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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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



Clean Energy Opportunities for Idaho

May 12, 2022

Regarding: IPC-E-21-40
Application to expand optional customer clean energy offerings through the Clean Energy Your Way program

Subject: Comments of Clean Energy Opportunities for Idaho

Clean Energy Opportunities for Idaho (CEO) appreciates this opportunity to provide comments related to Idaho Power's proposed Clean Energy Your Way (CEYW) program.

Kudos to Idaho Power Company

Although below CEO suggests some modifications to the CEYW program, overall CEO congratulates Idaho Power for acting upon the broad range of their customers' interests in clean energy and undertaking such a comprehensive approach to addressing those concerns as is reflected in the CEYW program. Specifically, CEO commends Idaho Power for the following program characteristics:

- Great that IPC recognizes multiple types of customers having different needs as reflected that CEYW program has such extensive scope/breadth by customer type, duration of interest and size of clean energy requirement
- Great that purchases should be additional. This means they should actually help to create more renewable power.
- Great that the design should hold non-participants harmless

Without denigrating the substantial progress that Clean Energy Your Way represents, CEO believes the inherent complexities of the proposed program warrant additional discussion, review and consideration of several possible additions or modifications on topics including:

- Expanding synergies between CEYW programs and customer self-builds of renewable generation
- Whether a broader view is warranted, beyond just RECs, of methods for certifying the clean energy purchased by customers
- Whether customers might benefit from a broadened perspective on how to provide "Community Solar"
- Concern about potential harm to non-participants that could arise from IPC-Customer negotiated pricing of exports for "Construction" customers.
- And finally, a request that PUC staff establish a Workgroup with members from the Company, Staff, Intervenors and other interested parties to hold face-to-face meetings to review these matters and implications for how the proposed CEYW programs affect other on-going dockets.



Expand synergies between CEYW programs and customer self-builds of renewable generation

CEO believes that many candidates for CEYW types of programs share 2 goals - additionality *and* impact. As described by Google, the world's largest corporate buyer of renewable power, Google frames their goals similarly:

Let's recall what Google seeks to accomplish with renewable energy purchases. There are two important goals:

- Our purchases should be additional. This means they should actually help to create more renewable power.
- Our investments should have the highest possible positive impact on the industry that they can.¹:

CEO believes that value can be added to the Company's CEYW proposal by ensuring that clean renewable energy exported by Idaho Power customers who choose to address their clean energy concerns via self-generation should be part of the solutions the Company is proposing.

There are substantial reasons for enhancing customer opportunities for self-generation through greater coordination with the CEYW programs. Two major factors are addressed in IPC-E-21-41 (all potential sources of new generation are needed to meet projected capacity shortfalls in 2023) and IPC-E-22-11 (the Company foresees incurring dramatically higher costs in the near future for purchased power). Expanded customer solar self-generation could both provide needed capacity as well as reduce exposure to high market power prices.

In Idaho Power's service territory, agribusinesses are poised to invest in adding renewable generation resources². The economics of offsetting consumption during the growing season is advantageous, it's the value of exports during the off-season that presents challenges.

In the business world, we look for leverage – for a multiplier effect rather than a 1:1 cost to benefit ratio. Conceptually, given IPC-E-21-40 demonstrates that customers would value the renewable energy attributes of those exports, developing a mechanism for compensating agribusinesses and other customers which choose to install renewable self-generation for the clean energy value of their exports could achieve that desired multiplier effect and in the

¹ *Google's Green PPAs: What, How, and Why*, Revision 3

² E.g., public comment by Duane Grant, President of Grant-D Farms, May 5, 2022 (IPC-E-22-12): "We stand ready and willing to add to our solar generating capacity if: - The ill-advised and punitive 100 KW cap on generating capacity is lifted. The cap serves little functional purpose in most cases, and simply serves to embed inefficiency and high relative cost into construction of systems. - We can receive needed visibility of export rate transition from the historic (and grandfathered in the case of our existing 26 sites) net-metering system to an kWh export-based system."



process, provide benefits to all Idaho Power customers by addressing the capacity shortfalls and reducing the need for high power price purchases.

CEO believes a broader perspective regarding RECs is warranted: WREGIS certification may not be essential for all participants

CEO believes RECs are not the only way to certify to customers that they are paying for clean energy. Idaho Power also has recognized that “clean” energy can be conceived of in different fashions.

“Idaho Power will retain and retire RECs and all other environmental attributes including but not limited to carbon emission reduction credits. Different REC treatment would be considered on a case- by-case basis at the request of individual customers.”³

Corporate customers (for example, participants in the Construction program alternative) may want the renewable characteristics of the clean energy they purchase to have been certified by a recognized body (Like WREGIS) for their ESG or other purposes. But the needs of that portion of customers should not establish the use of RECs as the sole form for certifying clean energy generation for all customers.

CEO suggests considering any self-generators who have installed their self-generation equipment after their respective grandfathering cutoff as meeting the “additionality” requirement. Further, CEO believes exports from these customers should be allowed to serve as a source of clean power within, at least, the CEYW - Flexible portion of the program if not also within the Subscription alternative.

However, in a May 6 workshop regarding a study of distributed energy resources, the Company indicated that they perceive the environmental values of self-generating customers to be limited to reductions the Company would otherwise pay for emissions pollution. CEO believes that is an unnecessarily narrow perspective. Exports by customers with renewable self-generation could be revenue source by supplying the \$.01/kWh charged to those purchasing clean energy under the Green Power, (eventually the CEYW “Flexible”) program offering.

Customers wishing to participate in the Flexible or Subscription alternatives will want to know that their green power purchases are from renewable generation but may appreciate alternative methods (like using IPC billing system) that provide adequate certification along with desirable “Community” characteristics of generation sited within Idaho Power’s service territory.

For these reasons, CEO believes the CEYW programs should consider both RECs as well as exports from customers with renewable self-generation as sources of clean energy to meet CEYW customer needs.

³ From Williams direct Exhibit 1



Expand the view of what constitutes “Community” solar

The Company has previously experimented with Community Solar offerings conceived as new solar installation paid for by customers who want to self-generate clean energy but lacked the ability to do so by, for example, installing solar panels on their own residences. The inherent economics of such an offering have been a challenging barrier to implementation. CEO presents a different approach for meeting some of the goals associated with a “Community Solar” customer offering.

CEO here suggests that for too long we have viewed “community solar” as requiring separate standalone generation. CEO proposes a rethink of what constitutes “community” from the perspective of all customers in the Idaho Power service territory. Specifically, CEO suggests the CEYW program be expanded to consider the exports of customers who have installed self-generation as clean energy “Community” resources. That would allow customers who can’t put panels on their roof to purchase excess generation from community members who have put up panels.

While this approach does not address all the potential benefits envisioned in possible “Community solar” offerings (for example, this approach would not stabilize long term bills in the way incremental self-generation can) it does provide a potential win-win way to link customers who value clean energy and can install panels with customers who value clean energy but can’t install panels.

The CEYW Program should be reviewed for possible expansion to recognize that R, SGS, C, I and I customers may want to install self-generation in order to have the highest possible impact – valuing their exports as green power for others provides a higher multiple to their investments while serving the needs of customers who want clean energy but can’t install their own.

Avoid potential harm to non-participants that could arise from IPC-Customer negotiated pricing.

In her direct testimony, Ms. Williams suggests the value of CEYW customer exports will be based upon a negotiation between Idaho Power and that customer:

“In any given hour, if the renewable generation exceeds the customer’s energy use, Idaho Power credits the customer for that excess at a negotiated value.”⁴

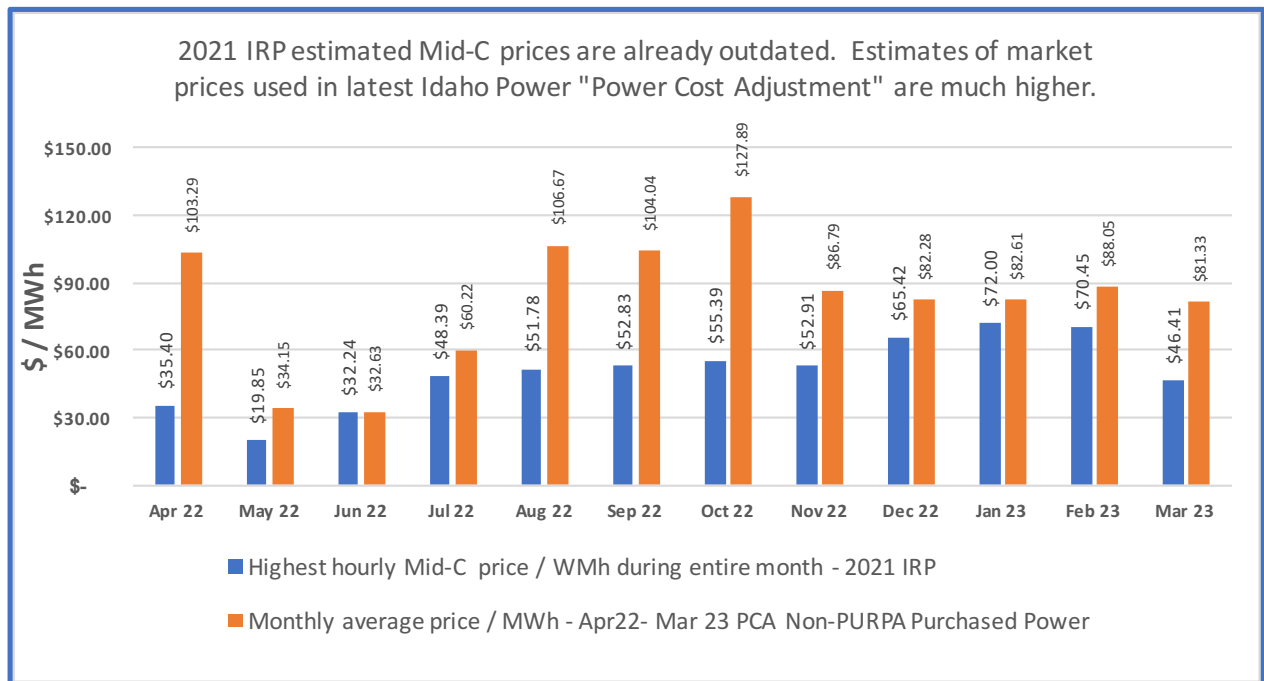
⁴ Williams direct p 45



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The Company proposes to offer customers a negotiated price for their surplus power. Idaho Power asserts that this price will not harm other customers based on an Aurora “no harm” analysis using the assumptions from the most recent IRP. Using Aurora analyses based on the most recent IRP assumptions to justify “no harm to non-participants” resurrects the same issues that caused “PURPA problems” in years past. This approach may well cause harm to customers who do not participate in a CEYW program due to inherent limitations in the Aurora assumptions.

The IRP is designed for long range resource planning. In that context, Aurora based calculations are valuable. But the Aurora model is computation intensive and to keep model run times to acceptable levels, simplifying assumptions are required. Over a 20-year period those simplifications balance out in an acceptable manner. Over shorter durations Aurora runs can be very misleading. Alternatives to Aurora analyses are now available for valuing future customer purchases/exports of clean energy. Those alternatives deserve careful review as the 2021 IRP assumptions are already outdated as shown in the graph below.



We have traditionally relied upon the use of Aurora runs based on latest IRP assumptions for forward prices because it was the best data source available. But relying upon those IRP assumptions has produced some serious problems.

In the latter half of the last decade, say around 2017, there were widespread complaints about why the Company was forced to pay something around \$60/MWh for power delivered from PURPA wind sites when market prices were about half that level. The simple answer was that those PURPA contract prices were based prices derived from 2011 IRP assumptions. And in 2011 most everyone didn't foresee what hydraulic fracking for natural gas would do to energy prices. Similarly, one of the themes behind reducing new solar PURPA contracts above 100kW



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to a max 2-year contract was to ensure that PURPA developer, not all Idaho Power customers, would bear the long-term price risk. A similar problem has arisen with the assumptions behind the 2021 IRP: we didn't foresee what the Ukraine war would do to natural gas prices and driving up local electric energy prices.

CEO appreciates and agrees that customer purchases beyond their tariff's allowance to energy at embedded energy costs, as well as all exports, should be valued at a marginal avoided cost during the hour of the purchase or sale event. Unfortunately, the simplifying assumptions used in IRP portfolio analyses makes Aurora runs populated with the most recent IRP's assumptions a poor estimator of hourly marginal costs in any particular year.

Assuming CEYW customers who produce energy surplus to their needs appropriately reward Idaho Power for the reserves it would need to partake of potential EIM transactions, there are available real-time, hourly, location specific marginal prices via the EIM. Using EIM prices to value purchases to cover generation shortfalls and exports when generation exceeds that customer's load could:

- reduce the potential for harm to non-participants due to use of inaccurate estimates of true marginal prices,
- incentivize the CEYW customer to install storage to provide their own reserves while allowing them to time-shift some their generation to more closely serve their load via their own generation and
- reduce Commission and staff workload in having to review separate negotiated export contract values for each new Construction customer.

Using a less than accurate estimate of marginal costs both exposes non-participating customers to harm as well as potentially misguides CEYW customers regarding the value of them installing some battery storage to mitigate their overall market exposure. Eliminating these negotiated export valuations would also address a substantial fairness issue: small self-generators are currently kept in limbo regarding export value while big corporations can get certainty regarding the value of their exports via negotiation.

Alternative methods for quantifying CEYW export values should be reviewed.

ASK: have PUC staff establish a Workgroup with members from the Company, Staff, Intervenors and other interested parties to hold face-to-face meetings to review these and related matters

CEO applauds Idaho Power's having opened this docket. The CEYW offerings are broad in their applicability, well thought out and show a high level of responsiveness to customer desires.

At the same time, CEO believes there are related issues (including imminent capacity shortfalls, dramatically higher than forecast natural gas prices, alternatives to RECs for certifying clean



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energy exports, a partial solution community solar interests, limitations of the existing Idaho Power billing systems and others) that warrant discussion in the context of this CEYW docket.

CEO asks that PUC staff establish and facilitate Workgroup meetings to effectuate what we believe will be very valuable discussions on those topics.

Respectfully submitted,

Michael Heckler, Policy Director
Clean Energy Opportunities for Idaho

CERTIFICATE OF SERVICE

I hereby certify that on this 12th day of May, 2022. I delivered true and correct copies of the foregoing COMMENTS to the following persons via electronic mail:

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