compensation structure in recent years, and in each case the applicability of grandfathering was established at the system location:

- Arizona. The Arizona Corporation Commission, in its 2017 order on the Value of Distributed Generation, specifically addressed grandfathering status based on location:

[O]ur grandfathering concepts are intended to apply to the location where DG equipment is located, as opposed to any specific customer. For example, if a customer with a grandfathered

² RP 331.05 describes Answers to Petitions for Reconsideration as "pleadings that disagree with a petition for reconsideration, but do not ask for affirmative relief from the Commission's orders" Because the Company neither opposes Mr. Kluckhohn's request nor itself requests "affirmative relief," Idaho Power has characterized this pleading as an "Answer/Cross-Petition" to facilitate its consideration as the Commission finds appropriate, recognizing that the Commission may also clarify Order No. 34492 on its own motion under RP 325.

DG system moves to a different home, that customer forfeits his grandfathered status. A customer who moves into a home that has a grandfathered DG system may "inherit" that grandfathered status.³

- Utah. A net metering stipulation in Utah signed by Rocky Mountain Power and parties, and fully approved by the Public Service Commission of Utah, provided clear language on the transferability of grandfathering: "If a [net energy metering] customer transfers ownership of the applicable property, the transferee will be a NEM customer throughout the grandfathering period."⁴
- Louisiana. By adopting Distributed Generation Rule 7.1.4, the Louisiana Public Service Commission similarly clarified that grandfathering remains with the system at the original premises in a recent order revising net metering rules.⁵
- California. California has completed two revisions to net metering over the past decade for its three electric investor-owned utilities, Pacific Gas & Electric, Southern California Edison, and San Diego Gas & Electric. The California Public Utility Commission found that: "Renewable generation systems eligible for the 20-year transition period adopted in this decision

³ Arizona Corporation Commission, *In the Matter of the Commission's Investigation of Value and Cost of Distributed Generation*, Docket No. E-00000J-14-0023, Order No. 75859, p. 156 (January 3, 2017).

⁴ Public Service Commission of Utah, *In the Matter of the Investigation of the Costs and Benefits of PacifiCorp's Net Metering Program*, Docket No. 14-035-114, Settlement Stipulation, p. 4 (filed on August 28, 2017, and approved in its entirety on September 29, 2017).

⁵ Louisiana Public Service Commission, *In re: Review of Policies Related to Customer-Owned Solar Generation and Possible Modification of the Commission's Current Net Metering Rules*, Docket No. R-33929, General Order 2009-19-2019 (November 27, 2019). ("7.1.4. If the Distributed Generation Facility is transferred to another owner other than the owner on the Effective Date, Section 7.1 (Grandfathering Provision) will apply for the new owner until December 31, 2034.")

shall not lose eligibility if transferred to a new owner, operator, or utility account at the original location.”⁶

We are persuaded that it is reasonable for the full transition period to apply to generation systems installed prior to July 1, 2017 or the attainment of the trigger level, whether or not those systems are transferred to new owners. This treatment preserves the value of these systems, and ensures that the cost of system installation may be recovered on the terms expected when the system is purchased. As a result, systems that qualify to remain on their pre-existing NEM tariff for the transition period will remain eligible for the complete transition period if transferred to a new owner, operator, or utility account at the original location.⁷

Like these states, Idaho Power believes it is logical to grandfather the system location rather than a specific customer. Grandfathering the system location simplifies the administration of grandfathering for the utility and, likewise, for the customer. Additionally, bestowing grandfathering at the system premises allows customers more opportunity to recoup their investment by retaining the economic value of the system at the location for which it was initially assessed and built.

II. CRITERIA FOR GRANDFATHERING BY SYSTEM LOCATION

If the Commission grants reconsideration and applies grandfathering to the system location rather than the customer, Idaho Power recommends the following criteria to administer it:

⁶ California Public Utilities Commission, Order Instituting Rulemaking Regarding Policies, Procedures and Rules for the California Solar Initiative, the Self-Generation Incentive Program and Other Distributed Generation Issues, R.12-11-005, Decision 14-03-041, p. 39 (issued April 4, 2014).

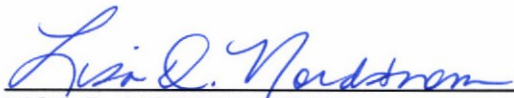
⁷ *Id.* at 29.

- A customer who moves into a premises that has a grandfathered generation system may “inherit” the grandfathered status attached to the system. Likewise, if a customer moves from a premises with a system that has grandfathered status, that customer forfeits the grandfathered status of the system.
- If the customer’s generation system is removed, moved to another site, or is offline for more than six months,⁸ the grandfathered status of the system is forfeited.
- Recognizing that panels replaced during the warranty period may not exactly correspond to the original rating, the customer may increase the capacity of the grandfathered system by no more than a total of 10 percent or 1 kilowatt, whichever is greater.
- Preferential treatment of all grandfathered generation systems, including the 1:1 monthly kilowatt-hour offset, will end no later than December 20, 2045.

III. CONCLUSION

The Company does not oppose grandfathering by system location rather than customer, finding that Mr. Kluckhohn’s request is consistent with other state practices on grandfathering net metered customers. If the Commission grants Mr. Kluckhohn’s reconsideration request to grandfather system locations rather than customers, Idaho Power respectfully recommends implementing the foregoing criteria to administer it.

Respectfully submitted this 16th day of January 2020.



LISA D. NORDSTROM
Attorney for Idaho Power Company

⁸ This is consistent with Schedules 6 and 8, Conditions of Purchase and Sale, paragraph 9, which states: “The Customer shall notify the Company immediately if a Small On-Site Generation System is permanently removed or disabled. Permanent removal or disablement for the purposes of this Schedule is any removal or disablement of a Small On-Site Generation System lasting longer than six (6) months. Customers with permanently removed or disabled systems will be removed from service under this schedule and placed on the appropriate standard service schedule.”

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 16th day of January 2020 I served a true and correct copy of IDAHO POWER COMPANY'S ANSWER/CROSS-PETITION TO RICHARD KLUCKHOHN'S REQUEST FOR RECONSIDERATION upon the following named parties by the method indicated below, and addressed to the following:

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