

ERICK SHANER
DEPUTY ATTORNEY GENERAL
IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074
(208) 334-0314
IDAHO BAR NO. 5214

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Street Address for Express Mail:
11331 W CHINDEN BLVD, BLDG 8, SUITE 201-A
BOISE, ID 83714

Attorney for the Commission Staff

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,)
BENEFITS, AND COMPENSATION OF NET) COMMENTS OF THE
EXCESS ENERGY ASSOCIATED WITH) COMMISSION STAFF
CUSTOMER ON-SITE GENERATION)
)

STAFF OF the Idaho Public Utilities Commission (“Commission”), by and through its attorney of record, Erick Shaner, Deputy Attorney General, submits the following comments.

BACKGROUND

On June 28, 2021, Idaho Power Company (“Company”) applied to the Commission to begin a multi-phase process for a comprehensive study of the costs and benefit study of on-site generation as directed in Order No. 34046.¹ See Application at 1. The Company requested that a final order be issued in this case by the end of 2021 so that 2021 data can be used for the “study design” phase in the first half of 2022 and the “study review” phase can begin in June 2022. *Id.* at 10.

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).

On July 27, 2021, the Commission issued a Notice of Application and set a deadline for intervention and deadline for the Company, Commission Staff, and intervening parties to confer regarding a proposed schedule for this matter. Order No, 35121. 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 (“Boise City”), Kiki Leslie A. Tidwell (“Tidwell”), *pro se*, Idaho Irrigation Pumpers Association, Inc., Richard E. Kluckhohn (“Kluckhohn”), *pro se* and Wesley A. Kluckhohn, *pro se*, ABC Power Company, LLC, Comet Energy, LLC, and Idahome Solar petitioned for and were granted intervention (“Intervenors”; collectively with the Company and Commission Staff “the Parties” singularly a “Party”).²

On August 30, 2021, the Parties met and agreed that Staff would file with the Commission the Initial Framework to Study ("Study Framework") on September 30, 2021. The Study Framework is based on initial work completed by the Parties and discussed on September 22, 2021. The Study Framework does not represent agreement by all parties on what should be included in the final Study Framework. Each Party will file Comments with the Commission to present their formal views and recommendations for the final Study Framework to be established by the Commission.

On September 8, 2021, the Commission issued a Notice of Parties giving notice of the parties to this matter that included the Company, Staff, and Intervenors.

On September 22, 2021, the Commission issued Order No. 35176 requiring all Parties and the public to file initial comments about the appropriate scope of the Study Framework by October 13, 2021.

On September 30, 2021, Staff filed the Study Framework based on initial work completed by the Parties.

On October 7, 2021, the Commission issued Notice of Scheduling, Notice of Modified Procedure, Notice of Virtual Public Workshops, and Notice of Telephonic Public Hearing. *See* Order No. 35193.

² See Order Nos. 35105, 35115, 35132, 35152, and 35155.

STAFF ANALYSIS

Staff's preliminary comments in this matter are based on the "Study Framework" filed on September 30, 2021. Staff recommends the Commission order the Company to study the components of its net metering program as described in more detail below. However, Staff looks forward to soliciting and incorporating feedback from the public on each of these items and adjusting these recommendations based on public input.

Primary Objective

In studying the costs and benefits of on-site generation, Staff believes the primary objective of the study is to provide analysis that will (1) help determine the rates and dollar credit to on-site generators who export energy onto the Company's grid and (2) to determine the proper Export Credit Rate ("ECR") measurement interval (month, hour, or separate channel). In determining the rates and dollar credit for the ECR, the Company will need to evaluate the rate designs for the ECR, avoided energy value, avoided capacity value, avoided transmission and distribution cost, avoided line losses, integration cost, and environmental and other benefits of exported energy from customer generators.

Additionally, Staff believes that the sub-objectives 1-4 identified in the Study Framework will guide the study in properly identifying the cost and benefits of on-site generation and ultimately help provide the necessary information for the Commission to make an informed decision.

The study must "use the most current data possible and the data needs to be readily available to the public, and in the Commission's decision-making record." Order No. 34509 at 9. In addition, the "study must be written so it is understandable to an average customer, but its analysis must be able to withstand expert scrutiny." *Id.* at 9.

Measurement Intervals (#1-3)

The Company proposes to evaluate the length of time between meter reads (measurement intervals) to measure the energy delivered and the energy received by: (1) monthly, (2) hourly, and (3) separate channel, often referred to as "instantaneous." The Company states: "under each of the three measurement intervals, the Company would evaluate the class revenue requirement and consider revenue collection for existing customer generators under each proposed

measurement interval”. Direct Testimony of Connie G. Aschenbrenner at 22. The Company also should conduct a bill impact analysis that must compare how each measurement interval impacts existing and future customers with on-site generation.

Staff has reviewed the other Parties’ positions and/or adjustments to the measurement interval section and will continue to evaluate additional information to be included or removed from the study. The Company’s proposed measurement interval is similar to Attachment A in Final Order No. 34743 in Case No. PAC-E-19-08. Staff supports the Company’s intent to study the three measurement intervals.

Export Credit Rate (“ECR”) (#4-9)

Avoided Energy Value (#4-5)

The Company is proposing to address two primary issues related to the avoided energy value of electricity exported from customer generators including: (1) different methods for calculating the avoided energy value of the exported energy; and (2) whether exported energy should be discounted to reflect its non-firm nature. Staff believes both issues are within the scope for determining the ECR. Also within these two issues is that the avoided energy value of the exported energy is different depending on when it is delivered within the Company’s system. Staff also believes the Company needs to consider the impact of the ECR on non-generating customer classes. Similar to the foundational Public Utility Regulatory Policy Act (“PURPA”) principle of ratepayer indifference,³ Staff believes that the avoided costs determined in this case need to ensure that other customer classes are held neutral to avoid inter-class subsidies.

Methods for Determining Avoided Energy Value

The Company proposes to study the avoided energy value a) through energy price assumptions in the Company’s most recently acknowledged Integrated Resource Plan (“IRP”); and b) through market index price assumptions. Staff believes these methods should be included

³ 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 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 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.”

in the study as well as other methods that can be used to determine an avoided energy value, such as the use of a surrogate resource. The method eventually chosen may affect the frequency of ECR updates. Regardless of the method used, the most important criteria that will hold non-generating customers harmless is the accuracy of those avoided costs as the Company's energy costs change over time.

To ensure the accuracy of the ECR, the study should address for the ECR to be accurate: (1) the short-term variable value of energy depending on different times of the day, week, month, and year; and (2) how energy values change over the long term as the fundamentals of the wholesale natural gas and electricity markets change and when the mix of the Company's generation resources change.

Short-term Variable Value of Energy

Each of the Company's proposed methods, along with other methods proposed by parties, to be studied should consider the different values of avoided energy cost at different times (day, week, month, and year) and that the ECRs reflect the value of when the energy is exported to the Company's grid. This will ensure that the proper price signals are established to shape customer behavior and to ensure the value of the credit reflects an accurate avoided cost. Because the time of delivery of exported energy is critical to ensure an accurate avoided cost, the measurement interval needs to be carefully considered for netting energy exports.

Long-Term Accuracy of Energy

The Company proposes to study the avoided energy value using the most recently acknowledged IRP and by using market index prices. Staff believes these methods are not necessarily mutually exclusive and they could be combined to ensure that avoided energy costs remain accurate as market fundamentals change. This concept is similar to the annual market price updates that the Company is required to make in their IRP model to ensure that PURPA avoided cost rates remain accurate. This and other considerations will be discussed further in the "Frequency of ECR Updates" section of these comments.

Firmness of Energy

The Company proposes to study whether the avoided energy value should be discounted to reflect the non-firm nature of exported energy. Firm energy can be defined as the extent to which the quantity and the time of energy exported meets expectations. In this context, Staff believes that it is important to consider the firmness of energy exported from customer generators; otherwise, the ECR will not reflect the cost of energy avoided in the Company's system. Staff believes there are two aspects of firmness that need to be included in the scope of the study: (1) the evaluation of firmness as a combined class versus for individual customers; and (2) customer generators who have energy storage (batteries) versus those that do not.

Firmness as a Class versus Individual Customers

It is important to understand the firmness of customer generators as a class versus the firmness of individual customer generators, therefore Staff recommends the study include a comparative analysis of both based on historic data. This information will help determine intra-class equity between customer generators and could help inform the rate structure of the ECR.

Evaluating the firmness of exported energy as a class will determine whether a discount is needed, and if so, the size of a firmness adjustment. However, not all customer generators are the same and some customers will export energy in a more predictable way than others. If variation of firmness between customer generators is small, an overall or average firmness adjustment can be equitably applied across the class. However, if the variation in firmness is large, some generators who are highly predictable should be credited more and those that are not as predictable should be credited less. To ensure equity, the ECR could be discounted based on some measure and threshold of predictability for individual customers similar to the 90/110 firmness rule applied to PURPA generators. *See* Order No. 29632.

Configurations With and Without Batteries

Customer generators with batteries will have more capability to provide firm exported energy than customer generators that do not. Although batteries may be necessary to provide firm energy, it also depends on rate design incentives, tariff provisions, or the ability of the Company to dispatch exports from customer's batteries to ensure energy is exported in a firm manner. Because of different configurations, application of a discount for lack of firmness

should be evaluated depending on different customer generator configurations. Staff also recommends that the Company identify other requirements to ensure exports from customer generators with batteries export in a firm manner if they are exempted from the discount.

Avoided Capacity Value (#6)

To determine the avoided capacity value of exported energy from customer generators, it is necessary to evaluate the amount of energy exports that reliably contribute to system coincident peak load obligations at the time when the Company first becomes capacity deficient. Since this is an avoided cost that occurs in the future, it has typically been determined through the Company's IRP.

Through the IRP, the Company determines capacity deficits and the need for new resources based on the amount of capacity from existing resources and load obligations that occur at system coincident peak each year into the future. If load obligations exceed the amount of existing resources identifying a capacity deficiency, the IRP then determines the most appropriate least cost resource to meet these deficiencies. Any reliable capacity that is contributed by customer generators will avoid a commensurate amount of the least cost resource identified when the Company's system first becomes capacity deficient, and it is the cost of this resource that forms the basis of the avoided capacity value that can be included in the ECR.

Given this definition of avoided capacity value and how customer generators avoid the cost of the capacity incurred by the Company, Staff believes there are two considerations that are important to include in the scope of the study. First is how to determine the actual value of the incremental cost of capacity being avoided. Second is how the avoided cost benefits are credited through the ECR given that the cost of this future capacity being avoided only occurs if customer generators reliably deliver their exported energy during the narrow window of time that the coincident system peak occurs.

Since the avoided cost of capacity is determined by a cost that will happen in the future, the evaluation of the two aspects identified above need to include an evaluation of their accuracy based on the ability of the Company to forecast the future need for resources and how to mitigate inaccuracy to ensure other customer classes are not harmed. Staff believes one way this can be addressed is through the frequency of updates to the ECR, which will be discussed in the "Frequency of ECR Updates" section of these comments.

Value of Incremental Cost of Capacity

The first major consideration in determining the avoided capacity value is to determine a method for its valuation. Potential methods to determine the value of incremental cost of capacity avoided through customer generator exports should consider: (1) when the first capacity deficiency will occur; and (2) the capital costs and fixed operation and maintenance cost of resource(s) that will likely be used to meet the first capacity deficit.

Valuation Based on Time of First Capacity Deficiency

Intrinsic to determining the avoided capacity value is the timing when the Company's system first becomes capacity deficient since it is the cost of the resource that will most likely be used to fill the deficit that exported energy from customer generators will avoid. Currently, Idaho electric utilities pay PURPA facilities an avoided cost of capacity, but only after the first capacity deficiency date authorized at the time of contracting. This ensures that these facilities only earn capacity costs that the utility avoids in its system. However, the difference between PURPA projects and customer generators is that PURPA project payments are based on individual contracts while customer generators will likely be credited for their exports through tariffed rates. Furthermore, the further out in time that the first capacity deficiency occurs, the lower the capacity value that should be included in the ECR based on the time value of money. Because of these reasons, Staff recommends that the Company include in its study methods that consider valuation of avoided capacity cost based on the timing of the Company's first capacity deficiency and how it can be incorporated into the development of the ECR.

Methods for Determining Avoided Capacity Value

The cost of capacity that is being avoided is based on a least cost resource that may be added in the future based on the best information available at the time it is determined through the IRP. The resource identified in the IRP is a proxy resource and may not be the same resource that is actually added. Because of this uncertainty, several methods could be used to estimate the value being avoided for this future resource need. Potential methods include basing the avoided capacity cost on the resource(s) identified in the IRP preferred portfolio, a surrogate plant primarily used to meet capacity needs during peak, or the value of capacity based on a capacity market. Staff recommends that the Company provide a comparison of the resulting values from

different methods and an evaluation of the accuracy for each. The method eventually chosen may affect the frequency of ECR updates.

Time when Avoided Costs are Realized

The second major consideration for determining the value of Avoided Capacity is the time periods when avoided costs are realized. The cost of future capacity being avoided only occurs if customer generators deliver their exported energy during the narrow window of time that the system coincident peak occurs. Relative to this consideration, there are three issues that Staff recommends be addressed in the study: (1) an identification and evaluation of methods for identifying system coincident peak hours; (2) an identification and an evaluation of different ECR rate designs to ensure customer generators are correctly compensated for the amount of capacity they contribute during system peak and for the amount of capacity they avoid; and (3) an evaluation of differences between customer generators who have energy storage (batteries) versus those that do not.

Identification of Peak Hours

The Company bases its need for incremental resources in the IRP during system coincident peak hours when capacity deficits occur. Since it is only during these hours that customer generators' exports contribute to avoiding future capacity cost, it is necessary to determine when those peak load hours occur. Staff recommends that the study include an evaluation of different methods for identifying when peak load hours occur that drive the need for incremental capacity. Because customer consumption patterns can change, Staff also recommends that the Company evaluate how much peak load hours change over time, and how often they need to be reevaluated driving the need for more frequent ECR updates.

Contribution of Capacity at Peak and ECR Rate Designs

Determination of the amount of capacity contribution at peak and ECR rate designs should be evaluated in relation to one another. Although there are multiple rate designs that can be employed for compensating customer generators for avoided capacity value, Staff recommends, at a minimum, that the study include an evaluation, including the pros and cons of two fundamentally different rate designs: (1) a rate design that credits the avoided cost of

capacity for every kilowatt-hour of energy exported to the Company's system regardless of the time period; and (2) a rate design that only pays an avoided cost of capacity for exports that occur during system coincident peak hours.

For ECR rate designs that pay an avoided cost of capacity for all energy exported, it is necessary to determine customer generators capacity contribution at peak, which is essentially the amount of exports that can be reliably counted upon as a percentage of the total maximum that can be exported. This percentage is used as a factor to reduce the avoided capacity cost based on the amount of energy customer generators can reliably export during peak hours.

Since it is necessary to determine the capacity contribution at peak for this rate design, Staff recommends that the Company determine the capacity contribution at peak for customer generators based on historical data and use the same method used in its IRP so that the results are aligned to the same set of assumptions driving resource needs.

The second type of rate design only provides an avoided cost of capacity credit to customer generators when they export energy during coincident peak hours. In this rate design, it is not necessary to calculate the capacity contribution at peak. Since only the amount of actual exports during peak hours are credited, customer generators would be entitled to the full value of the avoided cost of capacity in their credit. Staff recommends that these rates be developed using the various methods for valuing the avoided cost of capacity included in the study.

Configurations With and Without Batteries

For similar reasons discussed in the Avoided Energy Value section above, the ability to store energy and release it during coincident peak hours when capacity costs can be avoided is a capability that can increase the avoided capacity value of the exported energy from customer generators who have batteries, dependent on the type of rate design as well as rate design incentives, tariff provisions, or the ability of the Company to dispatch exports from customer's batteries to ensure energy is exported during peak. Staff recommends that the study include an evaluation of different customer generator configurations as a function of different ECR rate designs, including the two rate designs discussed above. Staff also recommends that the Company identify other requirements needed to ensure customer generators with batteries export during peak hours when using a rate design that credits avoided capacity cost for all energy exported both inside and outside of peak hours.

Avoided Transmission and Distributions Costs (#7)

Staff believes that exports from customer generators can potentially avoid cost of transmission and distribution capacity. However, unless the customer disconnects completely from the Company's grid, there still needs to be sufficient transmission and distribution to provide service to these customers to meet their maximum consumption net of their generation, and these customers are still required to pay for their use of the system. Furthermore, there are differences between transmission and distribution given that transmission typically serves the entire system and avoided costs are typically evaluated at system coincident peak; whereas distribution is used to serve local load pockets within the system and avoided costs are typically evaluated depending on constraints that exist within each local load area. Because of these reasons, Staff recommends that the study include the possibility of an avoided capacity cost of transmission and distribution, separately, and the practicality of each. In addition, the study should consider several related factors:

1. Whether exports actually avoid the cost of construction of additional transmission and distribution lines or if the avoided cost is only related to delaying their construction;
2. The range of avoided capacity cost between individual customer generators versus the avoided capacity cost as a class, especially given fundamental differences between transmission and distribution; and
3. Differences in the avoided cost between customer generators with and without batteries.

Avoided Line Losses (#8)

The Company has proposed to quantify the avoided line loss associated with the avoided energy value and avoided capacity value. In other words, line losses are not an avoided cost in and of themselves. Line losses are more properly characterized as an adjustment to avoided energy and capacity cost. Although the Commission declined proposals to discount qualifying facility energy payments for line losses because "[t]hese costs are difficult to quantify and may not exist in all cases," (See Order No. 32697) Staff believes there may be more justification to include an adjustment for line loss for customer generation because PURPA projects are usually remotely located. Conversely, customer generators are close to customer loads, thus their exports can eliminate line loss from energy not required to be generated or purchased and then

distributed from remote locations to supply the Company's system. When evaluating adjustments for line loss, Staff recommends the study consider line loss at distribution level voltages versus at transmission level voltages in connection with the type of avoided cost being avoided (energy vs. capacity; generation, transmission, and distribution).

Integration Costs (#9)

The Company proposes to study whether the ECR should be reduced to account for integration costs. Staff believes that this is a legitimate consideration to include in the study because of the variable nature for the types of generation used by customer generators (i.e., solar) in combination with variable consumption patterns that can increase (or reduce) the variability of net exports. Staff recommends that the Company use the latest information and methods for determining integration costs and to assess its suitability for determining customer generator export avoided costs. Staff also recommends that the study consider several related factors:

1. The applicability and need to apply integration costs for customer generators with and without batteries;
2. How penetration of customer generator exports can affect the level integration cost; and
3. How integration costs can change over time affecting the frequency of ECR updates.

Avoided Risk (#10)

Boise City proposed to study avoided risks. Staff believes that the most fundamental level of risk occurs when the future that is predicted doesn't actually occur and causes an adverse impact to accuracy of avoided costs. The study should identify the different risk variables associated with an inability to forecast or predict those variables accurately and to quantify the impact to customers as a dependent variable (i.e., Doing sensitivity analysis of those variable using a reasonable range of values). The further out something is forecasted or predicted, the higher the error and the higher the risk. To mitigate risk, costs and other predictions or forecasts should be updated on a regular basis as better information becomes available as part of regular ECR updates.

Recovering Export Credit Rate Expenditures (#11-12)

The Company proposes to study the recovery of ECR paid to customer generators and any additional costs incurred to administer the net metering program. Any method the Company uses to recover expenses, including the power costs associated with the ECR, should identify the customer classes responsible and the potential impact to the other customer classes. The study also needs to illustrate the methods the Company could use to potentially recover any additional costs to administer the program that are not currently being recovered.

Staff recommends the Company provide multiple methods it could use to record net metering bill credit costs, the amount of these costs, and how these costs would change depending on a range of possible ECRs. The Company should then analyze how these costs have been allocated and recovered between rate classes historically and how they would be allocated and recovered in the future. Some potential methods of recovery are a reduction to the ECR, implementation of a demand charge, or increasing the current monthly Service Charge for the customer generating class.

Cost-of-Service and Rate Design (#13-15)

In IPC-E-17-13, Final Order No. 34046, the Commission ordered “the opening of an Idaho Power specific docket to comprehensively study on-site generation, in terms of rates, rate design, and compensation, prior to any future rate or compensation proposals or revisions to the Company’s on-site generation program[.]” Order No. 34046 at 1. Therefore, this section is within the scope and Staff supports this section being included in the study.

Staff agrees that the Company should show the impact to customer generators using the currently approved cost-of-service methodology; however, Staff would also like an exploration of other cost of service methods and rate designs to solve issues specific to the recovery of customer generator service cost. Staff recommends that the Company include an analysis of both potential cost-of-service methodologies and/or rate designs, that could be implemented in the Company’s next general rate case by providing the impact to all customer classes, including customer generators.

Regarding Micron’s request, Staff anticipates that the Company will provide additional information of impacts to non-generating customer rate classes and the potential for inter-class

cost shifting occurring. Staff recommends that the Company present how best to address these issues in a future general rate case proceeding.

Project Eligibility Cap (#16)

The 25 kilowatt (“kW”) and 100 kW predetermined caps for customer generators were previously established in 2002 in Order No. 28951 and Order No. 29094. Staff believes the Company’s proposal for evaluating the pros and cons of setting a customer’s project eligibility cap according to a customer’s demand as opposed to the predetermined caps project is appropriate and necessary, due to the advancements in solar technology and penetration of customer generators since those orders were established. The Company’s analysis should evaluate previous concerns echoed in those orders such as “safety, service quality, and grid reliability concerns.”⁴ During the review of the project eligibility cap, an analysis should be provided for 100% and 125% of customers’ demand. The 125% of customer demand will provide necessary data to account for increases in future electric loads due to potential changes to legislation and the possibility of electric vehicle penetration.

Staff believes a thorough evaluation of the 100 kW cap for Schedule 84 is necessary; however, Staff does not believe that a separate docket is necessary to study these items and believes the Company has the necessary data and expertise to provide a thorough and fair evaluation of the 100 kW predetermined cap through this study.

Environmental and Other Benefits (#17-18)

The Company proposes to evaluate the quantifiable environmental and other system benefits provided by on-site generators. Staff believes that avoided environmental costs should be quantifiable, measurable, and only include avoided costs that affect rates. Examples include the value of Renewable Energy Credits, cost of carbon passed through federal legislation, avoided investment cost of environmental controls, or other financially avoidable environmental costs.

Although, ICL and ISON have proposed that an independent third party conduct the entire study of the cost and benefits for on-site generation, Staff does not believe this is practical given the extensive scope and data that will be necessary to produce the study. However, Staff

⁴ IPC-E-01-39, Order No. 28951, at 11 (February 13, 2002).

does believe the environmental and other benefits sections of this study is one area where a third-party consultant could be explored. One of the benefits of outsourcing the study to a third party is that the results would provide an unbiased evaluation. Because a third-party consultant would likely need a contract and need to be paid, it would increase costs and require authorization to determine how those costs should be recovered.

The other alternative is to have the Company conduct the environmental study as part of the overall study. Staff believes the Company will have the necessary data and be able to provide updates as avoided environmental costs change, thus eliminating repeatedly engaging a third-party consultant for updates.

Staff believes it may be possible to determine an environmental avoided cost that is normalized on a per kilowatt or per kilowatt-hour basis; however, Staff believes the Company would need to show the durability of such a rate as environmental costs and regulations change over time, and as the penetration of customer generation increases. In summary, any environmental benefits included as an avoided cost in the ERC should be valued based on benefits provided to Idaho customers, hold non-generating customers harmless, maintain accuracy over time, and only include costs that affect customer rates.

Implementations Issues (#19-23)
Billing Structure (#19-20)

The Company proposes to explain how potential customer generators and on-site generation system installers will receive accurate and adequate data and information to make informed choices about the economics of on-site generation systems over the expected life of the system. Staff believes this information is important to help guide decisions critical to customers who are contemplating installing their own generation. As part of the study, the Company should identify when, how, and where customers will be able to access this information. In addition, and consistent with prior orders, data and information being presented needs to be understandable to the average customer.

Export Credit Expiration (#21-22)

In its Application, the Company proposes to study export credit expiration, including the magnitude, duration, and value of accumulated export credits, and the need for credits to expire.

Staff believes that the study needs to include the raw data before any alterations, such as normalizations.

Staff has many concerns about the handling of credits if they were to expire including, but not limited to, how credits will be properly tracked, how excess credits will be handled at the end of an expiration period, how the Company will record expired credits that have been recovered, and how credits that have been billed are returned to customers. Ultimately the results of this study area should provide the Commission, Company, customer generators, and other interested parties with sufficient data and information to make informed decisions about whether or not credits should expire and how to properly record the expiration of credits. The results should examine the impacts to customer generators and non-generating customers. Staff encourages further public input on export credit expiration.

Frequency of Export Credit Rate Updates (#23)

The Company proposes to quantify the impact of annual and biennial updates to the ECR. Staff believes the Company results should also identify the process, case, or mechanism for identifying updates. Along with identifying the frequency of updates, specific triggers that will warrant an update to the ECR should be identified. Staff believes that participating customers' need for stability should be balanced with the need for regular updates to accurately track avoided costs. Staff encourages further public input on the frequency of ECR updates.

Other #24-26

Off-Site Non-Exporting Customers #24

Staff believes the Industrial Customers of Idaho Power's ("ICIP") proposal to study the feasibility of off-site non-exporting net metering facilities is outside the scope of this case. While Staff believes this matter is important, ultimately the proposal is outside of the scope of "studying the cost and benefits of onsite generation" and would need to warrant a separate study to determine the feasibility of the proposal. Staff believes the Company can accurately study the costs and benefits of on-site generation without the ICIP proposal. ICIP and the Company should discuss the matter further outside of this study.

City of Boise #25

Staff believes the proposed areas of study recommended by Boise City in number 25 of the Study Framework will be addressed in the Export Credit Rate section of this study.⁵

Tidwell Position #26

Staff has reviewed the comments and positions of Tidwell. In Order No. 34046, Case No. IPC-E-17-13, the Commission ordered “the opening of an Idaho Power specific docket to comprehensively study on-site generation, in terms of rates, rate design, and compensation, prior to any future rate or compensation proposals or revisions to the Company’s on-site generation program[.]” Order No. 34046 at 1. Tidwell has recommended the Company include the benefits of “micro-grids” and their potential impact for low-income housing in the study. While Staff understands the importance of “micro-grids”, Staff believes it is outside of the scope of the study ordered by Commission. Tidwell and the Company should discuss the matter further outside of this study.

Updated facts and data about total on-site generation information will be provided with the results of this study. Staff believes Tidwell’s other issues, such as executive compensation, rate base treatment, base rates and rate design should be addressed in the Company’s next general rate case proceeding.

Public Input

As of October 13, 2021, 48 public comments have been filed in this case. One area of study recommended by the public is to examine and compare the study to other electric utilities that have adopted new customer generator programs around the area. Staff believes this is a reasonable request. Leveraging other utilities successes and failures for compensating on-site generators while allowing the Company to recover a fair return for the energy and still promoting a renewable resource will provide the Company with the necessary information to help guide the best path forward for on-site generation.

Staff will continue to review and make final recommendations based on the customer hearing, public workshops, and public comments as they come in. Staff looks forward to hearing

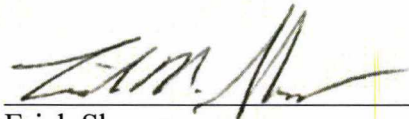
⁵ See IPC-E-21-21 Study Framework at 8-12 (#4-9)

further feedback from the public about the study and providing further recommendations in their final comments filed on November 16, 2021.

STAFF RECOMMENDATIONS

Staff recommends that the Commission order the Company to begin constructing its comprehensive cost and benefits of on-site generation study laid out in more detail above and based on the final revised comments filed on or before November 16, 2021.

Respectfully submitted this 13TH day of October 2021.



Erick Shaner
Deputy Attorney General

Technical Staff: Taylor Thomas
Travis Culbertson
Yao Yin
Joseph Terry
Chris Hecht
Jolene Bossard

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 13th DAY OF OCTOBER 2021, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-21-21, BY E-MAILING A COPY THEREOF, TO THE FOLLOWING:

LISA NORDSTROM
IDAHO POWER COMPANY
PO BOX 70
BOISE ID 83707-0070
E-MAIL: lnordstrom@idahopower.com
dockets@idahopower.com

CONNIE ASCHENBRENNER
IDAHO POWER COMPANY
PO BOX 70
BOISE ID 83707-0070
E-MAIL: caschenbrenner@idahopower.com

PETER J RICHARDSON
RICHARDSON ADAMS PLLC
515 N 27TH STREET
BOISE ID 83702
E-MAIL: peter@richardsonadams.com

DR DON READING
6070 HILL ROAD
BOISE ID 83703
E-MAIL: dreading@mindspring.com

BENJAMIN J OTTO
ID CONSERVATION LEAGUE
710 N 6TH ST
BOISE ID 83702
E-MAIL: botto@idahoconservation.org

ED JEWELL
DEPUTY CITY ATTORNEY
BOISE CITY ATTORNEYS OFF
PO BOX 500
BOISE ID 83701-0500
E-MAIL: BoiseCityAttorney@cityofboise.org
ejewell@cityofboise.org

RICHARD E. KLUCKHOHN
WESLEYA. KLUCKHOHN
2564W. PARKSTONE DR.
MERIDIAN ID 83646
E-MAIL: kluckhohn@gmail.com
wkluckhohn@mac.com

MICHAEL HECKLER
COURTNEY WHITE
CLEAN ENERGY OPPORTUNITIES FOR
IDAHO
3778 PLANTATION DR, SUITE 102
BOISE ID 83703
E-MAIL:
mike@cleanenergyopportunities.com
courtney@cleanenergyopportunities.com

KELSEY JAE
LAW FOR CONSCIOUS LEADERSHIP
920 N CLOVER DR
BOISE ID 83703
E-MAIL: kelsey@kelseyjae.com

JIM SWIER
MICRON TECHNOLOGY INC
800 SOUTH FEDERAL WAY
BOISE ID 83707
E-MAIL: jswier@micron.com

AUSTIN RUESCHHOFF
THORVALD A NELSON
AUSTIN W JENSEN
HOLLAND & HART LLP
555 17TH ST STE 3200
DENVER CO 80202
E-MAIL: darueschhoff@hollandhart.com
tnelson@hollandhart.com
awjensen@hollandhart.com
aclee@hollandhart.com
glgarganoamari@hollandhart.com

C. TOM ARKOOSH
ARKOOSH LAW OFFICES
913 W RIVER STREET SUITE 450
PO BOX 2900
BOISE ID 83701
E-MAIL tom.arkoosh@arkoosh.com
erin.cecil@arkoosh.com

KEVIN KING
P .O. BOX 2264
BOISE ID.83702
E-MAIL: staff@idahocleanenergy.org

JOSHUA HILL
IDAHO SOLAR OWNERS NETWORK
1625 S. LATAH
BOISE, ID 83705
P.O. BOX 8224
BOISE ID 83707
E-MAIL joshuashill@gmail.com
tottens@amsidaho.com

KIKI LESLIE A. TIDWELL
704 N. RIVER ST. #1
HAILEY ID 83333
E-MAIL: ktinsv@cox.net

ERIC L. OLSEN
ECHO HAWK & OLSEN, PLLC
505 PERSHING AVE., STE. 100
PO BOX 6119
POCATELLO ID 83205
E-MAIL: elo@echohawk.com

GEORGE STANTON COMET ENERGY
LLC
13601 W. MCMILLAN RD.
STE 102 PMB 166
BOISE ID 83713
E-MAIL: George.stanton@cometenergy.biz

RYAN BUSHLAND
ABC POWER CO. LLC
184 W. CHRISFIELD DR.
MERIDIAN ID 83646
E-MAIL: ryan.bushland@abcpower.co

TYLER GRANGE IDAHOME SOLAR
2484 N. STOKESBERRY PL. #100
MERIDIAN ID 83646
E-MAIL: tyler@idahomesolar.com


SECRETARY

CERTIFICATE OF SERVICE