

Idaho Power Request for the Idaho PUC to Reconsider its December 20, 2019 Decisions Regarding Costs, Benefits, and Compensation of Net Excess Energy Supplied by Customer On-Site Generation

Idaho Public Utility Commission:

I am an Idaho resident with solar panels on the roof of my home. I therefore have a keen interest in Idaho Power's (IPC) ongoing efforts to water down the current and future value of my investment.

Let me first say that I strongly commend the PUC staff and Commissioners for your decisions on December 20, 2019. The Commission listened to Idaho families like mine and correctly and fairly rejected IPC's proposed settlement to change its net-metering program. I now urge you to uphold and clarify your decision to protect the rights of individuals who choose to generate clean and renewable electricity for themselves, their neighbors, and other IPC customers.

Fair compensation for the electricity that solar owners produce is ultimately about freedom. It's about the freedom to create your own electricity, to provide for your family or business, and to choose where your energy comes from. Unfair compensation programs designed by monopoly utilities to maximize their profits stand between people and the local, affordable clean energy they want. Every American, and every Idahoan, should have the right to be an entrepreneur.

I will briefly address several key points in IPC's reconsideration request.

Reaffirm Grandfathering of All Distributed Solar On-site Generators

IPC has asked for clarification regarding grandfathering of existing distributed solar power generators. It seems to me that the language in Section II.C of the Commission's order of December 20, 2019 is quite clear on this matter. I ask the Commission to reaffirm the terms and conditions of "grandfathering" and to not deviate from the intent or spirit of the statements in Section II.C. I especially urge the Commission to again order IPC to conduct a fair, transparent, and credible benefit / cost study to determine fair rates for future solar customers. Without the verifiable results from such a study IPC will likely succeed in killing future residential and small business solar development in Idaho.

Oppose Future Changes to 1:1 Monthly kWh Offset

The current net metering system accounts for excess solar customer power generation and power purchased from IPC on a 1:1 monthly kWh offset basis. Our systems were designed and installed with the understanding that the 1:1 monthly kWh offset accounting procedure would continue into the future regardless of changes in power rates. The Commission stated that grandfathered solar generators would be subject to future changes in a general rate case in which rates and rate structure for all customer

classes are under review. I disagree with this interpretation and ask the Commission to clarify that grandfathered customer's 1:1 monthly kWh offset procedure continue in the future regardless of general rate changes. We were never told by IPC that the 1:1 monthly kWh offset could change in the future. Therefore, we had no expectation of such a change.

Proposed Change to Hourly Billing for “New” Distributed Solar Power Generators

Net billing is a system of billing Distributed Solar On-site Generators (IPC solar customers) for retail electricity purchased at retail rates while crediting the IPC solar customer's bill for any customer-generated electricity sold to IPC at avoided cost rates. Hourly billing would mean:

- when an IPC solar customer is generating excess power it would be go into the grid and the customer would be compensated at an avoided cost rate (wholesale rate) and
- however, when that customer's system is not generating enough power for the customer's needs that customer would have to purchase power from IPC at retail rates.

IPC solar customers would need to purchase retail power every day of the year if any IPC power is needed during times when the solar system is not generating enough or any power, such as on cloudy days or near and after sunset and throughout the night until some time the next morning. Make no mistake, IPC's intent here is to squeeze as much as they can out of new solar customers by eventually lowering their compensation to 4.4 cents per kWh for schedule 6 customers and 4.8 cents per kWh for schedule 8 customers. IPC cites the results of their Export Credit Rate Study and methodology “agreed to by the Signing Parties” as the basis for these rates. However, the Export Credit Rate Study results are questionable at best because they are totally at odds with the results of other state's PUC-directed comprehensive benefit / cost studies, as described in detail later in my comments. Furthermore, the Idaho PUC found that the Export Credit Rate Study and methodology “agreed to by the Signing Parties” did not adequately involve the public in a transparent and unbiased process. Therefore, changing from monthly accounting to hourly billing for new customers based on IPC's Export Credit Rate Study is premature at this time.

Solar companies and customers need regulatory certainty in order to make informed decisions about their investment. Idaho families and businesses currently considering solar have no way to know how they will be compensated for excess energy, making a solar investment financially risky. The Commission should reject IPC's request for immediate changes and continue to require a fair, credible, and transparent benefit / cost study and public involvement process, as has been ordered by the Commission.

Comprehensive Benefit / Cost Study

The PUC ordered Company to design a fair benefit / cost study in coordination with the parties and the public. The final scope of the study will be determined by the Commission. The Commission will provide the parties and the public stakeholders the opportunity to comment during the study design phase and the study review phase.

IPC has not conducted fair benefit / cost study but rather it submitting a biased study that was apparently designed to reach a favorable conclusion for the company. IPC's Export Credit Rate Study is not the fair benefit / cost study that has now been twice ordered by the PUC.

IPC has virtually unlimited resources to flood the commission and the public with overwhelming amounts of biased data while not actually conducting the comprehensive benefit / cost study that has been twice ordered by the PUC. Submitting nearly 800 pages of so called "documentation" in support of IPC's reconsideration request does not constitute the "credible and fair study" ordered by the Idaho PUC. Nor was the methodology approved by the PUC, as ordered. Therefore, I urge the Commissioners to reject IPC's attempt bury us all in a mountain of paper that is clearly not "understandable to an average customer." Furthermore, the methodologies and results of IPC's Export Credit Rate Study have not been subjected to and passed "expert scrutiny," as ordered by the Commission.

Fortunately, such cost-benefit analyses have become an important feature of state rate-setting processes and offer important guidance to states (Brookings Institute, 2016). So what does the accumulating national literature on costs and benefits of net metering say? Increasingly it concludes— whether conducted by PUCs, national labs, or academics — that the economic benefits of net metering actually outweigh the costs and impose no significant cost increase for non-solar customers. Far from a net cost, net metering is in most cases a net benefit—for the utility and for non-solar rate-payers.

Detailed cost/benefit studies, such as the one ordered by the PUC, have been conducted by the Public Utilities Commissions in several other states. The Brookings Institute*, a highly respected, non-partisan research group founded in 1916, conducts research many areas related to economics and economic development. In 2015 and 2016 they undertook a study to answer the following questions that are at the center of this issue in Idaho. Those questions included: Does net metering really represent a net cost shift from solar-owning households to others? Or does it in fact contribute net benefits to the grid, utilities, and other ratepayer groups when all costs and benefits are factored in?

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submitted in support of their reconsideration request reaches a dramatically opposite result than those reported by other state's PUCs. I must therefore conclude that IPC's Export Credit Rate Study uses a biased methodology or faulty assumptions, or both, to reach the company's desired conclusion.

Therefore I strongly urge the PUC to reject IPC's Export Credit Rate Study results and enforce its orders for the company to conduct a fair, transparent, credible, and unbiased analysis of distributed solar benefits and costs.

Grossly Inadequate Public Notice or Involvement

In its Petition for Reconsideration IPC claims that, "Evidence in the record also demonstrates that the public received adequate notice regarding the potential for fundamental changes in this docket." The Commission correctly found that "the public was not adequately notified this docket might result in a significant change to the Company's net-metering program structure."

As a homeowner who has had a working rooftop solar system since late 2018 I can assure you that the first time I heard about IPC's proposed changes to net metering was in a letter to me dated October 23, 2019. Considering that IPC petitioned the Commission to initiate a docket to study the costs, benefits, rates, and rate design related to on-site generation and net excess energy provided as a resource to the Company on October 19, 2018, notifying me of potential changes to net metering over one year later on October 23, 2019 is hardly adequate notice.

IPC's Claimed Level of Effort is Suspect

At one point in its reconsideration request IPC claims that hundreds of hours have been invested in workshops and related work, "This initial strawman evolved over the course of multiple settlement workshops and **hundreds** of hours of work conducted by the Parties, and ultimately resulted in this Export Credit Rate Study." In another location in its reconsideration request IPC claims: "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." Which is it: hundreds or thousands? It seems that they are just making up numbers to support their request. Could this also be happening in methodology and assumptions used in their Export Credit Rate Study as well?

The Real Issue, Idaho Power's Business Model, is Not Being Addressed

Distributed energy production is a megatrend affecting utilities worldwide. By tying Idaho Power's rate structure primarily to infrastructure development, we in Idaho have tied the hands of businesses and individuals who could contribute to energy infrastructure and become partners. We have also tied Idaho Power, itself, to an outdated way of doing business that puts us at increased risk from over-reliance on a central grid and a few power generation sites. The real issue here is that we need to modernize our utility's

business model, so that we quit debating about **who** is building the infrastructure and can instead focus on **how** to make grid more resilient and distributed.

In their paper on “The Value of Resilience for Distributed Energy Resources: An Overview of Current Analytical Practices,” the National Association of Regulatory Utility Commissioners (NARUC) found that increasing risks to grid infrastructure, combined with lower costs of solar and renewable energy, necessitates a fresh look at how we provide power reliably, as follows (<https://pubs.naruc.org/pub/531AD059-9CC0-BAF6-127B-99BCB5F02198>):

“Recent extreme weather events, natural disasters, and cyber incursions have brought the vulnerability of the electric system into sharp focus. These events have demonstrated that planning for long-duration power interruptions caused by high-impact, low-probability events will require new approaches to power system resilience above and beyond previous hardening efforts. At the same time, the rapid growth and declining costs of distributed energy resources (DERs) such as microgrids, solar photovoltaics, and batteries have introduced new technology options for energy resilience. Consequently, state policymakers across the country have established electricity resilience policies and programs, with several states focusing specifically on resilient DERs as part of clean energy programs and grid modernization efforts.”

In other words, if we in Idaho want to have a modernized, functional grid system, we need to incorporate DERs such as rooftop solar, NOT dis-incentivize them. That’s why the NARUC wrote this paper, comparing different ways that state utilities value DERs. We don’t have to rely on IPC’s “black box” calculations; there are existing, vetted ways to value energy infrastructure partners.

Beyond the clear benefits of DERs to the public, businesses who create this infrastructure can benefit as well, but only if the PUC shifts Idaho Power’s business model to allow and encourage it. How many companies in Idaho would choose to install cogeneration or renewable systems, if they knew that they could get fair market value for the energy generated? Would it be possible to enlist Idaho’s largest companies, as well as dairies and other potential sources of methane biodigesters, as partners in Idaho Power’s Clean Energy Goal?

It seems the answer to both questions is yes.

According to the Department of Energy, organizations can save money, ensure resilience, and meet energy efficiency and renewable energy goals or targets by combining strategies. “Targeted, cost-effective investments in energy efficiency...when combined with another emerging strategy for critical public facilities: onsite generation – and storage when needed – as part of a microgrid system.”

(<https://www.energy.gov/sites/prod/files/2019/09/f66/distributed-energy-resilience-public-buildings.pdf>)

Companies and farmers can be incentivized to contribute in a serious way towards renewable energy, such as this “Barn to Biogas” collaboration in California: <https://www.landolakesinc.com/Press/News/california-bioenergy-land-o-lakes-collaboration>. This is a key example of the power that comes from allowing every American (and Idahoan) to be an energy entrepreneur, working with our utility instead of against it.

If we are to achieve true grid resilience, we need to give Idaho Power the tools to raise rates by ensuring reliability or the degree to which they can incorporate DERs for the benefit of DER owners, IPC, and all of its customers. This would completely flip the discussion on rooftop solar from a threat to an opportunity for Idaho Power and bring the company much closer to its goal of all clean energy by 2045. I believe that if such changes are made IPC could achieve this goal well before 2045 to the benefit of everyone.

Additional References

Brookings Institute. 2016. Rooftop solar: Net metering is a net benefit. <https://www.brookings.edu/research/rooftop-solar-net-metering-is-a-net-benefit/>

Appendix A. PUC Analyses of Net Metering Benefits and Costs in Other States

The following paragraphs in quotes, describing the results of these PUC-conducted studies, are taken directly from the Brookings Institute (2016) study.

“...by the end of 2015, regulators in at least 10 states had conducted studies to develop methodologies to value distributed generation and net metering, while other states conducted less formal inquiries, ranging from direct rate design or net-metering policy changes to general education of decisionmakers and the public (<https://nccleantech.ncsu.edu/wp-content/uploads/50sosQ4-FINAL.pdf>). And there is a degree of consensus. What do the commission-sponsored analyses show? A growing number show that net metering benefits all utility customers...” “In 2013 Vermont’s Public Service Department conducted a study that concluded that “net-metered systems do not impose a significant net cost to ratepayers who are not net-metering participants.” “The legislatively mandated analysis deemed the policy a successful component of the state’s overall energy strategy that is cost effectively advancing Vermont’s renewable energy goals.” (<http://www.leg.state.vt.us/reports/2013ExternalReports/285580.pdf>)

“A 2014 [study commissioned by the Mississippi Public Services Commission](#) concluded that the benefits of implementing net metering for solar PV in Mississippi outweigh the costs in all but one scenario. The study found that distributed solar can help avoid significant infrastructure investments, take pressure off the state’s oil and gas generation at peak demand times, and lower rates.” (<https://www.synapse-energy.com/sites/default/files/Net%20Metering%20in%20Mississippi.pdf>)

“In 2014 Minnesota’s Public Utility Commission approved a first-ever statewide “value of solar” methodology which affirmed that distributed solar generation is worth more than its retail price and concluded that net metering undervalues rooftop solar. The “value of solar” methodology is designed to capture the societal value of PV-generated electricity. The PUC found that the value of solar was at 14.5 cents per kilowatt hour (kWh)—which was 3 to 3.5 cents more per kilowatt than Xcel’s retail rates—when other metrics such as the social cost of carbon, the avoided construction of new power stations, and the displacement of more expensive power sources were factored in.” (<https://ilsr.org/wp-content/uploads/2014/04/MN-Value-of-Solar-from-ILSR.pdf>)

“Another study commissioned by the Maine Public Utility Commission in 2015 put a value of \$0.33 per kWh on energy generated by distributed solar, compared to the average retail price of \$0.13 per kWh — the rate at which electricity is sold to residential customers as well as the rate at which distributed solar is compensated. The study concludes that solar power provides a substantial public benefit because it reduces electricity prices due to the displacement of more expensive power sources, reduces air and climate pollution, reduces costs for the electric grid system, reduces the need to build more power plants to meet peak demand, stabilizes prices, and promotes energy security. These avoided costs represent a net benefit for non-solar ratepayers. (<https://www.nrcm.org/wp-content/uploads/2015/03/MPUCValueofSolarReport.pdf>)

These positive PUC conclusions about the benefits of net metering have been supported by research conducted by a national lab and several think tanks. Important lab research has examined how substantially higher adoption of distributed resources might look.

Thank you for your consideration of my comments

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