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IDAHO PUBLIC
UTILITIES COMMISSION



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June 2, 2022

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

Re: Case No. IPC-E-21-40
Application to Expand Optional Customer Clean Energy Offerings Through
the Clean Energy Your Way Program

Dear Ms. Noriyuki:

Attached for electronic filing is Idaho Power Company's Reply Comments in the above-entitled matter.

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

Sincerely,

A handwritten signature in blue ink that reads "Julia Hilton".

Julia A. Hilton

JAH:sg
Enclosure

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)
COMPANY'S APPLICATION TO EXPAND) CASE NO. IPC-E-21-40
OPTIONAL CUSTOMER CLEAN ENERGY)
OFFERINGS THROUGH THE CLEAN) IDAHO POWER COMPANY'S
ENERGY YOUR WAY PROGRAM.) REPLY COMMENTS
_____)

Idaho Power Company ("Idaho Power" or "Company") hereby respectfully submits the following Reply Comments in response to Comments filed by Staff ("Staff") of the Idaho Public Utilities Commission ("Commission"), the City of Boise ("Boise City"), Clean Energy Opportunities for Idaho ("CEO"), Idaho Conservation League ("ICL"), Walmart Inc. ("Walmart"), and the public in the matter of the Company's application to expand optional customer clean energy offerings through the new Clean Energy Your Way ("CEYW") program. Idaho Power submits these Reply Comments pursuant to the Notice of Modified Procedure, Order No. 35338, issued by the Commission on March 9, 2022.

The Company is grateful for the opportunity to offer Reply Comments in this case and is especially thankful for the broad engagement by stakeholders and the public. The

level of interest in this case speaks to the importance of expanding clean energy options for customers.

Development of the Company's proposed CEYW program began in response to customer requests in 2019. At that time, Idaho Power set out to build off its successful Green Power Program—now in its 20th year—and design an expanded “menu” of clean energy offerings that would appeal to customers of all sizes in their pursuit of clean energy objectives.

After more than two years of customer and stakeholder engagement, as well as industry research, Idaho Power designed a three-pronged offering to include 1) broadened Renewable Energy Certificate (“REC”) purchase options under CEYW - Flexible, 2) a new subscription option for customers under CEYW - Subscription, and 3) a large customer clean energy option under CEYW - Construction.

Staff and intervenors in this case are generally supportive of Idaho Power's proposed CEYW offerings. In its Comments, Staff recommends the Commission approve the Company's proposed programs in conjunction with additional reporting and public outreach requirements. Intervenors in this case also broadly recommend approval, although some request additional study, program modifications, and alternative considerations. Staff's ten (10) specific recommendations,¹ as well as intervenor and public suggestions, are addressed in detail in the sections below.

Notably, the comments all express a sense of urgency about developing more renewable energy and expanding Idaho Power customers' access to that energy. The comments also recognize that the Company's proposal is an important step toward

¹ Commission Staff Comments, pg. 2-3.

advancing clean energy in Idaho and in furthering the clean energy objectives of Idaho Power's customers. Stakeholders commend the Company for proposing programs informed by customer feedback and consultation, and for seeking broad customer access to clean energy through a range of CEYW program options.

CEO noted in its Comments that "overall [it] congratulates Idaho Power for acting upon the broad range of their customers' interests in clean energy and undertaking a comprehensive approach to addressing those concerns as reflected in the CEYW program."² Similarly, Boise City stated in its Comments: "Boise City commends the Company on its responsiveness to customer clean energy needs, identifying opportunities for all customers to participate in the clean energy transition, and collaboration with interested customers while developing potential offerings."³

Since Idaho Power filed its Application for the CEYW program in December of 2021, the Company has continued to receive customer inquiries and growing interest in the new proposed clean energy program. Evidence of this customer demand for clean energy options can be found in the two CEYW - Construction agreements that have already been filed with the Commission for Brisbie, LLC (Case No. IPC-E-21-42) and Micron Technology, Inc. (Case No. IPC-E-22-06).

Considering the supportive Comments from Staff and intervenors, as well as the high level of customer interest, the Company respectfully requests that the Commission approve the CEYW program as proposed, with acceptance of certain Staff and stakeholder recommendations, as detailed below.

² Clean Energy Opportunities for Idaho ("CEO") Comments, pg. 2.

³ City of Boise ("Boise City") Comments, pg. 2.

I. BACKGROUND

On December 2, 2021, Idaho Power filed its Application with the Commission for authority to expand optional clean energy offerings for customers under the new CEYW program. In its Application, the Company specifically asked for authority to: 1) name a new suite of offerings under the title Clean Energy Your Way, 2) expand procurement options for RECs under the new name Clean Energy Your Way - Flexible, 3) establish a regulatory framework for a future voluntary subscription green tariff named CEYW - Subscription, 4) offer a tailored renewables offering to the Company's largest customers (Special Contract and Schedule 19) called CEYW - Construction, and 5) procure CEYW-associated resources outside the Commission's current competitive procurement requirements.

At the Commission's March 8, 2022, Decision Meeting, the public comment deadline in this case was set for May 12, 2022. The Company received comments from four intervenors in the case: CEO, the City of Boise, ICL, and Walmart. The Company also received numerous public comments, including from the Idaho Organization of Resource Councils, and the Blaine County Clean Energy Coalition, which represents the City of Bellevue, the City of Hailey, and the City of Ketchum (collectively, the "Blaine County Parties"). The Industrial Customers of Idaho Power intervened in the case but did not file comments.

II. NEW CEYW PROGRAM

The Company's existing Green Power Program is established and operational, but the program is limited to RECs, which do not fully support the broader sustainability goals of some of Idaho Power's customers. To address these limitations, Idaho Power sought

to rebrand its current offering with a new, broader program name: CEYW. The umbrella CEYW name is intended to communicate Idaho Power's existing and proposed new offerings. Not only does the name change better align with Idaho Power's "Clean Today. Cleaner Tomorrow.®" goal, but consistent branding will allow customers and stakeholders to clearly connect the Company's clean energy goal and its associated programmatic activities to their own clean energy objectives.

In its Application, the Company asked for authority to rename Schedule 62 Green Energy Purchase Program Rider (Optional) to Schedule 62 Clean Energy Your Way Program (Optional). Staff recommends approval of this change in its first recommendation.⁴

III. CEYW – FLEXIBLE

The Company also proposed renaming its REC program from the Green Power Program to CEYW - Flexible. From the customer's perspective, the Flexible option will operate in the same manner as its predecessor; the only substantive change is the name. Idaho Power also requested approval to expand its REC purchase options—to include a limited bulk purchase option and a REC "sleeve" option—to keep up with demand and to have greater flexibility to satisfy customers' near-term clean energy goals with RECs.

In its second recommendation, Staff supports approval of the maintenance and expansion of REC procurement under the name CEYW - Flexible.⁵ Idaho Power appreciates Staff's review and recommendation to allow procurement of third-party RECs. In the northwest United States, RECs are often in high demand and, when Company-owned RECs sell out or the price is outside of a customer's financial means, purchasing

⁴ Staff Comments, pg. 2.

⁵ *Id.*

RECs from an outside party can become complicated and intimidating to customers that are not well versed in the process. By allowing Idaho Power to procure third-party RECs on their behalf, these customers can benefit from Idaho Power's experience with REC contracts to source third-party RECs.

Staff's third recommendation is to require the Company to file an annual CEYW - Flexible report prior to the Company's annual Power Cost Adjustment ("PCA") filing.⁶ Staff also recommends four new report components: 1) information on advanced procurement of RECs under the limited bulk purchase arrangement and if any of those purchases will carry over into the next year; 2) information on all tailored agreements for third-party REC procurement (amount, price, monthly revenue and expenses, and proof of separate accounting treatment); 3) report any balance of uncommitted/excess funds from REC sales to be carried over into the next year; and 4) provide the monthly balance of the rider for Schedule 62.⁷

Idaho Power appreciates Staff's perspective that changes to REC procurement should be accompanied by additional reporting requirements, and the Company can commit to report the additional information requested. However, with respect to report timing, the Company does not believe Staff's proposal adequately considers the existing timing of the Green Power Program report or the timing of the annual PCA filing. Therefore, the Company does not support an annual filing requirement that comes earlier in the year.

Beginning in 2018, the Company began submitting biennial reports for Schedule 62. Later, in 2020, reporting grew to include the Large Renewable Energy Purchase

⁶ *Id.*

⁷ *Id.*, pg. 16.

Option. These reports are submitted no later than August 29 every other year. Staff's recommendation to change the timing and frequency of Schedule 62 reporting to occur annually and before/with the annual PCA filing (due April 15) poses two significant challenges.

First, the timing of annual REC retirements does not align with the PCA filing due date. RECs are created by a tracking authority, such as WREGIS, 90 days after the end of the generation period. This means December REC generation will not be confirmed until early April in the following year. Once RECs are confirmed, the REC seller then needs time to perform the REC transfers or retirements and prepare confirmation reports or letters for the REC buyers. Company-owned REC sales revenue flows to the PCA when the REC is retired. PCA sales allocation for a given month is determined within the first couple of weeks in the following month. For RECs retired in March, the PCA sharing amount will not be known until early to mid-April. This means the data for CEYW reporting will be incomplete if the reporting deadline is moved to April 15 or earlier.

Second, the first quarter of every year is labor intensive due to the required tasks associated with REC program management. These time-sensitive tasks, such as contractual documentation and reporting and annual audit requirements, are paramount to the successful execution of prudent program and REC management. To maintain efficient use of resources, the Company proposes to continue the current timeline of reporting, with a delivery date of no later than August 29.⁸

Because of the significant amount of work required to prepare the reports and the time savings realized for combining years, Idaho Power recommends preserving the

⁸ Order No. 33570, issued August 29, 2016 approved the biennial reporting requirement for the Green Power Program.

biennial reporting cycle, which the Company believes has proven effective and sufficient. If, however, the Commission deems the shift to annual reporting necessary, the Company would respectfully request that the annual reporting deadline stay consistent with the existing August deadline, for the reasons noted above.

IV. CEYW – SUBSCRIPTION

In its Application, the Company proposed a green tariff-style subscription option (CEYW - Subscription), the design and development of which would proceed in two phases: a first phase seeking authority to establish the foundational concepts of the program structure and design (represented by Idaho Power's Application in this matter), and a second phase—occurring after Commission approval of the first phase—to select a program resource, establish program costs and credits, and determine program accounting, among other program details.

Intervenor comments are generally supportive of the Subscription offering, with several parties recommending specific modifications or alternatives. In its fourth recommendation, Staff proposes allowing the Company to “proceed” with the general framework and concept for the Subscription (recommendation four), “with parameters subject to change pending Commission approval when the Company files the second phase.”⁹ The Company supports Staff's recommendation and finds it consistent with the Company's initial request.

Idaho Power understands the concerns voiced by Staff and intervenors that not enough detail was provided about the Subscription to fully assess the offering or determine any customer impact. The Company finds these concerns valid but reiterates

⁹ Staff Comments, pg. 2.

that the Company's Application represents only the first phase of the Subscription, while the second phase will be dedicated to vetting the details and impact of the CEYW - Subscription.

Considering that a resource will need to be procured to support the Subscription, the Company's proposed two-phase process is intended to ensure it first has necessary approval to offer a subscription-style program before moving to the time- and resource-intensive secondary step of resource procurement. Further, the two-phase approach is consistent with the order in which other utility subscription-style programs have been introduced, vetted, and approved by regulators.

In addition to concerns regarding lack of detail with respect to the Subscription, several key themes emerged in Comments. The Company addresses these themes in turn below but again notes that many of these issues will be fully vetted in the second phase filing.

A. Program Costs and Proposed Charge and Credit

Staff, Boise City, ICL, Walmart, and the Blaine County Parties all raise issues related to Subscription program costs, as well as the proposed program charge and credit. Staff is rightly concerned about ensuring that the Subscription program does not harm non-participating customers. Idaho Power agrees that this is a primary objective of the Subscription and, as such, intends to provide analysis in the second phase filing to demonstrate that the Subscription will not adversely impact non-participating customers.

Staff also recommends that the Company work with Staff in advance of the second phase filing to "discuss potential methods that can be used to calculate a reasonable

avoided cost that benefits potential participants and will not harm non-participants.”¹⁰ The Company supports this approach and looks forward to working with Staff to address appropriate avoided cost methods with respect to the Subscription resource.

ICL and Walmart share concerns that the Subscription program credit will never exceed the program charge.¹¹ While specific program costs and credits have yet to be determined, the Company reaffirms that the Subscription is intended as a voluntary customer program. As such, participation will come at a cost to customers. Stated differently: The Company will not pay customers to participate, which is what would occur if the program credit were to exceed the program charge. Paying customers to participate would result in shifting of costs to non-participants—an outcome the Company has stated it views is unacceptable for a voluntary offering.

Boise City, ICL, Walmart, and the Blaine County Parties each note that cost and credit elements—including proposed administrative and marketing expenses—should be thoroughly assessed.¹² The Company agrees. The second phase filing will offer a full opportunity to discuss proposed program charges and credits, as well as administrative and marketing expenses.

B. Subscription Amounts and Terms

Several intervenors propose specific modifications to the Subscription program parameters. Walmart proposes allowing customers to subscribe at any percentage up to 100 percent of their average historic annual energy use, as opposed to the 50 and 100

¹⁰ Staff Comments, pg. 7.

¹¹ Idaho Conservation League (“ICL”) Comments, pg. 4; Direct Testimony and Exhibits of Steve W. Chriss on behalf of Walmart Inc., pg. 16.

¹² Boise City Comments, pg. 2; ICL Comments, pg. 4; Chriss Direct Testimony, pg. 15; Blaine County Parties Comments, pg. 3.

percent proposed by the Company.¹³ Similarly, the Blaine County Parties suggest adding 25 and 75 percent subscriber options to facilitate greater customer access to the Subscription.¹⁴

The Company appreciates these suggestions and supports adding 25 and 75 percent subscriber levels, thereby creating a total of four subscriber possibilities—25, 50, 75, and 100 percent of a customer's average historic annual energy use. The Company does not, however, support Walmart's proposal to allow any subscriber percentage up to 100 percent of their average prior year use. The Subscription amounts are intended as reasonable approximations of a customer's energy use, and the Company believes that the majority of eligible customers will fit within at least one of the four subscription size categories described above. Creating an unlimited number of subscriber levels, as Walmart suggests, will result in unnecessary administrative burden.

Walmart also proposes an additional term length of 15 years to accompany the proposed month-to-month, 5-, 10-, and 20-year term lengths.¹⁵ The Company supports this expansion of term lengths and agrees that the span between 10 and 20 years is large. A 15-year term may allow access to customers that are prevented from or reluctant to commit to a 20-year term. In adding this subscriber term length, the Company would propose to also apply a Term Adjustment Charge, albeit small, to participants with 15-year terms.

Additionally, Walmart suggests pro-rating customer subscriptions to match available program capacity.¹⁶ The Company considers pro-rating a good idea to keep the

¹³ Chriss Direct Testimony, pg. 7.

¹⁴ Blaine County Parties Comments, pg. 3.

¹⁵ Chriss Direct Testimony, pg. 17.

¹⁶ *Id.*, pg. 14.

program fully subscribed and believes that it can do so effectively in the majority of cases with the four subscriber amounts proposed above. Should the historic average energy use of a customer in the Subscription queue exceed Subscription resource availability, the customer may subscribe at one of the lesser amounts. For example, if 100 percent of a customer's historic prior year annual energy use exceeded available capacity in the program, the customer could subscribe at a lower level. The Company believes that these circumstances will be limited and exist only at the margin of filling the program to capacity. The Company may consider addressing these situations on a case-by-case basis to ensure that the next customer in line may participate, rather than skipping over them due to size constraints.

Lastly, Walmart suggests that the individual customer cap of 15 percent of program capacity may be limiting for customers of certain sizes.¹⁷ The Company acknowledges this could be a barrier to participation by some customers and is open to discussing a larger cap on subscription limits within the second phase of this docket.

C. Subscription Resource Procurement

In Idaho Power's Application, the Company requested authority to waive the Commission's competitive resource procurement requirements for Subscription resource(s). Staff's tenth and final recommendation is to approve the Company's request with respect to waiving the Commission's competitive bidding requirements.¹⁸ Staff goes on to note that the Company should "perform a thorough procurement process for the renewable resource(s), which Staff will analyze in Phase II."¹⁹

¹⁷ Chriss Direct Testimony, pg. 20-21.

¹⁸ Staff Comments, pg. 3.

¹⁹ *Id.*

Additionally, Boise City supports a limited exemption of the Commission's competitive bidding requirements for the purpose of expediting the Subscription and Construction options.²⁰ Boise City at 3. Walmart does not offer a position on competitive bidding requirements, but, like Boise City, notes that "speed to market for the program" and "competitive pricing" are both "critical" and that the Company should strive to procure the "lowest possible cost resources brought to the offering."²¹ Walmart at 6.

The Company appreciates recognition that the existing competitive bidding requirements may delay CEYW program implementation. The Company will take great care to identify and secure the best possible resource(s) for the CEYW program regardless of any limited waiver of competitive bidding requirements. Idaho Power fully intends to conduct a thorough procurement process, as it has done through its recent resource Requests for Proposals.

D. Low-Income Customer Participation

Several stakeholders, including Boise City, ICL, and the Blaine County Parties, as well as public commenters, express a desire to have the CEYW program serve low-income customers. ICL asserts that the proposed Subscription program "does not provide a comprehensive low-income customer program that will improve access to clean energy for all customers."²²

Boise City suggests that the Company propose a "mechanism" to make Subscription participation "feasible for customers with low incomes" as part of the second phase filing.²³ However, ICL argues that, even with a low-income carveout or mechanism

²⁰ Boise City Comments, pg. 3.

²¹ Chriss Direct Testimony, pg. 6-7.

²² ICL Comments, pg. 6.

²³ Boise City Comments, pg. 3.

in the Subscription, the proposed program pricing—that is, an added Term Adjustment Charge for participants on lesser terms—“presents yet another barrier to low-income participation.”²⁴

Idaho Power recognizes that equitable program access, and specifically low-income access, is a priority for many stakeholders. While Idaho Power maintains that CEYW is a voluntary premium program, the Company also acknowledges that there may be successful mechanisms to facilitate participation by low-income customers. The Company suggests that this topic be addressed in a future stakeholder workshop, in which participants can present and discuss ideas for such a mechanism and how it might be used in a way that would ensure no impact to non-participating customers.

V. CEYW - CONSTRUCTION

In its Application, Idaho Power identified the need for a tailored renewable option for its largest customers—specifically, Schedule 19 and Special Contract customers. The Company developed and proposed the CEYW - Construction option to help meet the clean energy objectives of these large customers. The Company requested Commission approval of the CEYW - Construction framework and the proposed modifications to Schedule 62 that outline Construction arrangements and allow for Schedule 19 participation.

A. Staff Recommendations

Staff’s sixth recommendation is to approve the CEYW - Construction as proposed, with additional requirements to: 1) verify the cost-of-service rates used to recover costs from each Construction customer; 2) evaluate the effect of increased energy priced at

²⁴ ICL Comments, pg. 7.

avoided cost in the Company's overall net power costs and evaluate alternative methods of determining avoided cost of energy; and 3) submit every Renewable Construction Agreement and associated Power Purchase Agreement ("PPA") to the Commission for review and authorization.²⁵

The Company supports the first two proposed requirements. Cost-of-service-based rates are a cornerstone of utility ratemaking and are equally important in the context of a CEYW - Construction arrangement. The Company agrees with Staff that these customers should pay rates that reflect the costs to serve them. The Company also supports an evaluation of avoided costs and finds this recommendation consistent with Staff's other recommendation, addressed in Section IV of these Reply Comments, to discuss and evaluate appropriate avoided cost pricing associated with the Subscription option.

With respect to the third proposed requirement pertaining to each individual Renewable Construction agreement, the Company has already stated affirmatively that each arrangement will be filed with the Commission. However, some of these arrangements may necessitate more than one resource. As a result, the Company respectfully disagrees with Staff and does not believe that each PPA associated with a Construction arrangement should be individually authorized by the Commission.

As the Company has already stated in the case of Brisbie, LLC, the selection, size, and other details of a Construction customer's supporting resources are not necessary for the Commission to review so long as the customer pays in full for those resources²⁶— which is precisely what each Construction arrangement will require.

²⁵ Staff Comments, pg. 3.

²⁶ Case No. IPC-E-21-42, Idaho Power Company's Reply Comments, pg.15-16 (May 6, 2022).

Staff also proposes another set of conditions with respect to CEYW - Construction program approval.²⁷ These conditions include: a) ensuring that all Construction-related renewable resource costs are passed through to the CEYW - Construction customer; b) hourly netting of the Construction customer's energy consumption against the renewable resource(s) generation; c) net consumption (or energy supplied by the Company) based on cost-of-service rates; and d) net production exported to the Company's system should be valued based on avoided cost.

The Company agrees and supports the first three conditions (a, b, and c, above). These conditions are consistent with the Company's description of CEYW - Construction program mechanics, as well as the two Construction agreements currently before the Commission.²⁸ However, the Company disagrees with Staff that net production (that is, renewable energy in excess of a customer's load in a given hour) should always be priced at avoided cost. Instead, the Company recommends that the Commission preserve the flexibility initially proposed in its Application and allow the credit for excess renewable resource generation to be negotiated as part of each Construction arrangement. Each arrangement will still be put before the Commission for review and authorization, allowing this particular crediting element a full opportunity for review in each unique arrangement.

B. Intervenor Recommendations

While Boise City recommends Commission approval of CEYW - Construction as proposed, CEO and Walmart offer their support with additional recommendations or modifications.

CEO argues that excess renewable energy generation should not be priced based

²⁷ Staff Comments, pg. 9.

²⁸ Case No. IPC-E-21-42, Idaho Power Company's Reply Comments, pg.15-16 (May 6, 2022).

on an IRP-generated market forecast but should be based on actual hourly market prices and cites the Energy Imbalance Market (“EIM”) as a reasonable price option.²⁹ CEO at 7. The Company appreciates CEO’s argument and finds its points logical. Actual market prices are surely the best way to compensate Construction customers for a market sale of their excess renewable energy generation. But the Company cannot state with certainty whether any excess renewable energy generation in a given hour will result in system use or a market sale. As a result, the Company finds a market forecast from the IRP to be the most reasonable price stream. However, the Company reaffirms its comment above and recommends that the Commission preserve the flexibility in Construction arrangements to individually determine the appropriate compensation mechanism for excess renewable energy generation, should it exist.

Walmart asserts that the Construction option should be available to “commercial and industrial customers who can aggregate more than 5 MW of load across accounts in Idaho Power’s service territory regardless of service schedule.”³⁰ The Company strongly disagrees with this suggestion for two reasons. First, customer aggregation violates the conditions of Idaho Power’s Rule C.³¹ Second, the Company designed the CEYW - Construction option for its largest customers. The development of Renewable Construction Agreements is intensive and time consuming—for the customer, the Company, and the Commission—and Idaho Power does not believe it is feasible or practical to extend the option to its smaller customer classes. For example, Schedule 9, the customer class most likely to apply to individual Walmart facilities, contains

²⁹ CEO Comments, pg. 7.

³⁰ Chriss Direct Testimony, pg. 21.

³¹ I.P.U.C. No. 29, Tariff No. 101, Rule C.

approximately 37,000 customers. Even if only 1 percent of those customers pursued the Construction option, the Company would still need to negotiate hundreds of agreements. As an alternative to the tailored Construction option, the Subscription option was designed to give customers in smaller rate classes access to clean energy options. The Company is not insensitive to Walmart's corporate objectives, though, and believes that direct consultation between the Company and the customer may be valuable for determining how Walmart can best meet its corporate objectives for its facilities in Idaho.

C. Construction Resource Procurement

Like its request in the Subscription option, the Company asked the Commission for authority to procure Construction-specific renewable resources without undertaking the Commission's competitive bidding requirements. Staff and Boise City support the Company's request, as discussed in Section IV of these Reply Comments.

VI. WORKSHOPS AND CEYW REPORTING

Staff and stakeholders propose several workshops to facilitate education, transparency, and community collaboration around clean energy options. Additionally, Staff proposes new CEYW reporting requirements in the PCA filing. The Company addresses these recommendations below.

A. Workshops

Staff's seventh recommendation is to require the Company to host a workshop to evaluate the PCA treatment of CEYW offerings, including how system-generated RECs are passed on to CEYW customers in the PCA, prior to the Company's next general rate case ("GRC").³² The Company would be happy to host a workshop before the Company's

³² Staff Comments, pg. 3.

next GRC to discuss the PCA treatment of CEYW offerings.

As the Company noted in IPC-E-21-42,³³ the Company disagrees with Staff's inference that CEYW participants should not receive the benefit of system-generated REC sales that pass through the PCA. Under the Company's REC Management Plan, all Company-owned RECs (including RECs from PURPA projects) are sold, with proceeds passing through the PCA. That is, the proceeds from REC sales result in a reduction of power supply costs. CEYW participants will not be different from other customers—they will continue to pay for energy service from Idaho Power. These customers should have the same right to a PCA reduction as every other customer. The choice to participate in a CEYW program should not penalize this subset of customers from experiencing the same reduction of power costs enjoyed by all customers for energy services they take from Idaho Power. While Idaho Power would be happy to address REC-related transactions and PCA impacts of "system-generated RECs," the Company does not believe there is anything to evaluate on this topic. Reduced power supply costs from Idaho Power REC sales should be enjoyed and shared by all customers.

Staff also recommends, as its eighth recommendation, that the Company hold a workshop to discuss accounting treatment of costs, benefits, and loads for all CEYW offerings prior to the next GRC.³⁴ The Company can certainly hold a workshop on these topics, recognizing that different CEYW offerings will commence at different times in the future. As a result, the Company can, at a minimum, hold a workshop before the next GRC that addresses the CEYW offerings that are active at that point in time.

Intervenors also suggested workshops/workgroups to continue collaboration

³³ Case No. IPC-E-21-42, Idaho Power Company's Reply Comments, pg. 14-15.

³⁴ Staff Comments, pg. 3.

between the Company, customers, and stakeholders. Specifically, Boise City recommends working “collaboratively with stakeholders throughout the development and filing of Phase II of the Clean Energy Your Way – Subscription offering...”³⁵ CEO suggests that “Staff establish and facilitate Workgroup meetings” to address the broad issues encompassed in the CEYW docket, including the development of the Subscription in the second phase, alternatives for REC certification, and the Company’s near-term capacity deficiency, among other issues).³⁶

Idaho Power agrees that workshops leading into the second phase of the Subscription will be valuable to discuss and build consensus around program details in advance of the filing. The Company also sees a natural place within those conversations for some of the broader topics identified by CEO. However, the Company notes that working groups are typically Company-led (as opposed to facilitated by Staff). Given that Idaho Power needs to develop the program that will be presented in a future filing, the Company thinks the workshop organization and facilitation should remain with the Company, as it does with other advisory groups, such as the IRP Advisory Council and the Energy Efficiency Advisory Group.

B. CEYW Reporting

Staff’s ninth recommendation is to have the Company include supplemental material with each PCA filing. Specifically, Staff recommends five additional reporting requirements: 1) cost information that flows through the PCA; 2) the consumption and generation of renewable resources serving CEYW – Construction arrangements; 3) annual CEYW – Construction customer load forecasts compared to these customers’

³⁵ Boise City Comments, pg. 4.

³⁶ CEO Comments, pg. 7-8.

annual generation forecast on a monthly basis; 4) annual CEYW - Subscription enrollment; and 5) forecasted Subscription enrollments and load.³⁷

Idaho Power considers these additional reporting requirements reasonable. However, the Company believes that, with the exception of the first item (cost information flowing through the PCA), all the requested information is better placed inside the future CEYW reporting requirement—the current Green Power Program biennial report that will be built out to include comprehensive CEYW information. Items two through five have little bearing on the PCA itself and, as a result, could unnecessarily complicate and expand an already complex filing that is processed in an expedited fashion. The Company, therefore, recommends that the Commission approve these reporting requirements but move them to the future CEYW report.

VII. PROPOSED PROGRAM MODIFICATIONS AND ALTERNATIVES

Many stakeholder comments offer suggestions for program modifications and/or program alternatives. These suggestions are addressed in turn below.

A. Community Solar

Several intervenors, as well as the public, have called on Idaho Power to re-examine community solar as part of the CEYW program. Specifically, ICL asks the Commission to require Idaho Power to begin development of a customer-owned community solar program.³⁸

With respect to a community solar concept, the Company developed the CEYW offerings with the goal of addressing the key limitations of the now-defunct Community Solar Pilot Program, such as the upfront investment component. The Company considers

³⁷ Staff Comments, pg. 3.

³⁸ ICL Comments, pg. 11.

the resulting CEYW program options sound, reasonable, and based on successful models from other utilities. A community-owned solar development is simply beyond the scope of the Company's specific CEYW requests before the Commission.

However, the Company recognizes that community-owned projects are of interest to various stakeholders and, therefore, can commit to hosting a workshop with interested parties to examine and better understand how stakeholders conceive of such an arrangement.

B. CEYW and On-Site Generation

Several stakeholders, primarily CEO and ICL, identify a connection between CEYW and customer on-site generation. CEO suggests that on-site generation resources could be interpreted as "community" resources, which the Company could aggregate and use as resources for the Subscription or Construction options.³⁹ Similarly, ICL suggests that the Company should explore how the CEYW can help facilitate distributed generation.⁴⁰ ICL also requests that, if the Subscription leverages a solar resource, that the Company use the forthcoming Value of Distributed Energy Resources study that will specifically address the costs and value of customer on-site generation.⁴¹ Additionally, the Blaine County Parties discuss the importance of distributed energy resources to meeting "local, national, and global efforts to mitigate climate change impacts" and encourage the Company to find means of working with municipalities to accomplish their specific energy goals, including through the development of community-owned resources.⁴²

³⁹ CEO Comments, pg. 5.

⁴⁰ ICL Comments, pg. 11.

⁴¹ *Id.*

⁴² Blaine County Parties Comments, pg. 3.

The Company appreciates these stakeholder suggestions. On-site generation is clearly a priority for some stakeholders. Recognizing this fact, the Company specifically designed the CEYW offerings to accommodate customers with on-site generation. CEYW offerings can be considered additive for customers who either do not have a facility that can accommodate on-site solar or who require renewable energy beyond what an on-site generation project can accommodate.

The selection of the Subscription resource has not occurred yet. As such, the Company cannot rule out the possibility that the resource could be distributed—that is, not transmission connected. In selecting a Subscription resource, the Company will consider multiple options and, ultimately, seek the most cost-effective resource that will allow the most customers to subscribe.

Idaho Power is unclear, though, how customer on-site generation can serve as potential CEYW resources. The Company, by definition, does not own or control on-site generation resources and therefore cannot assign other customers the costs, credits, or RECs associated with those resources.

However, the Company recognizes there may be creative ways to work with select groups of existing or future on-site generation customers—such as irrigators—to develop CEYW resources. The Company proposes that stakeholders could present alternative program ideas and concepts in a workshop to determine how such alternative arrangements might work under the CEYW umbrella.

C. RECs

Walmart and CEO provided additional REC-related recommendations or considerations. While it does not oppose the Company's proposed REC treatment for the

CEYW – Subscription option, Walmart notes that the Company should be required to “make attestations available on an annual basis to participating customer who choose to have the Company retain and retire the RECs.”⁴³ The Company believes it has accounted for these sorts of special requests in its proposed Subscription program parameters, in which the Company states: “Different REC treatment would be considered on a case-by-case basis at the request of individual customers.”⁴⁴

CEO, meanwhile, takes a broader view of RECs, arguing that REC certification may not be “essential” for all CEYW participants.⁴⁵ Idaho Power agrees, which is why the Company’s Subscription proposal involves retaining and retiring RECs on behalf of customers as the default, as opposed to transferring all RECs to individual customers through an established REC tracking system such as WREGIS.

CEO’s REC recommendations, though, seem to suggest alternatives to WREGIS as a way to maneuver around established systems of buying, selling, and tracking ownership of RECs. CEO states: “CEO believes CEYW programs should consider both the RECs as well as exports from customers with renewable self-generation as sources of clean energy to meet CEYW customer needs.”⁴⁶

As discussed above, the Company does not own or operate on-site generation resources and, as such, has no ownership claims over those resources or their environmental attributes. The Company is not aware of any on-site generation or net metering arrangements in which a customer’s export of energy back to the utility involves

⁴³ Chriss Direct Testimony, pg. 7.

⁴⁴ Application, Exhibit 1.

⁴⁵ CEO Comments, pg. 4.

⁴⁶ *Id.*

the transfer of the RECs or environmental attributes of those exports. In bundled REC transactions, including on-site generation, the customer that pays for the resource retains the RECs or environmental attributes associated with those resources. While the Company appreciates CEO's creativity with respect to RECs, the Company cannot support its position.

VIII. CONCLUSION

Idaho Power again would like to thank Staff, stakeholders, and the public for their engagement in the Company's effort to expand optional clean energy programs for customers. The Company supports Staff's broad recommendation to approve the CEYW program as proposed. Additionally, Idaho Power supports several of Staff's and stakeholders' recommendations, but respectfully disagrees with a few recommendations and proposals. The Company's positions are summarized below by topic.

CEYW General

- **Staff Recommendation 1:** The Company supports Staff's recommendation to establish the CEYW program name.

CEYW - Flexible

- **Staff Recommendation 2:** The Company supports Staff's general recommendation to authorize the Flexible program name, as well as the Company's ability to expand REC procurement.
- **Staff Recommendation 3:** The Company agrees to Staff's additional REC reporting requirements but respectfully disagrees with its recommendation to require REC reporting in advance of the annual PCA filing. The Company instead requests that the Commission approve the additional reporting

elements but preserve biennial reporting and the existing August 29 report deadline.

CEYW - Subscription

- **Staff Recommendation 4:** The Company supports Staff's recommendation to allow the Company to proceed with the general framework of the Subscription.
- **Staff Recommendation 5:** The Company agrees to work with Staff to discuss potential avoided cost methods with respect to the Subscription.
- **Stakeholder-Proposed Modifications and Considerations:** Recognizing that Idaho Power did not ask the Commission for approval of specific Subscription program design, but rather the authority to proceed with the concept into a second phase filing, the Company nevertheless supports the Blaine County Parties' suggestion to allow additional subscriber amounts of 25 and 75 percent of a customer's historic average annual energy use. The Company also supports Walmart's recommendation to add a 15-year subscriber term. Finally, the Company proposes collaborating with stakeholders in a workshop to discuss options for facilitating low-income access to the Subscription.

CEYW - Construction

- **Staff's Recommendation 6:** The Company supports Staff's high-level recommendation to approve the proposed CEYW - Construction framework and modifications to Schedule 62.
 - Staff Recommendation 6(a): The Company also agrees to the

additional requirements to verify the use of cost-of-service based rates for Idaho Power-supplied energy in each Construction arrangement.

- Staff Recommendation 6(b): The Company also agrees to take a closer look at avoided costs before more CEYW program customer arrangements are developed.
- Staff Recommendation 6(c): The Company agrees with Staff that each Renewable Construction Agreement should be submitted to the Commission for review and approval, as was proposed by the Company. However, Idaho Power disagrees with Staff's belief that Construction arrangements with multiple resources must require each individual PPA to be approved by the Commission.
- **Additional Staff Conditions:** Staff proposes four additional conditions as part of recommending approval of the CEYW - Construction option: a) ensuring that all Construction-related renewable resource costs are passed through to the CEYW - Construction customer; b) hourly netting of the Construction customer's energy consumption against the renewable resource(s) generation; c) net consumption (or energy supplied by the Company) based on cost-of-service rates; and d) net production exported to the Company's system should be valued based on avoided cost. The Company agrees to Staff's conditions (a), (b), and (c), but respectfully disagrees with condition (d). The Company recommends that the Commission preserve the flexibility for excess renewable energy generation

compensation to be negotiated within each individual Renewable Construction Agreement, each of which will be filed with the Commission for review and approval.

- **Stakeholder-Proposed Construction Recommendations:** The Company respectfully disagrees with CEO's recommendation to always use EIM as the basis for any excess renewable energy generation crediting. The Company also disagrees with Walmart's recommendation to allow aggregation of customer load sites to allow access to the Construction option.

Workshops and Reporting

- **Staff Recommendations 7 and 8:** The Company agrees to hold a workshop on the PCA treatment of CEYW offerings and a workshop in advance of the next GRC on the accounting treatment of costs, benefits, and loads for all CEYW offerings. In Section VI, the Company explains why it disagrees with Staff's thinking on the evaluation of system-generated RECs and their application to CEYW participants. Nevertheless, the Company agrees to hold a workshop and present on the topic.
- **Staff Recommendation 9:** The Company agrees to provide supplemental information (Staff's list a through e) on the CEYW program. However, Staff recommends that all information be reported in the PCA filing. The Company disagrees and, instead, recommends that only CEYW cost information flowing through the PCA (item a) be incorporated into the PCA filing. The remaining reporting requirements (b-e) are all better captured in

the biennial CEYW report, as these elements do not have a direct relationship to the PCA.

Additional CEYW Recommendations and Alternatives

- **Stakeholder-Proposed Recommendations:** Several stakeholders and members of the public request that the Company look at community-owned solar as an option for the CEYW program. While this suggestion falls outside the scope of Idaho Power's requests before the Commission, the Company agrees to include the issue in a future stakeholder workshop. Similarly, the Company agrees to facilitate a discussion of any synergies between on-site generation and CEYW in a future workshop.

Resource Procurement

- **Staff Recommendation 10:** Finally, the Company supports Staff's recommendation to allow Idaho Power to procure CEYW resources outside the Commission current competitive bidding requirements.

Considering the Reply Comments herein, Idaho Power respectfully requests that the Commission approve the proposed CEYW program along with the additional considerations supported by the Company and listed in this conclusion.

Respectfully submitted this 2nd day of June 2022.



for

LISA D. NORDSTROM
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 2nd day of June 2022, 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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