

1. CONDITIONS HAVE CHANGED IN FUNDAMENTAL WAYS SINCE IPC-E-17-13 WAS FILED

a) Adding customer owned solar generation now reduces future costs for all IPC customers

Declining PV solar costs combined with a wide range of scalability have made solar a disruptive technology. That disruption has come with significant regulatory impacts.

Developments occurring this year, both in the improving cost-effectiveness of utility scale storage technology as well as the rapidly growing loads Idaho Power (the Company) is experiencing, have fundamentally changed those regulatory impacts as they relate to customer owned generation.

Utility-scale storage has crossed a tipping point and can now eliminate many of the previous tradeoffs between affordable, reliable, and sustainable energy resource alternatives. The combination of the substantial load growth the Company is experiencing with declining utility scale storage costs has fundamentally changed the value of solar plus storage resources within the Company's system.

As further detailed below, the Company will likely plan to add very large amounts of both storage and solar resources in the immediate future as well as over the next couple of decades. To the extent that Idaho Power customers add their own solar generation, the amount of additional solar the Company needs to procure will be reduced. The result of increased customer owned solar generation is reduced future costs for all Idaho Power customers.

In its filing of IPC-E-17-13 and in several derivative dockets, the Company has implied that monthly net metering at full retail value has produced harms to both non-self-generating customers and the Company itself. These harms arise from three sources:

- from the Company over-paying for exported power,
- from the Company facing inadequate revenue recovery due to the reduced consumption of self-generators, and
- from reduced consumption of self-generators resulting in self-generating customers not adequately absorbing their share of fixed costs thereby requiring other customers, whether inter or intra class, to subsidize the self-generators.

Assuming fair prices for any exported power can be established, Idaho Power customers who in the future choose to add solar generation will provide benefits to non-self-generating customers rather than be "subsidized" by them.



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As detailed below, the Company has made no showing in this docket - and is likely not to face in the foreseeable future - problems related to inadequate revenue recovery caused by the reduced consumption of future customer self-generation.

Should such deficiencies arise in the future they are more appropriately addressed in a comprehensive general rate case rather than as an adjunct within the study addressed in this docket.

Concerns about addressing “subsidies” that benefit self-generators due to their reduced consumption are likely no longer relevant. To fairly review whether such “subsidies” exist would, at the least, require an analysis of such complexity as to make the study envisioned under this docket not understandable by the average customer.

Extensive review during IPC-E-18-16, the “Fixed costs” docket, identified multiple substantial problems in attempting to apply the historic cost of service (COS) methodologies in analyzing the costs and benefits accruing from future additions of customer owned generation resources.

CEO believes that it is analytically inappropriate to include historical cost based cost-of-service studies in this docket. Such studies add substantial complexity to any review and in so doing reduce the ability for the public to understand the matters being studied. The scope of the study design addressed here needs to be modified to eliminate this unnecessary component.

b) Rapid load growth: additional resources required, enhanced IPC revenue recovery

Idaho Power has made no showing that its ability to collect required revenue levels have been or are likely to be harmed from reduced consumption by self-generators.

On the contrary, the Company’s owner has recently reported 2021 results of its highest earnings ever for any first three-quarter period. In response, IDACORP raised its dividends per share to their highest level ever.

These earnings results occurred in spite of well below average generation from the Company’s low-cost hydro generating resources - estimated annual hydro generation in 2021 at 5.4 to 5.7 million megawatt-hours vs a longer-term average above 7 million megawatt-hours. The Company incurred record-high earnings while incurring higher than normal power costs to cover this hydro shortfall.

The Company has had strong recent load growth and anticipates more growth in the future as evidenced by recent requests for expedited processing of proposals for additional solar resources in the 2022-2025 period and potential to develop appropriate offerings for possible new high load customers.



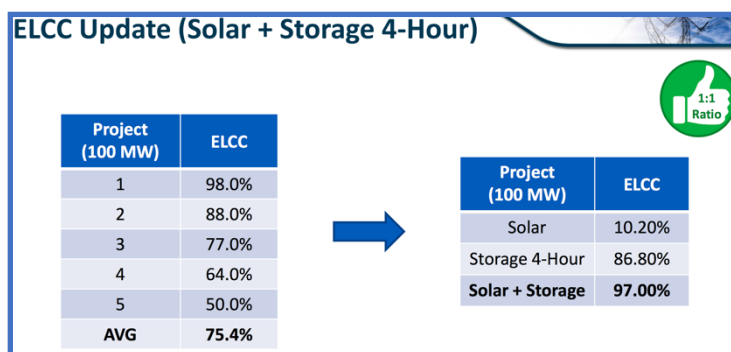
Forecasts for growth in the Idaho Power service territory far exceed national average growth rates. The Company has no basis in this docket for requiring a review of whether reduced future consumption by customers with on-site self-generation will significantly impinge upon its ability to adequately collect required levels of revenue.

c) Combining solar with storage provides a low risk approach for meeting growing load

Utility-scale storage has crossed a tipping point and can now eliminate many of the previous tradeoffs between affordable, reliable, and sustainable energy resource alternatives.

The combination of the substantial load growth the Company is experiencing with declining utility scale storage costs has fundamentally changed the value of solar plus storage resources within the Company’s system.

In the 2021 series of Integrated Resource Plan Advisory Council meetings, analysis by Idaho Power subject matter experts has shown that while solar alone has a relatively low probability of being a reliable source of power in meeting all high load hour requirements, solar plus 4-hour storage, combined in a 1 to 1 nameplate ratio, can be exceptionally reliable.



As displayed in the figure above, the 97% effective load carrying capability of the solar plus storage combination means that such combinations can effectively serve as a substitute for the reliability previously provided by gas-fired generation.

The analysis associated with this 2021 IRP has shown that a combination of low cost energy from solar with the flexibility provided by storage can produce a low carbon risk and low fuel price risk approach to meeting growing load. As a result, the 2021 IRP will likely include dramatically more solar, wind and storage than the acknowledged, but now outdated, 2019 IRP version.

d) Preliminary 2021 IRP results: 5 times more solar, 20 times more storage than 2019 IRP

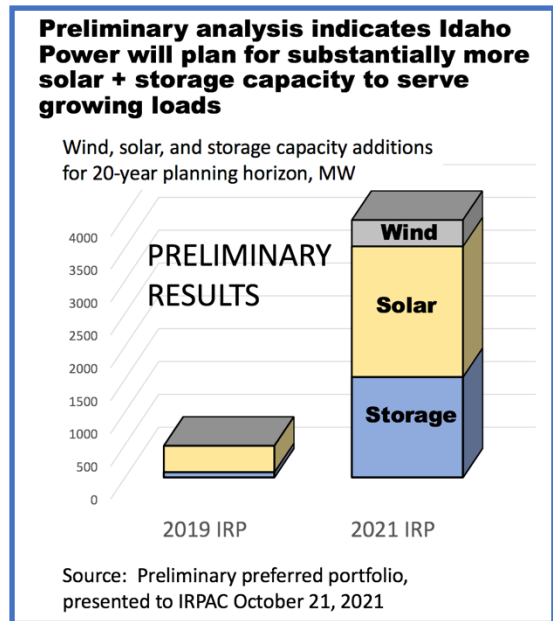


In preparing the 2019 IRP, Idaho Power used a capacity expansion model for the first time. There were some not uncommon start-up difficulties with using this new type of portfolio modeling. Some of those difficulties related to modeling utility scale storage.

In this 2021 IRP iteration, many of the storage modeling problems have been resolved. As a result, the 2021 model shows dramatically rising levels of solar plus storage as being cost effective in serving Idaho Power's rising loads.

While more detailed information will likely be presented at the IRPAC meeting in two days-time on November 18th, preliminary analysis has shown that a combination of solar and storage provides an attractive low-carbon risk and low-fuel-price risk approach to meeting growing load. For this reason, the preliminary 2021 iteration selects 20 times more storage and 5 times more solar than that modeled in 2019 and shows large quantities of solar and storage being needed in each of the near-term 2023-2025 years.

In Order number 34509, the Commission suggested use of "the most current data possible" when preparing this docket's study.



The 2021 IPR version will very likely show dramatic changes in the perceived value of adding solar plus storage to the Idaho Power system. While a 2021 IRP will likely only be submitted in the near future, and will not be acknowledged for some time, the dramatic improvements in the use of capacity expansion modeling in the 2021 iteration make it, and not the 2019 version, the appropriate IRP data resource for use in the study being designed under this docket.

In summary, to the extent that Idaho Power customers add their own solar generation, the amount of additional solar the Company needs to procure will be reduced. By reducing the Company's need to acquire new resources, the result of increased customer owned solar generation is to reduce future costs for all Idaho Power customers whether they self-generate or not.

e) Implications for changes to the scope of the proposed design study

With no need for the study to review whether non-self-generating customers "subsidize" self-generators or whether self-generators cause Idaho Power to forego its



required revenue, CEO believes the study can be better aligned with Idaho policy by tightly focusing on assisting customers in answering questions such as:

- How much solar nameplate can a customer install;
- How will the customer be compensated for any portion of their generation that is exported;
 - How to measure the cost/benefits of customer energy exports to Idaho Power's system;
 - How will the quantity of exports be calculated;
 - What is the price(s) for those exports and how will those prices be updated over time;
 - How will the compensation for exports be delivered to the customer;
 - How will any transition from the current netting process and valuation of exports be implemented?

2. SIGNIFICANT POLICY AND PROCEDURAL PROBLEMS ARE NOW AVOIDABLE

a) Balancing state policy with concern for inter/intra class subsidies no longer required

As filed, this docket presented the Commission with inherent conflicts between what the Company has proposed and established state policy. CEO believes a scope of study review that both eliminates this policy conflict and allows for producing a dramatically more understandable study is now available.

It is Idaho policy to encourage investment in customer owned generation. With an implied counter-balancing concern related to possible inter/intra class subsidies, the Commission was previously been presented with a difficult challenge in balancing competing interests. Now that the opportunity for self-generating customers to help, rather than harm, non-self-generating customers that concern is eliminated.

The Idaho Energy Plan, at E-11 states:

“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”

Idaho Power also imports significant portions of its energy supplies. As displayed below, self-generation can also help to bring that condition in-line with an Administration policy that encourages the developing Idaho's energy resources:



Clean Energy Opportunities for Idaho

EXECUTIVE ORDER NO. 2020-18

**CONTINUING THE IDAHO STRATEGIC ENERGY ALLIANCE
REPEALING AND REPLACING EXECUTIVE ORDER 2017-03**

WHEREAS, it is the policy of the State of Idaho to promote development of the state's energy resources to increase energy supply in an economically efficient manner while maintaining the integrity of Idaho's natural resources; and

WHEREAS, the State of Idaho encourages public dialogue and educating citizens on the importance of the state's clean and diverse energy portfolio; and

WHEREAS, the presence of an affordable, reliable, and abundant energy supply is critical for our state and national economy; and

WHEREAS, developing Idaho's energy resources will benefit the state by creating diverse, sustainable forms of energy and new job opportunities for Idahoans; and

WHEREAS, the state's energy portfolio should emphasize the importance of an affordable, reliable, and secure energy supply, as well as diverse energy resources and production methods, while providing the highest value to the citizens of Idaho.

The study contemplated in this docket can, and should, be designed to assist and support customers in deciding whether to install self-generation consistent with those policy positions. Increasing monthly customer fees for self-generators would discourage customer-owned generation. Any changes to fees charged to self-generators should only be reviewed within a general rate case and should not be contemplated in this study.

b) Previously established principles related to customer-owned generation

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].

Order 34046 (from IPC-E-17-13, at p31) instructed that the study proposed under this docket 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.

Eliminating the portions of the study design associated with cost of service analyses and inter and intra class “subsidies” and focusing on issues related to compensation for net excess energy better aligns the study design with previous Commission direction.

c) Customers not duly noticed of consumption rate changes

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. CEO asks 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.

In sum - Because the study design, as proposed, would impact future rates and rate design for consumption, it puts the Commission in a conundrum: should rate designs for consumption, such as increased monthly fees, be targeted only at customer generators in a fashion inconsistent with state policy, or will the study impact other low usage customers without notice? CEO requests that the study not be used to impact rates or rate design for consumption.



3. THE CURRENT STUDY FRAMEWORK IS UNNECESSARILY BROAD AND CONFUSING. MODIFICATIONS TO THE CURRENT STUDY DESIGN ARE REQUIRED

a) Focus on self-generator program parameters and rates for exports

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.

b) Two proposed additions/corrections to the value analysis methodologies

- 1) As Jared Ellsworth implied in his testimony in IPC-E-21-32 (Ellsworth Direct p 21), reduced load caused by customer 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. These values should be quantified and added to the stack of solar benefits.
- 2) As is done when valuing energy efficiency alternatives, the load reduction benefits associated with self-generation should be quantified based on total generation, not just on the subset of such generation that is exported.

4. CONCLUSIONS

In 2013, when the Company proposed to increase monthly customer charges for net metering customers, the Commission determined:

“However, we are concerned that the Company’s proposal is inconsistent with State policy as expressed in the Idaho Energy Plan, will discourage investment in distributed generation, and encourage rate-gaming.” (ORDER NO. 32846, at p12, IPC-E-12-27)

Since that time –



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- State policy support for customer-owned generation has not waned
- State policy support for developing Idaho's in-state resources has been recently affirmed
- Municipal and employer needs for clean energy have grown
- The Company's base scenario in its 2021 IRP identifies the need for 900MW of additional renewables to serve existing & prospective customers
- Improvements in storage technology allow utility-scale storage to augment the value of solar
- The Company's modeling now shows solar plus storage as a cost-effective energy and capacity addition to serve growing loads
- The Company is recording record-high earnings and has not shown that it is harmed by issues related to inadequate fixed cost recovery.

The Commission's concern regarding rate designs which would discourage customer-owned generation remains valid, and the public interest served by encouraging customer owned generation has grown.

In addition to issues described in these and prior comments, we respectfully highlight the following requests for modifying the study framework:

- Narrow the study scope to focus on matters related to compensation of net excess energy
- Remove from the study matters related to customer side consumption - revenue requirement analysis, cost of service methodologies, and rate designs for consumption
- Seek ways to encourage and better leverage customer-owned generation



CERTIFICATE OF SERVICE

I hereby certify that on this 16th day of November, 2021, I delivered true and correct copies of the foregoing FINAL COMMENTS to the following persons via the method of service noted:

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