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IDAHO CHAPTER

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IDAHO PUBLIC
UTILITIES COMMISSION

May 2, 2019

Idaho Public Utilities Commission
472 W Washington St
Boise, ID 83702

Subject: Comments on IPC-E-19-15

Dear Commissioners:

The Idaho Chapter of the Sierra Club has participated actively in settlement conferences and other activities related to the IPC-E-18-15 and IPC-E-18-16 dockets. We have also applied for intervenor status in IPC-E-19-15. Sierra Club appreciates the opportunity to share our belief that issues raised in all three dockets should be "examined holistically" for both efficiency and effectiveness reasons. Such a holistic examination could render IPC's preference for a January 1, 2020 completion not feasible. Additionally, we note that we do not believe suspension of Schedule 84 for new applicants justified at this time.

<u>The three dockets should be examined holistically for efficiency reasons</u>

In its application under IPC-E-19-15, the Company requested that the Commission "initiate a collaborative process to examine the compensation structure, value of excess net energy, and measurement interval under Schedule 84."

Discussions under 18-15 and 18-16 have been proceeding under a collaborative process. Sierra Club supports combining reviews of excess energy value, measurement and compensation as well matters related to potential transitioning from the existing NEM structure across the various customer classes with on-site generation. We see such a combination as administratively efficient - avoiding both potential duplication of efforts as well as inconsistent approaches if 18-15 and 19-15 reviews were to proceed separately.

Further, because any valuation of excess net energy is influenced by how costs are "spread" across and within customer classes, there is a need to link 19-15 not only with the 18-15 docket but also with the 18-16 docket.

<u>Examining the three dockets holistically can produce a superior resolution</u>

We believe a combined approach can not only produce a more efficient review but also a more effective resolution. It is often stated that the electric utility industry is undergoing change at a rate last seen in early 20th century. Sierra Club believes the extent and rate of these changes warrant looking beyond the symptoms of potential cost shifting to the root problem that customer owned on-site generation presents to the utility.

Since the filing of IPC-E-17-13 in July 2017 (that docket being the predecessor to 18-15 and 18-16) multiple substantive changes have occurred, including:

- Both the Company and its largest municipal customer, the City of Boise, have announced clean energy goals. Very large amounts of additional solar generation will likely be needed to meet those goals.

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- Technology has produced precipitous price drops. In IPC's 2017 IRP, submitted just weeks before the 17-13 application was filed, levelized utility-scale solar costs were estimated at $77/MWhr. Two years later Jackpot solar has come in at less than 33% of that level. Storage costs also continue to drop. Distributed energy resources will only get more cost effective as time passes.
- In jurisdictions across the country analyses are showing significant cost benefits can be realized by locating distributed energy resources strategically within the load serving entities' distribution systems.

Installing solar generation near customers' loads can play a significant role in cost effectively meeting the Company's clean energy goals while providing reliable service at fair prices. Of course, we need to address potential cost shifts between customers with and without on-site generation. We believe cross and intra class cost shifts can be relatively easily addressed by setting a proper value for customer exported energy and treating payment for excess energy like a power purchase, respectively.

IPC presents a concern that on-site generation is causing cost shifts to occur. Sierra Club believes current cost allocations and rate structures do not accurately reflect the true cost of serving summer peak load, resulting in intra <u>and</u> inter class cost shifts that are more than 10 times larger than the cost shift amounts IPC posited as caused by on-site generators. We see financial constraints arising from the Company's existing rate base reward structure as being a substantive motivation in the Company's bringing 17-13 and 19-15 forward.

A holistic examination should consider the root cause of problems, not just the symptoms. The majority of the new on-site generation mentioned in 19-15 is from irrigators. Sierra Club believes these dockets should address cost shifts while also examining potential solutions that support additional distributed solar generation. We see a possible win-win-win - providing irrigators (and other customers) with some protection from future price increases, allowing IPC to invest in DERs at locations where they are the most cost effective, and giving customers like the City of Boise the clean energy they want.

<u>Feasibility of a January 1, 2020 effective date</u>

We think time should be taken in these dockets to address whether and under what conditions IPC could make financial contributions (upon which it could earn a return) in cost effective assets located on customer sites. When these topics have arisen in discussions related to existing dockets some think they will take too long and should only be considered "if time allows". We think ignoring inherent financial motivations of the Company is a mistake.

The Commission gets good participation from intervenors. Continued robust participation by members representing the public is in the public interest. Please use our time efficiently by addressing the root causes behind these dockets. We can move forward expeditiously, but we ask that you not constrain the review to some limited response in order to meet a particular schedule goal.

Michael Heckler
Chair, Energy Committee
Idaho Chapter Sierra Club