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IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

CASE NO. IPC-E-21-21

**APPLICATION TO INITIATE A MULTI-PHASE)
PROCESS FOR THE STUDY OF COSTS) INITIAL COMMENTS OF
BENEFITS AND COMPENSATION OF NET) CLEAN ENERGY
EXCESS ENERGY ASSOCIATED WITH) OPPORTUNITIES for IDAHO
CUSTOMER ON-SITE GENERATION) REGARDING THE SCOPE OF
THE STUDY**

Please find below Clean Energy Opportunities for Idaho (CEO) comments regarding the scope of any study developed pursuant to Idaho Power's Application. CEO's comments are organized as follows:

- 1. INTRODUCTION**
- 2. VALUING EXPORTED ENERGY IS INHERENTLY DIFFERENT FROM STUDYING FIXED COST RECOVERY**
 - a. Conflation of separate studies
 - b. Public Notice
 - c. Discriminatory impact
 - d. CEO Proposed scope
- 3. TIME, LOCATION AND FORWARD-LOOKING IMPACTS ON COSTS MATTER WHEN VALUING THE COSTS & BENEFITS, AS A RESOURCE TO THE COMPANY, OF AN EXPORTED kWh**
 - a. ECR fair value is independent of customer class
 - b. Time & Location matter
 - c. Future resources to the system, such as exports, should be valued on a forward-looking basis
- 4. PREDICTING REVENUE COLLECTION BASED ON HISTORIC FIXED COST ALLOCATIONS ACROSS AND WITHIN CUSTOMER CLASSES (i.e. claimed "subsidies" associated with reduced consumption by self-generators) SHOULD BE OUTSIDE THE SCOPE OF THIS STUDY.**
 - a. Expanding the scope of review beyond valuing energy exports to impacts "behind the meter" will make the study incomprehensible by the general public and thus unfit for purpose
 - b. Favoring one method of reducing consumption over another is confusing and discriminatory
 - c. Defining a "partial requirement" sub-class of customers is problematic
 - d. Targeting customer generators is unjustified by the Company's own analysis of subsidies
- 5. DISTRIBUTED ENERGY RESOURCES (DERs) REPRESENT AN OPPORTUNITY – USE THEM, DON'T FIGHT THEM**
 - a. Expanding the use of DER's can serve state, commercial, industrial, and municipal interests
 - b. Removing barriers that impede access to solar self-generation is critical to southern Idaho's Ag sector
- 6. SUMMARY**

1. INTRODUCTION

It is policy in Idaho to encourage customer-owned generation. The most recent Idaho Energy Plan clearly states “It is Idaho policy to encourage investment in customer-owned generation¹”.

CEO requests the Commission to determine that in consideration of the policy direction noted above, as well as the comments below, the scope of the referenced study should be designed to assist Idaho Power customers in answering fundamental questions. CEO contends that to provide such guidance to Idaho Power customers, the study now being scoped should be tightly focused and have multiple characteristics, including:

1. Be fair, credible and understandable by the general public
2. Serve customer needs when answering customer’s questions such as
 - How much solar can I install for the purpose of self-generation
 - How would I be credited for any exported energy
3. Provide solutions that will be useful both:
 - Over a period of years via an update process
 - In allowing installers to meet their statutory requirements for informing potential customers

CEO asks that the study process proceed in an expeditious and focused manner to both establish fair compensation of net excess energy and remove the unnecessarily low cap on CI&I projects, by requiring a study scope that does not include the inherently different issues associated with rates and rate design for consumption.

2. VALUING EXPORTED ENERGY IS INHERENTLY DIFFERENT FROM STUDYING FIXED COST RECOVERY

Fair compensation of exports should be informed by the costs & benefits *associated with exports*, not inflated or diminished based on fixed cost recovery issues associated with customers or customer classes. Our concerns include:

- a. **Conflation of separate studies.** The Commission has been clear and deliberate in separating issues related to utility fixed cost recovery from issues that affect the value and method of compensation for net excess energy.² In 2018, the Company, PUC Staff, and intervenors recognized this delineation when

¹ *Idaho Energy Plan*, adopted by the Idaho Legislature 3/6/2012, p119

E-11. It is Idaho policy to encourage investment in customer-owned generation; therefore the Idaho PUC, utilities, municipalities, and cooperatives are encouraged to ensure non-discriminatory policies for interconnection and net metering.

² Order 34046 (from IPC-E-17-13, at p31) instructed that the study address “proper rates and rate design, transitional rates, and related issues of compensation **for net excess energy** provided as a resource to the Company.” [emphasis added]. The Commissioners tied rate design and compensation issues to net excess energy, not to utility cost recovery from particular customer classes. In that same order which defined the study addressed by this docket, the Commission also headlined their finding: “VI. ANALYSIS OF FIXED COSTS IN SEPARATE DOCKET” (Order 34046 at p23).

As ordered, IPC-E-18-16 was the docket to contemplate changes to cost of service, revenue requirements, and rate designs across customers. Stakeholders engaged time and resources into that docket, and progress was made. The importance of linking cost allocations and rate design to future costs was emphasized, changes to cost of service methodologies were recommended, and specific opportunities to mitigate future fixed costs were identified.

deliberating issues of compensation for net excess generation in IPC-E-18-15 and issues of fixed cost recovery and rate design for consumption in IPC-E-18-16. Now parties are raising questions for this study to analyze issues addressed in IPC-E-18-16, such as rate designs for consumption. This docket is conflating into one study issues which were previously deemed important to separate.

- b. **Public Notice.** This docket was titled and noticed to the public as related to the costs, benefits and compensation of net excess energy. To contemplate rate design changes based on cost of service methodologies in this docket would have implications for all customers. Idaho Power customers have not been noticed that this study could impact their future rates for consumption. The study contemplated in this docket is not an appropriate vehicle for review of revenue requirements or class rate design via use of cost of service methodologies. We ask that, rather than revenue requirements and cost allocations *associated with customers*, the value stack of costs and benefits *associated with exports* should be studied in order to inform fair and objective compensation for net excess energy.
- c. **Discriminatory Impact.** During IPC-E-17-13, many concerns were raised that if Customer generators were placed in separate classes, those classes would be singled out for rate changes. The Commission registered those concerns and stated, Order 34046, p25: "We can also assure the Company's customers that discriminatory rates will not follow from the outcome of this case." The Commission also noted in that Order, p16: "Further, **cost of service issues will be fully vetted** if and when the Company applies to change the rates of customers that take and provide service under Schedules 6 and 8." [emphasis added].
- d. **CEO Proposes:** CEO asks that the spirit of the Commission's Order continue – that fair compensation for net excess energy be established via this study process, that issues of fixed cost recovery be contemplated separately and holistically, and that cost of service issues be fully vetted only if and when changes to all customer rates are considered.

CEO believes the scope of review in this study should be limited to:

- how to measure the cost/benefits of customer energy exports to Idaho Power's system,
- how much self-generation capacity a customer can install,
- appropriate netting methods for quantifying the amount and timing of exports,
- methods for valuation of those exports, and
- processes for crediting customers for those values when exports are provided.

3. TIME, LOCATION AND FORWARD-LOOKING IMPACTS ON COSTS MATTER WHEN VALUING THE COSTS & BENEFITS, AS A RESOURCE TO THE COMPANY, OF AN EXPORTED kWh

- a. **ECR fair value is independent of customer class.** A fair value of net excess generation (the ECR), based on the costs and benefits of such exports to the Idaho Power system, could vary with the time and location of the export event, but would not be changed by the customer class of the exporter.
 - b. **Time & location matter.** Getting to a method for determining a fair value for exported power both now and in the foreseeable future is a primary and essential component of this study. From CEO's perspective, the value of exported energy will inherently vary depending upon the time and the location of the export event. Thus, the study needs to consider various periods over which consumption and production are "netted" to identify the existence of an export event and quantify the amount of energy exported. Similarly, the study should provide for a method (even if such a method is not available today) for calculating location values. We request a placeholder be added for Locational System Relief Value
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(LSRV), that the study review approaches for including a LSRV in the value stack for the ECR in the future and make recommendations for how such an LSRV can be added in future ECR updates.

- c. **Future resources to the system, such as exports, should be valued on a forward-looking basis.** When a customer installs on-site generation that will provide exports as a resource, that generation will provide benefits over a future period. In analyzing the value of benefits provided by future year exports from customer onsite generation resources, we propose using projections of future year and time period energy marginal values (perhaps like the 5 annual price periods that represent season, day of the week/holiday and time of day produced in each IRP). These values can easily be periodically updated to reflect the latest IRP findings.

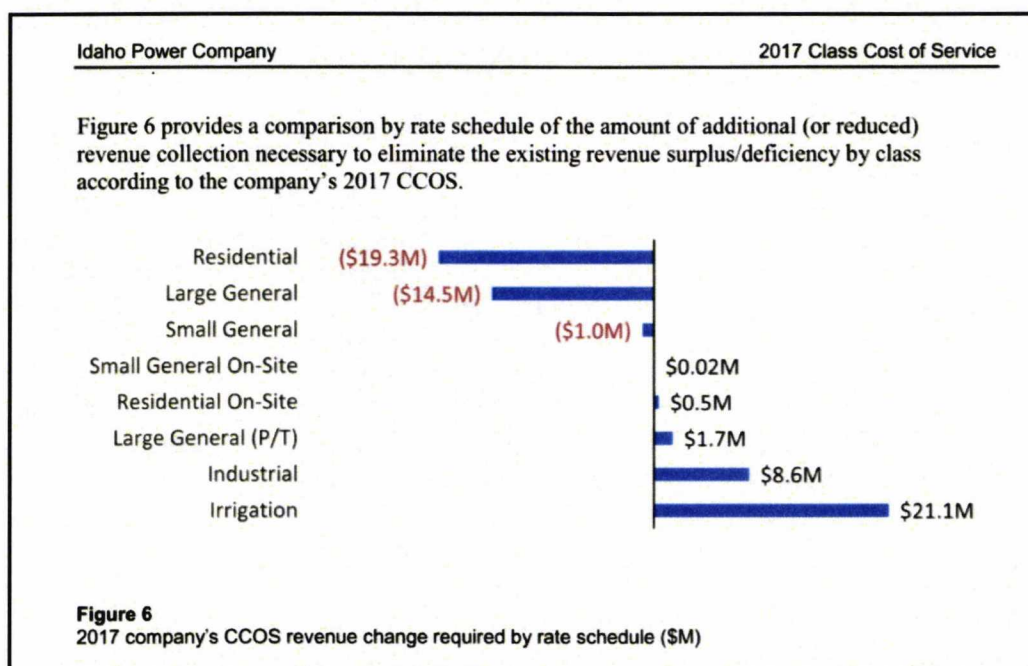
4. PREDICTING REVENUE COLLECTION BASED ON HISTORIC FIXED COST ALLOCATIONS ACROSS AND WITHIN CUSTOMER CLASSES (i.e. claimed “subsidies” associated with reduced consumption by self-generators) SHOULD BE OUTSIDE THE SCOPE OF THIS STUDY.

CEO whole-heartedly supports fair compensation for net excess generation. If exports are fairly valued then, by definition, any claimed “subsidies” associated with net excess generation are eliminated. CEO disagrees with the assertion that reduced consumption by customer-generators justifies targeting customer-generators for a study of issues impacting rates for consumption. CEO believes that any additional attempt to calculate intra or inter class subsidies caused by some customers reducing their purchases from the Company via self-generation should not be reviewed outside of a comprehensive rate case. Our reasons include:

- a. **Expanding the scope of review beyond valuing energy exports to impacts “behind the meter” will make the study incomprehensible by the general public and thus unfit for purpose.** Inclusion of revenue requirements is not required to calculate fair compensation for net excess energy. Expanding the scope of this study to include matters related to historically based cost allocation and class based revenue requirements is not readily understandable to the public. If the study scope is expanded to include “behind the meter” cost allocation and recovery issues in a fair and comprehensive manner - which would involve spreadsheets with dozens of columns and hundreds of rows – the study would become so inherently complicated that CEO believes the goal of making this study understandable by the general public would necessarily be violated.
- b. **Favoring one method of reducing consumption over another is confusing and discriminatory.** IPC has a long and well regarded history of encouraging customer efficiency. Inherently, customer efficiency reduces energy purchases by such customers. Such reduction in energy purchases reduce that customer’s contribution to the collection of fixed costs, potentially to the detriment of other customers. While the Company actively encourages customers to reduce their purchases via efficiency upgrades, when customers reduce their purchases via self-generation the Company raises concerns that self-generators are harming other customers. We find this logic confusing and at odds with Idaho policy of encouraging investment in customer owned generation.
- c. **Defining a “partial requirement” sub-class of customers is problematic.** The Company attempts to characterize customers with self-generation capabilities as being different: “partial requirements customers”. Where does the boundary between partial and full requirements customers lie? One might assume that customers who replace their incandescent lamps with LEDs no longer have the “full” requirements they needed before the LEDs were installed. Are most Irrigators considered partial requirement customers due to the seasonality of irrigation? If a customer installs an evaporative cooler to replace an air conditioners and reduces their consumption in the process, are they no longer “full requirements” customers? If a customer switches from using a gas fired water heater by installing an electric powered unit do they switch from being “partial “requirements to a full requirements customer? There are many more examples where customers with different consumption patterns could be grouped

together (vacation vs full-time residences, rural single family detached units vs urban multiple units, for example) without one being called out as only a partial customer. This amorphous designation is out of scope and irrelevant to the costs and benefits of a kWh export.

- d. **Targeting customer generators is unjustified by the Company's own analysis of subsidies.** CEO understands that tradeoffs are inherent in any rate design. It has been said that rate making is an art informed by science. With regard to the science, below are the results of the Company's own evaluation of subsidies across classes³ showing substantial "subsidies" accruing to large customers. In light of the magnitude of the "subsidies" to these large customers identified in the Company's own study, CEO questions how the isolated targeting of customer-generators for the order of magnitude lower revenue reductions their reduced consumption could produce can be justified. If "subsidies" need to be addressed it should be done via a general rate case.



5. DISTRIBUTED ENERGY RESOURCES (DERs) REPRESENT AN OPPORTUNITY – USE THEM, DON'T FIGHT THEM

- a. **Expanding the use of DER's can serve state, commercial, industrial, and municipal interests.** Earlier this summer Idaho Power informed interested parties that several dozen commercial, industrial and municipal customers have expressed interest in increasing their purchases of "green" power. If viewed from an appropriate perspective, customers implementing Idaho policy by investing in self-generation could help to meet these requests.⁴ These exports by customer generators can further Idaho's policy goals to develop abundant, diverse, in-state, clean energy resources.
- b. **Removing barriers that impede access to solar self-generation is critical to southern Idaho's Ag sector.** Testimony in related earlier dockets (such as IPC-E-19-15 and IPC-E-20-26) documents concerns by Idaho

³ IPC-E-18-16 Fixed Cost Report, screen shot from page 14.

⁴ By using customer exports, as verified by Idaho Power billing data, rather than the costly and administratively burdensome method of obtaining formal REC certification for the green attributes delivered to those commercial, industrial and municipal customers.

irrigation customers that regulatory barriers to new technology, such as solar self-generation, can put them into a competitive disadvantage relative to their competitors in mid-western states. PUC Staff has noted that any reduction in demand by Irrigators could benefit all ratepayers⁵.

For CI&I customers, nearly all projects are impacted by the 100kW cap⁶. That cap limits their access to an affordable energy source and appears to directly contravene Idaho policy of encouraging investment in customer owned generation. To complete this study process in a fair, focused, and timely manner, we propose that a path for studying the pros and cons of updating the CI&I cap according to customer demand be completed under a separate docket launched as soon as possible after an order issues on this study design proposal. The separate CI&I cap docket should review a cap no less than a customer's peak electric load.

6. SUMMARY

CEO believes customers have inherent rights (subject to safety and power quality related concerns) to generate some or all of their electric energy. To exercise these rights, customers need information, reviewed and approved by the IPUC.

The Company has proposed that revenue requirements be analyzed, cost of service methodology be utilized, and potential new rate designs for consumption by customer generators be evaluated. CEO believes those are outside the scope of this docket and should be removed.

CEO asks that the scope of the study stay within the "cost, benefits, and compensation of net excess energy" and that a primary design focus of the study should be to provide timely and understandable information to Idaho Power customers to allow them to make informed decisions as technology advances provide them with new ways to meet their electric power needs.

CEO further proposes that a path for studying the pros and cons of updating the CI&I cap to align with peak customer demand be completed via a separate docket launched as soon as possible after an order issues on this study design proposal.

⁵ "Staff notes that secondary level irrigation customers account for approximately 23% of summer peak demand, so any reduction in Irrigator's demand could help defer the need for future generation and transmission plant." (PUC Staff comments, 1/21/2020, IPC-E-18-16)

⁶ "Within the last two years, nearly all of the active or pending irrigation net metering customers in 2018 and 2019 have installed or requested to install, on average, 99 kW systems to comply with the 100-kW limit at an individual meter point." (IPC-E-19-15 application, p6)

CERTIFICATE OF SERVICE

I hereby certify that on this 13th day of October, 2021, I delivered true and correct copies of the foregoing SCOPING COMMENTS to the following persons via the method of service noted:

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