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UTILITIES COMMISSION

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November 30, 2021

VIA ELECTRONIC FILING

Jan Noriyuki, Secretary
Idaho Public Utilities Commission
11331 West Chinden Blvd., Building 8
Suite 201-A
Boise, Idaho 83714

Re: Case No. IPC-E-21-21
In the Matter of the Application of Idaho Power Company's Application to
Initiate a Multi-Phase Collaborative Process for the Study of Costs, Benefits,
and Compensation of Net Excess Energy Associated with Customer On-
Site Generation

Dear Ms. Noriyuki:

Attached for electronic filing, pursuant to Order No. 35058, is Idaho Power
Company's Reply Comments in the above entitled matter.

If you have any questions about the attached documents, please do not hesitate
to contact me.

Very truly yours,

Lisa D. Nordstrom

LDN:sg
Attachment

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Attorney for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)	
COMPANY'S APPLICATION TO INITIATE)	CASE NO. IPC-E-21-21
A MULTI-PHASE COLLABORATIVE)	
PROCESS FOR THE STUDY OF COSTS,)	IDAHO POWER COMPANY'S
BENEFITS, AND COMPENSATION OF)	REPLY COMMENTS
NET EXCESS ENERGY ASSOCIATED)	
WITH CUSTOMER ON-SITE)	
GENERATION)	
_____)	

After considering the additional feedback received from the Idaho Public Utilities Commission ("Commission") Staff, intervenors, and the public, Idaho Power Company ("Idaho Power" or "Company") submits its Reply Comments pursuant to the Commission's Notice of Scheduling in Order No. 35193. Idaho Power believes its Revised Study Framework filed as Attachment 1 to its November 16, 2021 Final Comments, provides a reasonable basis for the Company to conduct the study as ordered by the

Commission.^{1,2}

The Revised Study Framework addresses issues raised in the Parties' Final Comments also filed on November 16, 2021, and incorporates those items that should be included in the scope of the study. Therefore, Idaho Power's Reply Comments focus on: (1) addressing suggestions from Parties regarding the Company's Revised Study Framework; (2) reiterating why the Company believes ICIP's proposal is out-of-scope; and (3) responding to comments suggesting a third-party consultant should conduct the study. These Reply Comments should be considered an extension of Idaho Power's Initial Comments³ and Final Comments,⁴ which provide a more in-depth analysis of the areas proposed for study and feedback from Parties and public comments.

The Revised Study Framework will provide for a comprehensive study of the costs and benefits of on-site generation, as directed by the Commission in Order Nos. 34046 and 34509. Idaho Power recommends that the Commission approve the Revised Study Framework as the final scope to conclude the study design phase so the Company can begin its comprehensive study of the costs and benefits of on-site generation.

¹ *In the Matter of the Application of Idaho Power Company for Authority to Establish New Schedules for Residential and Small General Service Customers with On-Site Generation*, Case No. IPC-E-17-13, Order No. 34046 at 31 (May 9, 2018) (the Commission ordered Idaho Power to "initiate a docket to comprehensively study the costs and benefits of on-site generation on Idaho Power's system, as well as proper rates and rate design, transitional rates, and related issues of compensation for net excess energy provided as a resource to the Company.")

² *In the Matter of the Petition of Idaho Power Company to Study the Costs, Benefits, and Compensation of Net Excess Energy Supplied by Customer On-Site Generation*, Case No. IPC-E-18-15, Order No. 34509 at 9 (Dec 20, 2019) ("The Company must prepare and file a credible and fair study on the costs and benefits of distributed on-site generation to the Company's system." ("...Commission Staff and the Company will both host public workshops to share information and perspectives on net-metering program design with the public and listen to customer concerns and input.")

³ Idaho Power Initial Comments (Oct 13, 2021).

⁴ Idaho Power Final Comments (Nov 16, 2021).

I. PROCEDURAL BACKGROUND⁵

On September 8, 2021, the Commission-issued Notice of Parties included the Company, Commission Staff (“Staff”), Industrial Customers of Idaho Power (“ICIP”), IdaHydro, Idaho Conservation League (“ICL”), Idaho Clean Energy Association (“ICEA”), Clean Energy Opportunities for Idaho (“CEO”), Idaho Solar Owners Network (“ISON”), Micron Technology, Inc. (“Micron”), City of Boise, Kiki Leslie A. Tidwell (“Tidwell”), Richard E. Kluckhohn and Wesley A. Kluckhohn (“Kluckhohn”), ABC Power Company, LLC (“ABC Power”), and Idahome Solar, LLC (“Idahome Solar”) (“Intervenors” and collectively, the “Parties”).

On October 13, 2021, Initial Comments were filed by the Company, Staff, ICIP, ICL, ICEA, CEO, ISON, City of Boise, Tidwell, and Kluckhohn.

On November 16, 2021, Final Comments were filed by the Company, Staff, ICIP, CEO, ISON, and City of Boise. As of November 29, 2021, there were approximately 183 public comments filed. Many customer comments have focused on providing a fair study that moves Idaho towards a clean energy future.

II. IDAHO POWER’S REPLY COMMENTS

A. Idaho Power’s Revised Study Framework Provides a Reasonable Basis for the Scope of a Comprehensive Study of Costs and Benefits of On-Site Generation.

Following submission of its Revised Study Framework (Attachment 1) and Final Comments on November 16, 2021, the Company has continued to evaluate Parties’ final

⁵ The Company’s Initial Comments and Final Comments contain more detailed procedural background information.

comments⁶ and public comments received to date. While stakeholders provide suggestions on specific methods for conducting the study or what their opinion is on a specific topic, after careful review of those comments, the Company believes the Revised Study Framework incorporates the necessary and appropriate components for a comprehensive study to be conducted by Idaho Power.

To the extent that a particular party provided a recommendation in their final comments to modify the scope of a study, the Company provides these Reply Comments stating what is already included in the Revised Study Framework.

1. Public Comments

Public comments generally requested and/or suggested more detail and specificity in the Environmental and Other Benefits section.⁷ The Company responded to this suggestion in the Revised Study Framework by including the same areas of study as the Avoided Environmental Costs and Other Benefits in the Scope of Rocky Mountain Power's On-Site Generation Study set forth in Attachment A in Final Order No. 34753.⁸ The Company notes that public comments have not objected to the components of the Export Credit Rate in the Initial or Revised Study Framework.

2. Commission Staff Comments

Staff's Comments stated that the Export Credit Rate ("ECR") should be based on only those financially quantifiable costs that the Company avoids and the benefits that the

⁶ Parties' final comments were also filed on November 16, 2021.

⁷ Revised Study Framework at 3 (Attachment 1 to Idaho Power's Final Comments dated Nov 16, 2021).

⁸ *In the Matter of the Application of Rocky Mountain Power to Close the Net Metering Program to New Service & Implement a Net Billing Program to Compensate Customer-Generators for Exported Generation*, Case No. PAC-E-19-08, Order No. 34753, Attachment A at 3.

Company receives that are typically included in customer rates.⁹ Staff additionally noted that the ECR should adhere to the principle of ratepayer indifference and avoided cost¹⁰ to ensure other customer classes are indifferent whether energy is supplied by exports from customer generators or from other resources supplying the Company's system to avoid inter-class subsidies.¹¹ Idaho Power agrees with this applicability to inform the scoping criteria of the Export Credit Rate components. The Company believes that the Revised Study Framework, taken in context with this applicability criteria, addresses the issues and suggestions from both Parties and the public comments.

3. Micron Final Comments

Micron's final comments recommend including an evaluation of cost-of-service methodologies and potential rate designs for impacts to all rate classes.¹² Micron encourages the Commission to include cost-of-service and rate design issues in the study framework.¹³ Idaho Power agrees with Micron's recommendation and believes that the Revised Study Framework addresses Micron's comments.¹⁴

⁹ Staff Comments at 3 (Nov 16, 2021) (emphasis added).

¹⁰ *Id.* at 3, footnote 4. ("Avoided costs under PURPA means the incremental costs to an electric utility of electric energy or capacity or both which, but for the purchase from the qualifying facility or qualifying facilities, such utility would generate itself or purchase from another source. See 18 C.F.R. § 292. 101 (b)(6). Order No. 25884 at 4 states that "[r]atepayers should be indifferent to whether a resource serving them was constructed by a utility or an independent developer. The cost and quality of service provided by either should be the same. Ratepayers should not be asked to subsidize the QF industry through the establishment of avoided cost rates that exceed utility costs that would result from an effective least cost planning process." Order No. 32262 at 8 states that "PURPA entitles QFs to a rate equivalent to the utility's avoided cost, a rate that holds utility customers harmless - not a rate at which a project may be viable.")

¹¹ *Id.* at 3.

¹² Micron Final Comments at 2 (Nov 16, 2021).

¹³ *Id.* at 4.

¹⁴ Revised Study Framework at 4.

4. CEO Second Comments

CEO provides two (2) proposed additions to the scope of a study – Idaho Power believes these are already addressed in the Revised Study Framework.

First, CEO suggests that Mr. Ellsworth’s direct testimony in Case No. IPC-E-21-32 concerning modifications to Idaho Power’s demand response program implies “reduced load caused by self-generation provides flexibility/reserves benefits to the operators of Idaho Power’s system that extend beyond just reductions in the resource capacity needed to meet peak loads” and should be included in the scope of a study.¹⁵ Mr. Ellsworth’s direct testimony does not mention flexibility/reserves benefits. Instead, it addresses the benefits of resource utilization. These are benefits that are already addressed in the avoided energy component of the Revised Study Framework.¹⁶

CEO also proposes that the load reduction benefits associated with self-generation should be quantified based on total generation, not just on the subset of generation exported.¹⁷ To the extent self-consumption reduces on-site generation customers’ load, the benefits would be captured by a cost-of-service study; therefore, this proposal is addressed in the Cost-of-Service & Rate Design section of the Revised Study Framework.¹⁸

¹⁵ CEO Second Comments at 9 (Nov 16, 2021).

¹⁶ Revised Study Framework at 1.

¹⁷ CEO Second Comments at 9.

¹⁸ Revised Study Framework at 4.

5. City of Boise Formal Comments

The City of Boise recommends including areas of study that the Commission directed Rocky Mountain Power to study in Case No. PAC-E-19-08.¹⁹ The Revised Study Framework reflects this additional detail as the Commission included in Rocky Mountain Power's scope of a study.²⁰ The City of Boise also recommends the Company study specific additional environmental benefits and avoided costs of energy benefits. The Company believes these additional areas of study are already generally covered in the Export Credit Rate section of the Revised Study Framework.²¹

6. ISON Comments

Idaho Power interprets the comments from ISON to generally align with the need for a comprehensive study of on-site generation to include cost-of-service within the scope of a study.²² This recommendation is addressed in the Cost-of-Service & Rate Design section of the Revised Study Framework.²³

B. Off-Site "Non-Exporting" Is Out-of-Scope.

ICIP's proposal filed on September 15, 2021, suggests that the scope of the study should include "off-site non-exporting DER."²⁴ In ICIP's Final Comments, it incorrectly concludes that off-site generation is already "found in Schedule 84" and the "concept of

¹⁹ City of Boise Formal Comments at 3 (Nov 16, 2021).

²⁰ Revised Study Framework at 3.

²¹ *Id.* at 1-3.

²² ISON Comments at 1-3 (Nov 16, 2021).

²³ Revised Study Framework at 4.

²⁴ ICIP Comments at 1-4 (Sep 15, 2021).

meter aggregation is currently artificially restricted to semi-contiguous properties.”²⁵ Idaho Power does not offer off-site, or virtual, net metering and the criteria for transferring excess net energy credits is not restricted “artificially,” as mischaracterized by ICIP in its final comments.²⁶

In Order No. 32846 the Commission stated, “The net metering tariff is for those who wish to offset a portion of their load.”²⁷ While the Company recognizes that disparate seasonal consumption and generation profiles may result in over- or under- production during certain months, the Company does not believe that a net metering customer should receive financial benefits for over-sizing a system that consistently generates more electricity than is consumed at the associated retail service point. An overly broad ability to aggregate meters would allow net metering customers to game aggregation rules to effectively become power sellers. As the Commission stated, “Those wishing to be wholesale power providers should look to Schedule 86 as the vehicle for that type of transaction.”²⁸ The Company agrees and believes Schedule 86 is the appropriate avenue for customers who wish to sell power to the Company for financial compensation. Additionally, the Company notes that it has already included a section in its Revised Study Framework under Implementation Issues to assess whether credits can be used to offset other accounts held by the same customer.²⁹

²⁵ ICIP Final Comments at 2 (Nov 16, 2021).

²⁶ *Id.* at 2-4.

²⁷ *In the Matter of Idaho Power Company's Application for Authority to Modify its Net Metering Service to Increase the Generation Capacity Limit*, Case No. IPC-E-12-27, Order No. 32846 at 15 (July 13, 2013).

²⁸ *Id.*

²⁹ Revised Study Framework at 4.

Further, ICIP's characterization of this theoretical arrangement being an off-site "non-export" system is flawed and misleading. Customers can install a non-exporting system pursuant to Schedule 68, Interconnections to Customer Distributed Energy Resources, behind their point of delivery for retail service ("Schedule 68"). Non-exporting systems are required to install a non-export control system to ensure output is not exported to the grid. The proposal by ICIP is fundamentally different than a non-exporting system installed pursuant to the Commission-approved interconnection requirements under Schedule 68.

In essence, ICIP's proposal is to study and evaluate off-site exporting systems that effectively bypass the generator interconnection process as a wholesale power provider and compensate all energy at the retail rate. The purpose of net metering service is to provide customers an option to offset their own energy consumption with on-site generation. The Company agrees with Staff's analysis that ICIP's proposal is outside the scope of "studying the costs and benefits of on-site generation."³⁰

C. Idaho Power Must Prepare and File the Study.

The Company believes that the Commission was clear in its directive for preparing a study: "the Company must prepare and file a credible and fair study on the costs and benefits of distributed on-site generation to the Company's system."³¹ As a regulated utility, Idaho Power routinely conducts studies to inform the Commission's decisions regarding ratemaking matters. Idaho Power has the expertise and information to complete

³⁰ Staff Comments at 16 (Oct 13, 2021); Order No. 34036 at 31 (emphasis added) (directing the Company to "initiate a docket to comprehensively study the costs and benefits of on-site generation on Idaho Power's system, as well as proper rates and rate design, transitional rates, and related issues of compensation for net excess energy provided as a resource to the Company.")

³¹ Order No. 34509 at 9 (emphasis added).

a comprehensive, credible study at no incremental cost to customers. As the Commission stated, “the study will be one critical component of Commission review but will not preclude Parties from introducing and the Commission considering other relevant pieces of information when it's time to address proposals for new program implementation.”³²

Further, Staff indicated they do not believe it is practical to have a third-party consultant conduct the study, given the extensive scope and data necessary to produce the study.³³ The Company also emphasizes a concern Staff raised in its initial comments – a third-party consultant would likely need a contract and need to be paid. An independent third party conducting the study would increase costs and require authorization to determine how these costs should be recovered (i.e., customer-generators or all customers).³⁴ Any party to the current proceeding may conduct its own study and present the results for the Commission’s consideration as part of the study review phase.

III. CONCLUSION

Idaho Power appreciates the input received in the study design phase during the public workshops, the Commission’s public hearing, and written comments to date. Having incorporated this input into the Company’s Revised Study Framework filed on November 16, 2021 as Attachment 1, the Company respectfully requests that the Commission issue an order with a final approved scope and direct the Company to begin the comprehensive study of the costs and benefits of on-site generation.

³² Order No. 34753 at 9.

³³ Staff Comments at 14 (Oct 13, 2021).

³⁴ Staff Comments at 6 (Nov 16, 2021).

DATED at Boise, Idaho, this 30th day of November 2021.

Lisa D. Nordstrom

LISA D. NORDSTROM
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 30th day of November 2021, I served a true and correct copy of IDAHO POWER COMPANY'S REPLY COMMENTS upon the following named parties by the method indicated below, and addressed to the following:

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