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IDAHO PUBLIC  
UTILITIES COMMISSION

*Attorney for Idaho Clean Energy Association*

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF IDAHO POWER  
COMPANY'S APPLICATION FOR  
AUTHORITY TO STUDY THE  
MEASUREMENT INTERVAL,  
COMPENSATION STRUCTURE, AND  
VALUE OF NET EXCESS ENERGY  
FOR ON-SITE GENERATION UNDER  
SCHEDULE 84 AND TO  
TEMPORARILY SUSPEND  
SCHEDULE 84 NET METERING  
SERVICE TO NEW IDAHO  
APPLICANTS

**Case No. IPC-E-19-15**

IDAHO CLEAN ENERGY ASSOCIATION'S  
COMMENTS ON PROCEDURE

Pursuant to Order No. 34315, the Idaho Clean Energy Association, Inc. ("ICEA")  
submits these comments regarding the procedure in this case.

**INTRODUCTION**

ICEA has participated in the Commission's on-site generation cases since 2012. Most recently, the Commission determined that residential and small general service ("R&SGS") customers with exporting on-site generation were sufficiently distinct from non-exporting R&SGS customers that a new class was warranted "for purposes of analysis and not ratemaking." Case No. IPC-E-17-13,<sup>1</sup> Order No. 34046 at 22.

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<sup>1</sup> For shorthand, ICEA refers to the relevant dockets by their last two numbers.

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More specifically, the Commission determined that exporting R&SGS customers' bidirectional relationship with the grid distinguished them from non-exporting R&SGS customers. Order No. 34147 at 15 ("As we stated in Order No. 34046, bi-directionality is an important and defining characteristic of our decision on whether a customer should be included in Schedules 6 and 8."). The Commission did not accept Idaho Power's (the "Company") arguments that cost-shifting and different load shapes, apart from the bidirectional relationship, distinguished exporting R&SGS customers. *Id.* ("The Company's evidence on load and usage characteristics does not persuade us otherwise, because there is a large range of load and service characteristics for both on-site generation customers and customers on the existing standard service schedules. The Company's cost-shifting argument are also unpersuasive.").

In this case, the Company does not allege that exports from commercial, industrial, and irrigation ("CI&I") customers have a material impact on the grid; does not ask the Commission to distinguish exporting CI&I customers based on their bidirectional relationship; or otherwise make arguments grounded in the Commission's orders regarding on-site generation. Instead, the Company seeks immediate suspension of Schedule 84 based on concerns about customer decision-making and alleged cost-shifting. Application at 1-2 ("In addition to the customer frustration that this expensive misunderstanding will likely cause, both the [IIPA] and the Company are increasingly concerned about cost shifting to customers without on-site generation.")

This filing places ICEA in a difficult position. ICEA has participated fully in the IPC-E-18-15 and IPC-E-18-16 dockets. ICEA does not want this 19-15 case to delay or undermine progress that has been made. In ICEA's view, all issues related to Schedule 84 should have been presented in the 17-13 case; proceeding in this piecemeal fashion is inefficient for all parties.

That said, apart from withdrawing 19-15—which admittedly does not seem likely, though arguably required by Order No. 34046<sup>2</sup>—there does not appear to be a clean way forward. Taking things as they are, ICEA submits that the most reasonable course is to 1) study exports from CI&I customers, including the value of exports, timing interval, and related issues, in the 18-15 case; 2) study rates and rate design for consumption for CI&I customers in IPC-E-18-16; and 3) address separately in 19-15 only the two remaining issues, suspension of Schedule 84 and the effective date for any changes to Schedule 84, to the extent the Commission sees a need for further proceedings on these issues at all.

#### COMMENTS

**1) Whether and to what extent this Application impacts or is impacted by IPC-E-18-15 and IPC-E-18-16.**

The 18-15 case stems from the Commission’s order to “comprehensively study on-site generation, in terms of rates, rate design, and compensation, prior to any future rate or compensation proposals or revisions to the Company’s on-site generation program.” Order No. 34046 at 1. The notice for the 18-15 Case stated that it would “include all net-metering interests with a focus on Idaho Power’s systems, costs, benefits, resources, and tariffs.” Order No. 34189 at 1.

The 19-15 case presents issues that ICEA anticipates can be addressed in the study resulting from the 18-15 case, including the value of on-site generation, netting intervals, and similar issues. While discussions in the 18-15 case have centered on R&SGS customers—not surprisingly, since the Company addressed only R&SGS customers in the 17-13 case, not

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<sup>2</sup> In the 17-13 case, the Commission ordered a study of on-site generation “*prior to any future rate or compensation proposals or revisions* to the Company’s on-site generation program.” Order No. 34046 at 1. This 19-15 case proposes a revision to the on-site generation program before the study is complete. ICEA recognizes that the Commission’s orders are not precedential, but respectfully submits that on-point guidance from such a recent order ought not be lightly disregarded.

Schedule 84 as a whole—conceptually ICEA believes that CI&I customers can and should be addressed in that docket. This may delay the 18-15 case as new issues are merged into the existing framework. ICEA does not welcome the delay, but believes it is more efficient in the long run to study the issues comprehensively and correctly.

The 18-16 case responds to the Commission’s order for Idaho Power “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 No. 34046 at 1. The notice describes the case as a “comprehensive customer fixed-cost analysis.” Order No. 34190 at 1. ICEA believes that rates and rate design for CI&I customers are already in the scope of the 18-16 case. ICEA would like to confirm that the 19-15 case will not convert the 18-16 case from a *study* of rates and rate design options for all customers into a case where rate or rate design *changes* will be made or proposed as to CI&I customers.

If the 18-15 and 18-16 cases proceed in this manner, only two issues remain: whether Schedule 84 should be suspended, and whether the Commission should set an effective date of January 1, 2020 for changes that are not yet known, and indeed not yet proposed. To the extent further proceedings on these issues are necessary, ICEA submits that these issues (and only these issues) proceed in the 19-15 case.

**2) Whether and to what extent the issues raised in IPC-E-18-15, IPC-E-18-16, and this docket can and should be examined holistically.**

ICEA agrees that issues should be addressed holistically to the extent possible, and specifically that issues shared by customers (and customer groups) should be examined side-by-side. For this reason, ICEA agrees with the “bright line at the meter” drawn in the existing dockets, with 18-15 studying issues related to net excess energy and the 18-16 case studying rates and rate design for all customers. ICEA submits that this paradigm should carry forward,



with all issues regarding CI&I exports studied in the 18-15 case and rates and rate design for CI&I customers studied in the 18-16 case.

ICEA also submits that CI&I customers should be examined holistically. The value of exports for CI&I customers should not be examined separate from the dual meter measurement interval, CI&I customers' dual-meter structure, CI&I customers' existing rate structure, and other characteristics of CI&I customers. For this reason, ICEA submits that consolidating CI&I customers into the existing dockets is preferable to Idaho Power's proposal to isolate and study aspects of CI&I customers in three different cases.

**3) Whether this docket should be processed according to Idaho Power's proposal on page 8 of the Application.**

Idaho Power proposes to study certain aspects of CI&I exports (dual measurement interval and compensation structure) in the 19-15 case; to study other aspects of CI&I exports (the value of net excess energy) in the 18-15 Case; and to study rate and rate structure for CI&I customers in the 18-16 case. Application at 8. ICEA submits that this procedure precludes a holistic study of export-related issues for CI&I customers. It would also unnecessarily duplicate efforts in the 18-15 case, which will result in a study of compensation structure and measurement interval for exporting R&SGS customers. ICEA requests that the cases proceed as proposed in section 1 of these Comments.

**4) Whether the Commission should process this docket by modified procedure or by hearings.**

As discussed above, this 19-15 case presents only two issues that cannot be covered in the 18-15 and 18-16 cases: whether Schedule 84 should be suspended during the study, and whether the Commission should impose a January 1, 2020 effective date for changes to Schedule 84. ICEA submits that no further proceedings on these issues are warranted. Idaho Power has not provided a compelling need to suspend Schedule 84, and regardless, the study in the 18-15 case

should be completed before any changes to the on-site generation program. *See* Order No. 34046 at 1. Imposing an effective date for as-yet-unknown (indeed, yet-to-be-proposed) changes is premature, and ICEA believes the Commission can make these conclusions at this time.

To the extent further proceedings are needed, or to the extent the Commission orders that this 19-15 Case encompass issues beyond suspension and effective dates, ICEA requests a hearing so it can present testimony from impacted parties and vet Idaho Power's testimony through cross-examination.

**5) Whether the Commission should suspend Schedule 84 for new applicants while IPC-E-19-15 is being processed, and if the Commission does suspend Schedule 84 in the interim, whether the suspension should be from the date of filing—April 5, 2019—or some other date.**

ICEA submits that the Commission should not suspend Schedule 84 for new applications while the 19-15 Case is being processed. Suspension of Schedule 84 causes tangible harm to CI&I customers who would benefit from investing in on-site generation, and to the businesses that serve them. The Company has not provided concrete evidence of operational or other issues that outweigh the harms caused by suspension.

The Application is based on two arguments: 1) the Company's purported concern that CI&I customers are making investments based on the misunderstanding that the Schedule 84 rates will never change, potentially leading to "customer frustration"; and 2) purported cost-shifting. Application at 1-2. Neither justifies suspension of Schedule 84.

***The alleged misunderstanding.*** As to investments made on "misunderstanding," Idaho Power states that customers are investing in on-site generation based on current Schedule 84 rates, rather than "a more reasonable and sustainable value," and that this "misunderstanding" may result in "customer frustration." Application at 2.<sup>3</sup>

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<sup>3</sup> Idaho Irrigation Pumpers Association, Inc. ("IIPA") also states its belief that credits under Schedule 84 are

This is not consistent with ICEA's experience. In ICEA's experience, CI&I customers tend to be sophisticated, and are used to making significant investments even in the face of considerable uncertainty. In ICEA's experience, CI&I customers tend to make those investments for a variety of reasons. Some CI&I customers sell their end-products to companies that either demand or prefer that producers use renewable energy. For example, in ICEA's experience, some companies that consider themselves organic, natural, or environmentally friendly require producers to use renewable energy. Other companies, prefer (but do not require) that producers use renewable energy, and still others have a point system by which a producer can distinguish itself by engaging in environmentally friendly policies such as on-site generation. A growing number of CI&I customers therefore view investments in on-site generation as part of their overall marketing and sales strategy, to differentiate their product for specific market segments. The payback period is relevant, but not dispositive, to these customers. Suspending Schedule 84 will prevent these customers from investing in on-site generation, thereby removing their ability to compete. In the absence of some sort of emergency—not presented by the Company here—ICEA submits that suspension is neither necessary nor warranted.

That is not to say that customers will not be frustrated if Idaho Power attempts to change rates. Customers will, obviously, feel frustrated if they perceive Idaho Power to be targeting them unfairly. Customers will also, obviously, feel frustrated if Idaho Power proposes rates that will detrimentally impact them. But this frustration is not based on a "misunderstanding" that rates will not change; it is based on a feeling of being targeted, unfairly treated, or simply because changes will create a detrimental impact. Customer frustration with detrimental rate

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overvalued, leading customers to make investment decisions based on inaccurate assumptions. Testimony of T. Tatum, Exh. 1.

changes is common—perhaps universal—and does not provide a basis for suspending Schedule 84.

Regardless, even if customers were investing on a “misunderstanding,” the appropriate response is to educate potential customers, not to prohibit them from investing in on-site generation pursuant to a valid, Commission-approved schedule.

Finally, if the Commission suspends Schedule 84, it completely prevents new customers from installing on-site generation. The suspension prevents customers from investing even if the payback period is not relevant to their decision. Immediate suspension of Schedule 84 would signal that *any and all* investment in on-site generation is a bad investment. Indeed, such a bad investment that customers, for their own protection, should be prevented from making that decision. All this before the value of excess generation is even known. This message is not accurate and should not be sent. The extreme measure of preventing all new CI&I customers from installing exporting on-site generation is not warranted here.

***The alleged cost-shift.*** As to cost shifting, Idaho Power states that it is “increasingly concerned about cost shifting to customers without on-site generation.” Application at 2. The Application does not present evidence of an *actual* cost shift, much less evidence quantifying any cost shift, or comparing the alleged cost shift to others that may occur within the class. Instead, the Company identifies “the *potential* for inappropriate cost shifting,” because “[a]ny reduction in energy consumption because of on-site generation results in a reduction in the fixed costs recovered through the volumetric rate.” *Id.* at 6 (emphasis added).

ICEA submits that “concerns” about “potential” cost shifts due to reduced energy consumption do not support suspension of Schedule 84. Even if some actual cost-shift was occurring, it is a long-term issue that ought be addressed on the basis of evidence rather than



speculation. As the Commission recognized in Order No. 34147, it “cannot make specific findings about cost shifting absent evidence and analysis of cost of service, fixed costs, and other rate design elements.” Order No. 34147 at 15. The Company has not presented any such evidence here.

In addition, as the Commission recognized in the 17-13 case, cost shifting is commonplace on the Company’s system. That is why the Commission ordered the Company “to address fixed-cost apportionment across its system.” Order No. 34147 at 15 (citing Order No. 34046 at 17 (emphasis added)). A potential cost shift need not be, and should not be, addressed through the extraordinary measure of immediately suspending Schedule 84.

Idaho Power compares the retail rate for CI&I customers to the price for a 20-year, 120 MW solar installation and to Schedule 86 to support its cost-shifting argument. Application at 6-7. It is premature to speculate what the value of on-site generation may be. As the Commission noted in the 17-13 case, “[t]he benefits of on-site generation provide to the Company’s infrastructure and resource allocation, once quantified, may well prove to outpace any alleged costs, increases in fixed-cost responsibility or decreases in net excess energy compensation credit.” Order No. 34046 at 19.

Cost shifting appears to be *less* of a concern in the CI&I class than with other classes. CI&I customers pay demand charges and base load charges. The Company thus collects a significant portion of its fixed costs regardless of the energy consumed. In ICEA’s experience, the demand and base load charges are substantial; they can constitute between 21% and 34% of a customer’s annual energy bill and are collected even when a CI&I customer engages in net metering. These charges prevent CI&I customers from “zeroing out” energy bills over a month or year, a concern the Commission expressed as to Schedule 6 and 8 customers. *See* Order No.

34046 at 16-17. The existing rates and rate structure for CI&I customers therefore decreases, not heightens, concerns about cost shifting.

Finally, Idaho Power submits evidence that more CI&I customers are expressing interest in, and sometimes investing in, on-site generation. But the Company does not present evidence of any operational difficulties, or issues that are not already being addressed in the 18-15 and 18-16 cases. The fact that customers are availing themselves to a Commission-approved, valid, existing tariff does not create an emergency requiring suspension of the tariff. ICEA respectfully submits that Schedule 84 should not be suspended while this case, the 18-15 Case, and the 18-16 Case proceed.

**Conclusion.** Idaho Power has presented no compelling basis to immediately suspend Schedule 84 in this case. At most, Idaho Power has identified possible long-term issues that are in need of long-term solutions. The Commission has established a process for exploring those long-term solutions. ICEA respectfully submits that those processes should play out without removing customers' ability to engage in on-site generation.

**6) Whether the Company's proposed effective date of January 1, 2020 in IPC-E-19-15 is feasible.**


The Company has proposed that changes to CI&I compensation structure and excess energy value be implemented by January 1, 2020. Application at 2. However, neither the parties nor the Commission have engaged in the studies necessary to determine whether any modifications are necessary. *See* Order No. 34046 at 19 (noting that the benefits of on-site generation "may well prove to outpace any alleged costs"). If some modifications are necessary, neither the parties nor the Commission know what the range of potential modifications are; how those modifications will impact existing and future customers; or the other information necessary

to determine whether a January 1, 2020 effective date is feasible, much less whether that date is reasonable.

In addition, ICEA notes that the Commission ordered a docket “to comprehensively study on-site generation *prior to any future rate or compensation proposals or revisions to the Company’s on-site generation program.*” Order No. 34046 (emphasis added). It is premature to establish an effective date for revisions to the Company’s on-site generation program before the required study is complete. For these reasons, ICEA requests that the Commission not impose an effective date for any modifications to Schedule 84.

Dated: May 2, 2019.

GIVENS PURSLEY LLP

A handwritten signature in black ink, appearing to read 'P. N. Carter', is written over a horizontal line.

Preston N. Carter  
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*Attorney for Idaho Clean Energy Association, Inc.*

## CERTIFICATE OF SERVICE

I certify that on May 2, 2019, a true and correct copy of ICEA'S COMMENT ON THE COMMISSION'S PROCEDURE ON APPLICATION was served upon all parties of record in this proceeding via the manner indicated below:

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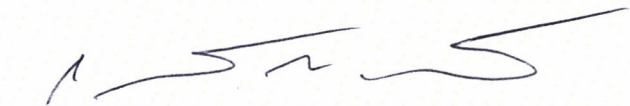
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