ECHO HAWK &OLSEN

MARK A. ECHO HAWK
ERIC L. OLSEN
JOSEPH T. PRESTON
PATRICK J. DAVIS
ATTORNEYS

505 PERSHING AVE., STE. 100
PO BOX 6119
POCATELLO, ID 83205-6119
208.478.1624
208.478-1670 FAX
WWW.ECHOHAWK.COM

April 11, 2019

Diane Hanian, Commission Secretary
Idaho Public Utilities Commission
472 W. Washington
Boise, Idaho 83720-0074
diane.holt@puc.idaho.gov

Re: CASE NO. IPC-E-19-15 - PROCEDURAL COMMENTS OF IDAHO IRRIGATION PUMPERS ASSOCIATION, INC.

Dear Ms. Hanian:

Enclosed you will find the original and seven (7) copies of the Procedural Comments of Idaho Irrigation Pumpers Association, Inc.. Electronic copies have been served per the Certificate of Service. Please file the Petition in the case file.

If you have any questions, please don't hesitate to call. Thank you.

Sincerely,

Eric L. Olsen

TF
Enclosure

Eric L. Olsen (ISB# 4811)
ECHO HAWK & OLSEN, PLLC
505 Pershing Ave., Ste. 100
P.O. Box 6119
Pocatello, Idaho 83205
Telephone: (208) 478-1624
Facsimile: (208) 478-1670
Email: elo@echohawk.com

Attorney for Intervenor Idaho Irrigation Pumpers Association, Inc.

RECEIVED
2019 MAY -2 AM 10: 21
IDAHO PUBLIC
UTILITIES COMMISSION

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** **PROCEDURAL COMMENTS OF IDAHO IRRIGATION PUMPERS ASSOCIATION, INC.**

COMES NOW Idaho Irrigation Pumpers Association, Inc. ("IIPA") and pursuant to Commission's Order No. 34315 and provides its comments on how the Commission should process Idaho Power Company's ("IPC") Application, as follows:

I. BACKGROUND AND GENERAL OBSERVATIONS

IIPA represents Irrigation customers—those with onsite generation and those without. IIPA wants fair rates for any customer that has onsite generation because it believes that onsite, distributed generation has the *potential* to lower costs for all customer classes. However, IIPA also wants to ensure that those without onsite generation are not burdened by any customer (Irrigation or otherwise) that has onsite generation. Simply put, onsite generation has the potential to benefit all customers as long as it does not cause those customers without onsite generation to incur unnecessary costs.

The overwhelming concern in this case centers on the rapid growth in solar generation occurring in the Irrigation class and the potential for that rapid growth to continue or increase. Irrigation customers are seeing a perceived benefit in the form of electricity/pumping cost savings from the installation of solar generating equipment. IIPA sees no issues with Irrigation

customers realizing financial advantages from the installation of solar equipment as long as it is coupled with a proper rate design and proper compensation for excess energy.

The lack of proper rate design and proper compensation for excess energy for Schedule 84 would lead to the following negative outcomes. If Irrigators with onsite generation are not being charged a proper rate, and/or are not being paid appropriately for energy put on the system, then: (1) Assuming that these Irrigation customers are considered a part of Schedule 24, then all other customers on that rate schedule will be directly required to pick up any shortfall; or (2) Assuming that these customers will be on their own rate schedule (similar to Schedules 6 and 8), then the other Irrigators will not be impacted directly by the onsite generating Irrigators, but will be asked to pick up the general (IPC-wide) shortfall occurring on the system associated with these customers (as well as any shortfall from Schedules 6 and 8).

IIPA believes that IPC's Application is well founded.

Misinformation:

IIPA is concerned regarding the apparent misinformation being provided to Irrigators. This information is then, in turn, used as a basis for business decisions regarding the purchase and installation of solar generation units.

One example of questionable information that has come to IIPA's attention is that a $1-2 million-dollar installation could be repaid through energy cost savings and tax incentives in as little as 1½ years. Two points should be gleaned from this. First, the size and cost of these installations for Irrigators are much more significant than a rooftop installation of a Residential customer. Second, the payback times suggested are far shorter than what is normally used for residential rooftop installations.

A suspension of Schedule 84 would at least insure that more realistic rates would be reflected in a payback analysis. Additionally, it would provide the Commission Staff and its Consumer Division an opportunity to develop a standard template for calculating the potential payback period for Irrigators on a solar installation that they may be contemplating.

Lack of Cost Based Rates:

The present pricing structure (monthly retail rate net metering) associated with solar installations for Schedule 6, 8, and 84 were initially designed to be easy to understand and to promote the installation of customer owned solar generation. Retail rate net metering is not cost

based. The impact of these rates on other customers, to this point, has been inconsequential. Case Nos. IPC-E-18-15 and IPC-E-18-16 were initiated because the amount of Residential and Small Commercial solar generation has grown substantially. Unlike Schedules 6 and 8, which had a customer class that grew slowly, the Irrigation customers on Schedule 84 have grown exponentially. This class of Irrigation customers has the potential to triple the amount of generation now being produced from Schedules 6 and 8 over course of this next year.

The Commission is charged with developing rates that are fair, just, and reasonable. However, the present rate structure for Schedule 84 Irrigators does not meet those criteria. From the explosive rate of growth, it should be obvious that some people believe that they have found significant cost savings in Schedule 84, when combined with expiring production tax credits.

From the prospective of clean energy, growth in solar generation is generally considered to be a positive development. So, one may ask: Why are Schedule 84's rates not considered to be fair, just, and reasonable? For example, consider the treatment of excess energy/generation. Setting aside the question of what should be done with excess energy during the growing season (when Irrigators would be both consuming electricity and generating electricity), most of the time that Irrigators would be generating are times when they are not consuming any energy. They do not have excess energy—they are simply generators and not consumers.

Today, the excess energy that is generated over approximately an 8-month period, is banked as an offset to future consumption or offset the bill at a contiguous metered site. But this excess appears to be generated during the shoulder months when market prices are low or during the winter months when market prices are lower than in the summer months. Effectively, low cost energy is being avoided by the generation during 8 months of the year and it is being saved for consumption during the highest cost times of the year. The concept of banking very low-cost energy on the system and then having IPC pay it back with high cost energy during the summer is unjust, unfair, and unreasonable to all the other customers on the system that foot the bill for the energy consumption during the summer. Some of that generation is being provided at times when IPC is literally paying other utilities (in the form of wheeling costs) for taking excess energy off the system. This clearly is a subsidy that is contributing to the rapid expansion of solar generation in the Irrigation class.

Another reason why Schedule 84's excess energy rate is not fair, just, and reasonable is that the energy generated by solar and then consumed by the customer is used to offset/reduce

the customer's own energy consumption. The justification offered for this treatment is that solar generation is no different than a customer that opts for energy efficiency measures to reduce his bill. However, solar generation is not at all like energy efficiency and should not be considered as such. Adding insulation to a house reduces consumption—it is there 24x7. Solar generation is intermittent and only operates when the sun shines. Solar energy is *generated*—it puts energy into the system, while energy efficiency simply reduces consumption. With solar generation, there is no saving/conservation of energy, it is just energy being generated from a different source, and does not reduce IPC's fixed costs, unless the customer is not tied into the grid. Solar displaces energy cost at the moment of generation, but it does not displace demand costs.

Further, the policy shortcomings of simply offsetting usage with self-generation is apparent in Figure 5 (page 26) of Mr. Tatum's testimony in this case. Practically speaking, all energy generated from solar should occur at the same time with respect to time of day with minor differences due to locational weather. Basically, all sources of solar generation (Residential, Commercial, Industrial, and Irrigation) provide an extremely similar generation profile. However, the present methodology for compensating customers for the energy they generate (reduction in metered usage) means that each customer group (and even each individual customer) is compensated at a different rate. Figure 5 demonstrates that (on average, including PCA costs) Industrial customers benefit by 4.335 cents per kWh, Large Commercial Secondary customers benefit by 5.921 cents per kWh, and Irrigation customers benefit by 6.216 cents per kWh. A kWh of solar generation should be worth the same, no matter what customer class is generating the solar energy. It is even more troubling when one looks at the Residential rate where the benefits (excluding PCA costs) can be as low as 7.928 cents per kWh and as high as 12.187 cents per kWh. The present method of rewarding customers as if solar generation is equivalent to energy efficiency/conservation is fundamentally flawed.

Customers with solar generation should be treated for what they are—generators. The price paid for generation should be uniformly the price the Company pays for a similar form of purchased power. The energy being consumed by the customer should be measured separately (like it is for all non-solar customers) and all the energy generated should be measured and paid for by a power purchase agreement. This is generally referred to "buy-all-sell-all" arrangement. The customer would be treated for the two hats they wear—(i) as consumer of electricity

requiring Distribution, Transmission, and Generation and (ii) as a generator/supplier of electricity to IPC's grid.

Suspension vs. Grandfathering:

IPC has requested that Schedule 84 be suspended effective April 5, 2019. There are times when the decision to suspend a tariff is difficult. This is not one of those cases.

IIPA supports the concept of suspending Schedule 84 until the risks and benefits of solar generation on irrigation systems can be accurately determined. The agriculture community is suffering depressed income levels and has to examine all costs but still requires reasonably priced energy to irrigate the crops. Many of the large irrigation customers are looking at solar installations as a cost cutting measure.

The Commission can either suspend Schedule 84 now, or it can leave Schedule 84 in place and face the question next year of what to do with a large group of customers that have purchased very expensive equipment to only find out the Commission may have changed the economics. Undoubtedly, those early adopters will argue that they should be grandfathered under the current Schedule 84 and its distortional rates. Will the Commission grandfather all previous solar installation, although it was known at this time that Schedule 84 is no longer appropriate? Either the Commission will grandfather these customers and all other customers will have to subsidize the inappropriate rates that were offered this year, or these customers will not be grandfathered, and these customers will have made a bad investment based upon misinformation. If Schedule 84 is not suspended, there will be economic hardship placed upon one group of customers or the other. This economic hardship can be avoided by simply suspending Schedule 84 for Irrigators this year.

II. COMMENTS REGARDING THE SPECIFIC QUESTIONS PROPOSED BY THE COMMISSION

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

The Application in this case is impacted by what is taking place in cases 18-15 and 18-16. These cases are well under way. However, thus far, the 18-15 and 18-16 cases have only focused upon what data and concepts need to be reviewed—virtually all conceivable data and issues are scheduled for review. No conclusions have been drawn from the information to be studied. No recommendations have been offered. There is essentially only background

information that does not need to be developed a second time in 19-15. The work done so far in18-15 and 18-16 will benefit the 19-15 case by already completing that effort.

The issues in 19-15 will not take away from the efforts made in 18-15 and 18-16. One thing possibly coming out of 18-15 will be the price that should be paid for excess generation that would be put on the grid by onsite solar customers. There is no difference between power put on the grid by a solar residential customer, a commercial hydro customer, or a solar irrigator. Energy put on the grid is energy put on the grid, no matter the source. The pricing of energy put on the grid can be done in any of the cases, because the price and mechanisms should be consistent.

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.

Once again, the issues in 19-15 are, for the most part, the same as those in 18-15 and 18-16. Cost-of-service principles should be the same, no matter the customer class being considered or whether a customer is providing some onsite generation, no onsite generation, or is supplying excess energy into the grid. For example, if a 12-CP method of allocating demand related generation costs is found to be appropriate in the 18-15 and 18-16 cases, then it should also be appropriate for the 19-15 case. It would be inappropriate to use one set of cost-of-service principles for one group of customers and something different for another group. Cost-of-service principles should be holistic by their very nature. If different principles are used for one group of customers and not for all other customer groups, then the utility would either over-collect or under-collect it revenue requirement.

The same goes for rate design principles. If winter peaking load is emphasized for one group of customers and summer peaking load is emphasized for a different group of customers, then the utility would not be sending a unified pricing signal to reflect the cost causations on its system. Rate design principles should be holistic for a given utility.

It is possible for cost-of-service and rate design principles to be defined differently coming out of two different cases, where things are looked at in isolation. However, if the 18-15, 18-16, and 19-15 are processed together (or even over the same timeframe), the principles of one case can be carried over to the other case. Even if the parties are different between cases, one constant in all the cases is the participation of Staff and the Company. Neither the Staff nor the Company would allow differences to be created in the basic principle between cases.

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

The short answer to this is yes. With respect to the three items the Company proposed on page 8 of its application, the IIPA offers the following:

- *CI&I dual meter measurement interval and compensation structure for Schedule 84 in this case;*

The measurement interval and compensation structure should, where possible, be the same for all customers. Thus, there should be no differences between the 18-15 and 19-15 cases with respect to this. Administration efficiency would suggest that they should be considered together, but the important point is that they end up with results that are as similar as possible.

IPC now has the capability to measure usage in hourly intervals. This technology should be employed. Additionally, Schedule 84 has a requirement for a two-meter confirmation. At a minimum, Schedule 84 should employ this to develop a "buy-all-sell-all" rate structure that fits the realities of the system. A similar two-meter configuration should be considered for Schedules 6 and 8.

- *Value of net excess energy for all on-site generation classes – Schedules 6, 8, and 84 – in this case and the 18-15 Case as combined cases for this single issue; and*

The value of excess energy should be the same for all customers: Residential, Commercial, Industrial, and Irrigation and for all customers within a class. Energy being put on the grid at any given moment has the same impact on the system, no matter the source of that energy.

If excess energy is compensated differently between customer classes, then there would be obvious subsidies or discrimination taking place. Subsidies would indicate that all non-generation customers would be picking up excess costs and possibly too much generation would be created, adding to the times when the Company must pay wheeling charges for others to take its energy. By the same token, if some of the pricing is discriminatory, then the other customers would not be getting the full benefit of the potential extra generation that could be offered by onsite generators.

- *Rate design and rate structures for all classes, including CI&I customers, in the 18-16 Case.*

It makes sense to address rate design and rate structures for all classes in the same case. Almost all the issues are the same, absent the size of the customers and the fact that some present rate designs include demand meters. With AMI meters now being used, the use of demand meters is no longer a distinction (they are merely a legacy rate structure tool). Given the existence of AMI meters, demand measurements can be used both for customers today that do not have demand meters and those that do. Once again, the principles that apply to rate design and rate structure will only vary as a matter of size of the customer. Thus, rate design and rate structure should be considered for all customers simultaneously. If not, things can fall between the cracks which would lead to inefficiencies and inappropriate burdens on various customers groups.

The only other difference between Schedules 6 and 8 customers is installation of two-way meters for Schedule 84. Two-way meters on Schedule 84 can accurately define the total usage of and the total generation from each customer. In order to apply this rate design to Schedules 6 and 8, such metering will need to be installed.

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

As with 18-15 and 18-16, this case should not be processed by modified procedure. The issues being addressed are far more varied and complicated than what is appropriate for modified procedure. Thus far, the collaborative settlement process has worked well with the 18-15 and 18-16 cases and should work just as well for the 19-15 case. If negotiations breakdown, then a hearing could be held, presumably on a greatly limited set of issues.

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.

Suspension of Schedule 84 is appropriate for the time that it takes to process this case. Rates, rate structure, and compensation for excess energy need to be addressed in order to fully and properly compensate onsite generators under Schedules 6, 8, and 84. It is unfortunate that a full airing of issues regarding self-generation has not been done before so many customers have already started onsite generation. A suspension of Rate 84 should take place while rate design,

rate structure, and compensation for excess energy are properly analyzed, and all customers know what the rules are going forward.

This case was initiated upon the belief that there may be very large and rapid expansion of Irrigation onsite generation. If this forecast growth does not occur, the suspension of Rate 84 will have little impact. If there is a very large and rapid expansion of Irrigation onsite generators, then installations can move forward, but the customers would know that the rates paid for Schedule 84 are subject to change. IIPA does not want a large influx of solar that will be grandfathered, causing negative impacts to other Irrigation customers because the old rates 84 cause price distortions. If they so choose, customers should be allowed to move forward with onsite generation. Customers that go forward without current Schedule 84 rates should know that any generation they may have, will be subject to the new rate structures when this case is completed.

IPC's Application should have put all potential customers on notice that changes were contemplated for Schedule 84. The suspension should take place as of April 5, 2019.

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

An effective date of January 1, 2020 is feasible, given the work already done in 18-15 and 18-16. All efforts should be made to meet this date, but there can be no guarantees. IIPA views the January 1, 2020 date as a hoped-for date and not necessarily an ordered date. IIPA wants Schedule 84 fully and properly addressed and does not want this compromised by an artificially imposed deadline.

III. CONCLUSION

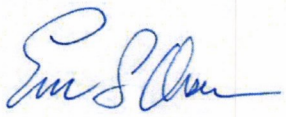
The issue of rapid growth in Irrigation onsite, solar generation without proper safeguards to assure appropriate pricing and system stability presents a major problem for IPC and its customers who depend on a reliable source of energy. The solution to this problem lies in proper rate design and compensation for excess energy.

The solution to some of the net metering problems may lie in a pure "buy all-sell all" agreement between IPC and its onsite generation customers. This puts everyone on equal footing and eliminates winners and losers.

IIPA appreciates the opportunity to comment on these important issues and anticipates that a fair and equitable solution will be forthcoming.

DATED this 1st day of April, 2019.

ECHO HAWK & OLSEN



ERIC L. OLSEN

CERTIFICATE OF SERVICE

I HEREBY CERTIFIY that on this 2nd day of May, 2019, I served a true, correct and complete copy of the Petition of Idaho Irrigation Pumpers Association, Inc. for Leave to Intervene to each of the following, via U.S. Mail or private courier, email or hand delivery, as indicated below:

Diane M. Hanian, Secretary **Idaho Public Utilities Commission** P.O. Box 83720 472 W. Washington Street Boise, ID 83720-0074 diane.holt@puc.idaho.gov	☐ ☐ ☒ ☐ ☒	U.S. Mail Hand Delivered Overnight Mail Telecopy (Fax) Electronic Mail (Email)
Lisa D. Nordstrom Regulatory Dockets **Attorney for Idaho Power Company** P.O. Box 70 Boise, ID 83707 lnordstrom@idahopower.com dockets@idahopower.com	☐ ☐ ☐ ☐ ☒	U.S. Mail Hand Delivered Overnight Mail Telecopy (Fax) Electronic Mail (Email)
Tim Tatum V.P. of Regulatory Affairs **Idaho Power Company** P.O. Box 70 Boise, ID 83707 ttatum@idahopower.com	☐ ☐ ☐ ☐ ☒	U.S. Mail Hand Delivered Overnight Mail Telecopy (Fax) Electronic Mail (Email)
Anthony Yankel **Idaho Irrigation Pumpers Association, Inc.** 12700 Lake Avenue, Unit 2505 Lakewood, OH 44107 tony@yankel.net	☐ ☐ ☐ ☐ ☒	U.S. Mail Hand Delivered Overnight Mail Telecopy (Fax) Electronic Mail (Email)
Abigail R. Germaine Deputy City Attorney **Boise City Attorney's Office** 150 N. Capitol Blvd. P.O. Box 500 Boise, Idaho 83701 -0500 agermaine@)cityofboise.org	☐ ☐ ☐ ☐ ☒	U.S. Mail Hand Delivered Overnight Mail Telecopy (Fax) Electronic Mail (Email)

Preston N. Carter **Givens Pursley LLP** 601 West Bannock Street Boise, Idaho 83702 prestoncarter@givenspursley.com kendrah@givenspursley.com	☐ ☐ ☐ ☐ ☒	U.S. Mail Hand Delivered Overnight Mail Telecopy (Fax) Electronic Mail (Email)
Benjamin J. Otto **Idaho Conservation League** 710 N. 6th St. Boise, Idaho 83702 botto@idahoconservation.org	☐ ☐ ☐ ☐ ☒	U.S. Mail Hand Delivered Overnight Mail Telecopy (Fax) Electronic Mail (Email)
Russell Schiermeier 29393 Davis Road Bruneau, Idaho 83604 buyhay@gmail.com	☐ ☐ ☐ ☐ ☒	U.S. Mail Hand Delivered Overnight Mail Telecopy (Fax) Electronic Mail (Email)
Zack Waterman and Mike Heckler **Idaho Sierra Club** 503 W Franklin St. Boise, Idaho 83702 zack.waterman@sierraclub.org michael.p.heckler@gmail.com	☐ ☐ ☐ ☐ ☒	U.S. Mail Hand Delivered Overnight Mail Telecopy (Fax) Electronic Mail (Email)
Kelsey Jae Nunez **Kelsey Jae Nunez LLC** 920 N Clover Dr. Boise, Idaho 83703 kelsey@kelseyjaenunez.com	☐ ☐ ☐ ☐ ☒	U.S. Mail Hand Delivered Overnight Mail Telecopy (Fax) Electronic Mail (Email)

Eric L. Olsen
Echo Hawk & Olsen