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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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

STAFF OF the Idaho Public Utilities Commission ("Staff"), by and through its Attorney of record, Dayn Hardie, Deputy Attorney General, submits the following comments.

BACKGROUND

On December 2, 2021, Idaho Power Company ("Company") applied for authority to expand its optional clean energy offerings. The Company seeks to (1) rename the existing Schedule 62—Green Power Purchase Program Rider (optional) to Clean Energy Your Way ("CEYW"); (2) maintain and expand procurement options for the renewable energy certificate ("REC") offering under the name Clean Energy Your Way – Flexible ("CEYW Flexible" or "Flexible"); (3) establish a regulatory framework for a future voluntary subscription green power service offering named Clean Energy Your Way – Subscription ("CEYW Subscription" or "Subscription"); (4) offer a tailored renewables option to the Company's largest customers (Special Contracts and Large Power Service) named Clean Energy Your Way – Construction

("CEYW Construction" or "Construction"); and (5) procure associated program renewable resources outside the Commission's current competitive bidding requirements.

On January 31, 2022, the Commission issued a Notice of Application and Notice of Intervention Deadline. Order No. 35304.

The Industrial Customers of Idaho Power ("ICIP"), Idaho Conservation League ("ICL"), Clean Energy Opportunities ("CEO"), City of Boise City ("Boise City"), and Walmart intervened. *See* Order Nos. 35285, 35301, 35311, and 35320.

At the Commission's March 8, 2022, Decision Meeting, Staff represented that it had informally conferred with the Parties and agreed to a public comment deadline of May 12, 2022, and a Company reply deadline of June 2, 2022.

STAFF REVIEW

Staff reviewed the Company's Application, testimony and additional information provided through discovery. Staff recommends the Commission:

1. Approve the renaming of the existing Schedule 62 Green Power Purchase Program Rider (Optional) to the CEYW Program;
2. Approve the maintenance and expansion of the procurement options for the REC offering under the name CEYW Flexible;
3. Require the Company to file annual CEYW Flexible reports prior to the Company's annual power cost adjustment ("PCA") filing;
4. Allow the Company to proceed with the "general framework and concepts" of the CEYW Subscription option with parameters subject to change pending Commission approval when the Company files the second phase ("Phase II");
5. Require the Company to work with Staff to discuss potential avoided cost methods that can be used for CEYW Subscription offering;
6. Approve the Company's proposed CEYW Construction offering framework and modifications to Schedule 62 with the following requirements:
    a. The cost-of-service ("COS") and rates used to recover costs from each Construction customer be verified with each proposed Renewable Energy Facility ("REF");

b. The Company will evaluate the effect of increased energy priced at avoided cost in the Company's overall net power costs and evaluate alternative methods for determining avoided cost of energy prior to more CEYW programs customers being developed and integrated into the Company's system; and

c. Every Construction customer REF contract [power purchase agreement ("PPA") or a resource construction agreement] be reviewed and authorized by the Commission.

7. Require the Company to hold a workshop (consistent with Staff's recommendation in Case No. IPC-E-21-42) to evaluate the full PCA treatment of CEYW offerings, including how system-generated REC benefits are passed on to CEYW customers in the PCA;

8. Require the Company to hold a workshop to discuss the accounting treatment of costs, benefits, and loads (consistent with Staff's recommendation in Case No. IPC-E-21-42) for all CEYW offerings prior to the next general rate case ("GRC");

9. Require the Company to provide supplemental information with each PCA filing that details:

    a. CEYW offering cost information that flows through the PCA;

    b. The amount of consumption and generation from the renewable resources serving CEYW Construction projects;

    c. Annual CEYW Construction customer load forecasts compared to CEYW Construction customers' annual generation forecast for all signed PPA's (or resource construction agreements) broken down on a monthly basis;

    d. Annual CEYW Subscription enrollment; and

    e. Forecasted CEYW Subscription enrollments and load.

10. Approve the Company's request to procure associated CEYW renewable resources outside the Commission's current RFP competitive bidding requirements. However, for CEYW Subscription offering, Staff recommends the Company perform a thorough procurement process for the renewable resource(s), which Staff will analyze in Phase II.

Flexible Offering

The Company's CEYW Flexible offering remains the same as the previous Green Power Program with the exceptions of the following: (1) Limited Bulk Purchase Option; and (2) Option 3—Large Purchase Option added to Schedule 62.

For the Limited Bulk Purchase Option, the Company seeks approval to purchase RECs prior to a customer's request with intent to sell the RECs to interested customers later. The Company states, "[s]uch advance REC purchases shall not exceed $5,000 at any given time. Additionally, the Company would not initiate the next bulk purchase until the prior batch had been sold." Application at 8. Staff believes the Flexible option would benefit from the Limited Bulk Option and the Company has established the necessary safeguards to minimize the risks with advanced REC purchases; therefore, Staff recommends approval of the Company's request to offer a Limited Bulk Purchase Option.

The Large Purchase Option is a tailored agreement for customers who wish to purchase 750 megawatt-hour ("MWh") of RECs or more per year. Prior to this filing, the Company's customers could purchase Company-owned RECs exceeding 750 MWh, this filing would officially formally incorporate the policy into the CEYW Flexible offering. The sales of the Company-owned RECs would then pass through the PCA mechanism as a benefit to customers. However, due to an increased demand for RECs, Company-owned RECs for 2022 are sold out[1] leaving a void for customers seeking large quantities of RECs. To meet the increased demand, the Company now seeks approval of the Large Purchase Option to include tailored agreements for RECs exceeding 750 MWh to be procured from third parties. Staff initially had concerns about a potential cost shift from tailored agreements to customers participating in Options 1 and 2[2] in the CEYW Flexible offerings. However, the Company stated it will have separate accounting treatments for Options 1 and 2, for the Large Purchase Option of Company-owned RECs, and for the Large Purchase Option of third-party RECs. *See* Company response to Production Request No. 44. Staff supports inclusion of the Large Purchase Option to include tailored agreements for REC purchases exceeding 750 MWh to be procured from third parties.

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[1] *See* response to Production Request No. 9 and 44.

[2] Options 1 and 2 were part of the Green Power Program. *See* Schedule 62 for additional information.

Subscription Offering

In Order No. 33638, Case No. IPC-E-16-14, the Commission approved a Settlement Stipulation authorizing the Company to build a 500 kilowatt ("kW") community solar system in the Treasure Valley and offer retail customers an opportunity to buy (subscribe) its generation output. On April 26, 2019, in Order No. 34317, the Commission suspended the subscription-based program on the Company's request because of insufficient enrollment. The Company is now proposing a new renewable resource subscription offering—with a much larger renewable resource this time. The Company represented in its response to Production Request Nos. 1 and 29, that there are customers who want to purchase large blocks—up to 5 megawatts ("MW")—of renewable energy. With a potential renewable resource being sized up to 100 MW, the Company requests that the conceptual framework be approved so it can move forward to select a resource and begin creating a rate that will be fair, just, and reasonable.

The Company requests to process the CEYW Subscription offering in two phases. The first phase ("Phase I") is a conceptual design or framework. If Phase I is approved, the actual selection of a renewable resource will be made and a rate structure will be submitted for review in Phase II. Following approval of Phase II, enrollment will commence. The expected timeline of CEYW Subscription is as follows:

1. Phase I currently submitted and pending Commission approval;
2. Phase II filed in the fourth quarter of 2022;
3. Open enrollment occurring in third quarter of 2023; and
4. The selected renewable resource is online towards the end of 2024.[3]

The Company seeks approval of the following design concepts for the CEYW Subscription offering: (1) waiver of procurement guidelines for resource(s); (2) CEYW Subscription eligibility; (3) CEYW Subscription size; (4) CEYW subscriber term length; (5) RECs; (6) CEYW Subscription pricing components; (7) CEYW Subscription charges; and (8) Monthly billing.[4]

Staff believes that the framework will receive a fair analysis once a renewable resource has been selected, size has been determined, and a rate structure is known. Currently, Staff only

[3] *See* Company response to Production Request No. 47.
[4] The Company is not currently requesting approval of rates but is seeking approval of the conceptual framework.

supports the Company's intent to offer retail customers an opportunity to participate but does not offer support for the proposed framework or the rate structure.

Staff filed Production Requests seeking a better understanding of the Company's conceptual framework. However, the Company responded that it is only seeking approval of the conceptual framework in Phase I and will present its findings in Phase II to illustrate whether the proposed conceptual framework is functional along with any modifications that may be necessary. In this filing, Staff cannot effectively analyze whether the CEYW Subscription option will benefit or harm other customers without actual data to support the proposed framework and to show it will be in the public interest.

Staff's concerns with the Company's proposal are discussed in detail below:

1. Resource Procurement: The Company requests a waiver of Oregon Public Utility Commission ("OPUC") Request for Proposals ("RFP") guidelines and rules;
2. Subscription: The Company was unable to subscribe 500 kW in 2019, but expects to subscribe 50 MW now;
3. Avoided Cost: The Company has not identified a method for determining the avoided cost that will be applied to the conceptual framework;
4. Accounting Treatment: The Company made no mention of the proposed accounting treatment except that the unsubscribed portions will be passed through the PCA, and additional details of how the CEYW Subscription costs, benefits, and loads may be incorporated into base rates; and
5. Approval of conceptual framework: The Company's is seeking approval of the conceptual framework without providing supporting data.

Resource Procurement Guidelines

The Company is requesting a waiver from the OPUC RFP guidelines and rules to procure renewable resource(s) for the CEYW Subscription offering. The Company states that it intends to follow some aspects of the OPUC RFP guidelines, OAR 860-089-0010 et. seq. ("OPUC Resource Procurement Rules"). Application at 6. During Phase II, Staff will evaluate the proposed procurement process for the resource(s) selected to ensure the resource(s) is least cost, and/or that participants and non-participants will not be negatively impacted.

Staff has concerns with a waiver to acquire a renewable resource(s) for the CEYW Subscription offering. If the Company does not fully subscribe the CEYW Subscription resource, the Company proposes to recover the unsubscribed portions through the PCA. This authorization would allow recovery of a resource that is potentially unnecessary and unvetted. This is unlike the Company acquiring resources to provide reliable service to its retail customers.[5] If the Company utilizes the OPUC Resource Procurement Rules, it will increase the chance customers will be paying for a least cost resource. However, the timeline of the CEYW Subscription offering will be delayed. Staff recommends that the Company perform a thorough procurement process for the renewable resource(s), which Staff will analyze in Phase II.

Subscription

The Company did not fully address how it plans to subscribe up to 50 MW (up to 100 MW) when it was previously unable to subscribe 500 kW through the Community Solar Program developed in Case No. IPC-E-16-14. The Company stated that it performed surveys and had discussions with customers but offered little evidence that the program could be fully subscribed. If not fully subscribed, Staff believes it would pass costs onto non-participants. Staff is unable to fully address concerns identified in Phase I without an analysis of a proposed pricing structure and without a resource being selected, increasing the probability of additional costs being shifted to non-participating customers. Thus, Staff is concerned that approval of the conceptual framework in this filing may harm non-participating customers and may not be in the public interest.

Avoided Cost

The Company stated it has not identified and did not specify what method it will use to calculate a proper avoided cost for CEYW Subscription offerings. *See* Response to Production Request No. 48. Prior to filing Phase II, Staff recommends that the Company work with Staff to discuss potential methods that can be used to calculate a reasonable avoided cost that benefits potential participants and will not harm non-participants.

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[5] *See* IPC-E-22-13 Application for a Certificate of Public Convenience and Necessity.

Accounting Treatment and Recovery

The Company requests to recover costs for the unsubscribed portion of the selected renewable resource through the PCA. In addition to and consistent with issues identified with the CEYW Construction offering in Case No. IPC-E-21-42, Staff recommends that the Company combine the workshop recommended in that case to address the full PCA treatment including treatment of RECs from the renewable resources and the allocation of RECs generated by the rest of the system. Specific to CEYW Subscription offerings, the workshop needs to address treatment of administration and marketing costs expected to be embedded,[6] and the potential inclusion of CEYW Subscription offering in base rates if not fully subscribed.

Staff also recommends that the Company combine the workshop Staff recommended in Case No. IPC-E-21-42 to discuss the treatment of costs, benefits, and loads in base rates for all CEYW offerings prior to the next GRC.

Approval of Conceptual Framework

After the Commission approved Schedule 63, Order No. 33638, the Company enrolled 15.3 percent of a 500 kW renewable resource.[7] Three years following the suspension of Schedule 63, the Company is optimistic it has enough interest to fully subscribe a 50 MW resource. Due to the uncertainty and history of Schedule 63, Staff is concerned that the CEYW Subscription conceptual framework could potentially cause upward pressure on non-participants' rates. Without data or a resource selected, the Company is unable to ensure that the framework is in the public interest and will result in fair, just, and reasonable rates. Staff believes that the general framework is a good starting point for the CEYW Subscription option but should include more definition. As such, the Subscription option should be subject to additional review when the Company selects a renewable resource and files Phase II for approval. At this time, Staff supports the Company proceeding to Phase II but believes the Framework may require modifications after an analysis is completed to ensure it does not harm non-participants.

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[6] *See* Company Response to Production Request No. 19.

[7] *See* Advice No. 19-02 Suspension of Schedule 63, Community Solar Pilot Program (Optional), (approved and effective April 26, 2019.

Construction Offering

Staff reviewed the Company's proposed framework and modifications to Schedule 62 which seeks authority to offer tailored renewables to Schedule 19 and Special Contract customers through the CEYW Construction offering and recommends approving the framework and modifications to Schedule 62 with the following conditions:

1. 100 percent of the cost of the REFs is passed through to the CEYW Construction customers;
2. Energy is netted on an hourly basis to capture the difference in value depending on the time of day and to determine within each hour whether the energy is being consumed by the customer from the Company's system or energy is exported to the Company's system;
3. Net consumption is based on COS; and
4. Net production exported to the Company's system is valued based on avoided cost.

Staff believes the Company's proposed framework is reasonable because it provides a consistent structure but allows for some elements of the offerings to be negotiated on a case-by-case basis to match customers unique, individual requirements. In addition, the Company's framework proposes each offering be subject to Commission approval, to ensure other customers will not be harmed.

The proposed framework allows the Company to procure enough renewable resources to meet up to 110 percent of CEYW Construction customers annual energy requirements. The primary criteria Staff used to evaluate the proposed framework is whether the structure of the framework and—in particular—the design of the rates will prevent cost shifting and/or harm to the Company's other retail customers.

This is especially critical for the following reasons:

1. The acquisition of Construction resource(s) will bypass the Company's established process used for planning and selecting the Company's other

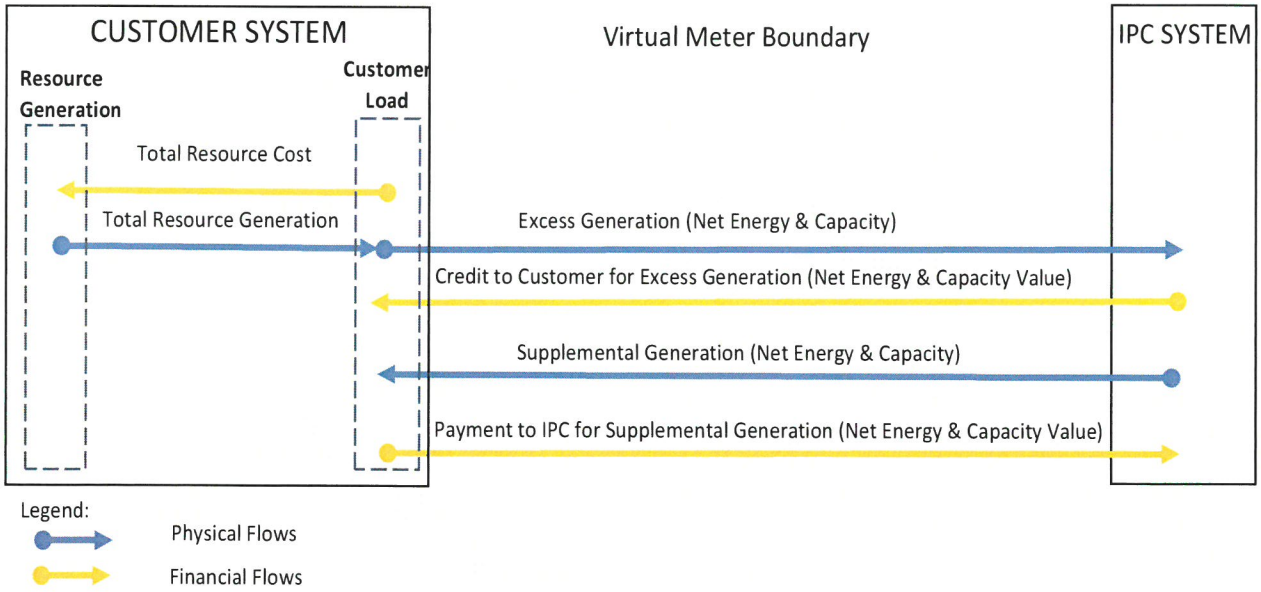
resources[8] that ensure the Company's resource acquisitions are needed for the system and are least-cost to customers;[9]

2. The resource(s) will be connected to the system and will be used to serve system load as though it is a Company resource, but 100 percent of the energy attributes (i.e. RECs) will likely be claimed by Construction customers; and
3. The eligible customers for the CEYW Construction offering are the Company's largest customers with a large impact to the Company's system and cost structure, increasing the overall risk to other customer classes.

Staff's Standard of Analysis

Staff developed an ideal rate framework to evaluate the Company's rate framework to ensure it will not harm other customers. Staff's ideal framework, as depicted in Diagram A, is based on a "virtual behind the meter" framework, as if Construction customer's resource(s) are generating into its own load.

Diagram A -Staff's Ideal Framework



[8] The only exception are must-take Public Utility Regulatory Policies Act of 1978 ("PURPA") projects.
[9] Resources procured for the Subscription and Construction offerings would be acquired for the sole purpose of implementing optional energy service offerings. Application at 16.

It is appropriate to hold other customers harmless for two reasons. First, the structure requires 100 percent of the renewable resource cost to be passed through to CEYW Construction customers before credits for Excess Generation and charges for Supplemental Generation are applied. This is like other large customers that own and pay for the cost of their generation capability and generate into their own load.[10] It is important because the resources are proposed to be selected based on the CEYW Construction customers' preferences and dedicated for their benefit. These resources will not be selected as a least cost resource for the benefit of all customers.

Although the REF(s) the Company will procure for CEYW Construction customers will likely connect directly to the Company's system separate from the location of CEYW Construction customer's load,[11] the consumption and the production from its REF(s) should be netted mathematically using metered data.

Second, utilizing a "virtual behind the meter" framework is ideal for the CEYW Construction offering because: (1) net consumption ("Supplemental Generation") can be analyzed to ensure that the rates charged for electricity delivered to CEYW Construction customers from the Company's system are based on principles of COS; and (2) net production ("Excess Generation") exported to the Company's system from CEYW Construction customers can be analyzed based on principles of avoided cost.

The principles of COS ratemaking are generally accepted by the Commission as the method for determining fair, just, and reasonable customer rates. If the Company bases its rates for Supplemental Generation from the Company's system on these same principles, Staff generally assumes rates are reasonable.

However, for energy exported or "sold" to the Company, a principle established in Public Utility Regulatory Policies Act of 1978 ("PURPA") for holding customers harmless is to base the rates on avoided cost. Under PURPA, utility customers must be economically indifferent to purchases of Qualifying Facility ("QF") power by paying no more for power than the amount they would have paid but for the purchase from the QF.[12]

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[10] Examples include Clearwater Paper in Avista's system and Amalgamated Sugar in the Company's system.

[11] *See* Application Attachment 1 Schedule 62 Tariff, SECTION 2: CLEAN ENERGY YOUR WAY – CONSTRUCTION, APPLICABILITY.

[12] *Indep. Energy Producers Ass'n, Inc. v. Cal. Pub. Utils. Comm'n*, 36 F.3d 848, 858 (9th Cir. 1994) ("If purchase rates are set at the utility's avoided cost, consumers are not forced to subsidize QFs because they are paying the same amount they would have paid if the utility had generated energy itself or purchased energy elsewhere.")

Diagram A, above, illustrates the boundary between the CEYW Construction customer's system and the Company's system and the transactions across that boundary that Staff used to evaluate the Company's proposed framework. Ideally, the amount of energy and capacity consumed and exported by CEYW Construction customers would occur on a net basis to minimize any asymmetry or double counting of its value. The Company proposes to track and price energy production and consumption on a net basis. However, in the case of capacity and capacity-driven costs, the Company proposes to effectively purchase 100 percent of the capacity contribution from Construction customer's resources(s), while providing 100 percent of the customer's capacity needs from the system.

Energy Treatment

Staff believes the Company's proposed framework is congruent with Staff's ideal framework for energy treatment because: (1) the proposed framework requires Construction Customers to pay all cost associated with the REFs;[13] (2) the energy for consumption and for export to the Company's system is netted on an hourly basis;[14] and (3) the net consumption is based on COS.

The Company proposes to use the rate design for consumption from the customers' existing service schedules, which are based on COS. Staff believes that the load shape of an existing customer can significantly change when up to 110 percent of its annual energy usage is offset by REF generation, thereby necessitating a change in that customer's cost to be served. Staff recommends that the COS and rates used to recover costs from each CEYW Construction customer be verified with each proposed REF and that each REF contract be submitted to the Commission for approval.

The Company's proposal does not address how excess energy credits will be determined; however, Staff believes that the value and rates need to be based on principles of avoided cost. Although Staff believes the principles of avoided cost are appropriate, Staff is concerned with increased amounts of the Company's net power costs being based on it.

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[13] *See* Application Attachment 1 Schedule 62 Tariff, SECTION 2: CLEAN ENERGY YOUR WAY – CONSTRUCTION, RESOURCE PROCUREMENT.
[14] *See* Application Attachment 1 Schedule 62 Tariff, DEFINITIONS.

Upward Pressure on Net Power Cost and Customer Rates

Staff's greatest concern is the increase in the proportion of energy priced at avoided cost that make up the Company's net power costs. Because the avoided cost of energy is priced at the margin, it is higher than the Company's average embedded energy cost, which is used to determine customer rates. Staff believes when CEYW Construction offerings are combined with other CEYW program offerings, Distributed Energy Resources, and the significant number of PURPA projects already on the Company's system—all priced at avoided cost—there will be increased upward pressure on customer rates.

Although Staff believes it is appropriate to use the principles of avoided cost to determine whether a single program or energy source in isolation will hold other customers harmless, Staff recommends the Company evaluate this overall effect in combination with alternative methods for determining avoided cost of energy to mitigate it before more of these programs with customers are implemented. The Company has shared these same concerns when discussing average avoided cost for PURPA QFs being higher than historical market prices.[15]

Capacity Treatment

The Company's proposed treatment for capacity is incongruent with Staff's vision because the capacity contribution of CEYW Construction customer's resources is not netted from the capacity needed to serve the customer's load. The Company proposes to purchase 100 percent of the capacity contribution from Construction customer's resources, while providing 100 percent of the customer's capacity needs from the system. While the treatment of capacity is not netted like it would be in Staff's ideal framework, Staff believes a separate evaluation of excess capacity contribution of a REF and use of the Company's system to meet the capacity needs of the customer can still accomplish Staff's priority of holding other customers harmless, especially if determined on a case-by-case basis for each CEYW Construction customer arrangement.

Recovery of Capacity-related Cost

The Company proposes that existing customers who request a CEYW Construction offering use their existing rate schedule to recover the cost for their use of capacity from the

[15] *See* Case No. IPC-E-18-07, Idaho Power's cross-petition, pp. 10-12.

Company's system. Staff believes this is appropriate because their use of capacity is not likely to change since these customers need that capacity to be available, whether their resource(s) is producing or not.

However, recovery of capacity-related cost is normally accomplished through demand charges and through the volumetric rate. Because a portion of the Company's capacity cost is recovered through the volumetric rate, any production from their resource(s) consumed by the CEYW Construction customer will cause the Company to under recover capacity cost allocated through the volumetric charge. The Company proposes CEYW Construction customers be charged a fixed cost charge for energy from their resource(s) that offsets their consumption. Without this fixed cost charge being applied to energy from Construction resources, Staff believes Construction customers will under pay on their use of capacity from the system—ultimately shifting cost to other customers. Staff believes the proposed fixed cost charge provided in Attachment 1 to the Application is reasonable because these charges are determined based on embedded costs using the most recent COS information.

Capacity Credit for Exports to the Company System

The Company's proposal does not address how the CEYW Construction resource capacity credits will be determined. Staff believes avoided cost principles provide the best standard of comparison for determining capacity credits for avoiding capacity cost. Staff also recommends the following for determining the capacity credit: (1) capacity credit payments should not begin until the capacity contribution from its resource(s) begin avoiding capacity cost, which only occurs when the system first becomes capacity deficient; (2) the surrogate used to determine the value of the capacity credit should be based on the lowest-cost capacity resource; and (3) the credit should only be paid for exports of energy to the Company's system during system peak hours, which the Company determines as the hours when additional capacity is needed for the system and capacity cost can be avoided.

Other Important Framework Elements

As discussed earlier, Staff's review of the Company's proposed framework for the CEYW Construction offering focused on ensuring other customers will not be harmed by the

Company providing this offering. Besides issues already discussed, Staff identified five additional elements that will help ensure other customer classes will not be harmed.

First, the Renewable Construction Agreement ("RCA"), which is the contractual agreement between the Company and customer(s) governing the terms, conditions, and pricing of the CEYW Construction arrangement,[16] is subject to Commission approval.[17] The RCA being subject to Commission approval allows the Commission to evaluate each offering on an individual basis and ensure other customers will not be harmed by these offerings.

Second, Construction customers must include a financial guarantee to cover the stranded REF costs in the event of default, dissolution, and/or relocation.[18] This guarantee will be negotiated and based on the value of CEYW Construction customer's resource. Staff believes this is an important element to protect other customers from stranded asset costs.

Third, the CEYW Construction customer will need to pay 100 percent of the construction costs associated with transmission and distribution upgrades and for the interconnection costs needed to connect the REF to the Company's system.

Fourth, Staff believes that the selection of the resource and rates in a REF contract will not need to be reviewed by the Commission if 100 percent of the cost of a REF contract is passed through to the CEYW Construction customer and if rates for import and export of capacity and energy between the CEYW Construction customer are reasonable and based on the COS and avoided cost. However, there are other elements within a REF contract that Staff believes should be reviewed and authorized by the Commission—including the interconnection agreement within a REF contract —to ensure no costs are passed on to the general body of ratepayers.

Fifth, the size of REFs cannot be greater than 110 percent of the CEYW Construction customer's annual energy requirements.[19] This framework element is important because it will limit customers from becoming net producers of energy, which could result in a cost shift to other customers. As discussed in the Reporting section, below, Staff recommends certain

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[16] *See* Application Attachment 1 Schedule 62 Tariff, DEFINITIONS.
[17] *See* Application Attachment 1 Schedule 62 Tariff, SECTION 2: CLEAN ENERGY YOUR WAY – CONSTRUCTION, TERMS AND CONDITIONS.
[18] *See* Application Attachment 1 Schedule 62 Tariff, SECTION 2: CLEAN ENERGY YOUR WAY – CONSTRUCTION, TERMS AND CONDITIONS.
[19] *See* Application Attachment 1 Schedule 62 Tariff, SECTION 2: CLEAN ENERGY YOUR WAY – CONSTRUCTION, RESOURCE PROCUREMENT.

CEYW Construction customer information be provided in the annual PCA filing to ensure these customers remain in compliance with the 110 percent limit.

Reporting

In Order No. 33570 at 3, the Commission ordered the Company to submit biennial Green Energy Prudence Reports, which includes:

1. Customer count under each participation option, by schedule;
2. Monthly RECs purchased;
3. Monthly revenue and expenses for Schedule 62;
4. Updated costs associated with re-certifying the RECs prior to retirement;
5. Summary of marketing activities and expenses;
6. Solar 4R Schools expenses;
7. Percentage of RECs purchased within Idaho Power's service territory; and
8. Monthly funds transferred to the PCA from Idaho Power-owned REC purchases.

With the changes to the program name to CEYW, Staff recommends the Company continue to provide the same requested information above for the Flexible Option. Additionally, Staff recommends the Company include the following items in the reports for the Flexible Option:

1. Information on advanced procurement purchases and if any remaining RECs from those REC purchases will carry over into the next year;
2. Information on all tailored agreements for third-party RECs in Flexible Option 3— Large Purchase Option including, but not limited to: (a) REC purchase agreement price and quantity requested; (b) quantity and price of RECs procured for the customer; (c) monthly revenue and expenses; and (d) provide proof of separate accounting treatment;
3. Provide balance of uncommitted/excess funds to be carried over into the next year; and
4. Provide the monthly balance of the rider for Schedule 62.

Due to an increase in funds transferred to the PCA from Company-owned REC purchases and other costs being passed through the PCA from the CEYW Subscription and CEYW Construction options (addressed below), Staff recommends the Company be required to provide

their reporting on an annual basis—as opposed to biennially—prior to the Company's annual PCA filing on April 15.

In the CEYW Subscription offering, the Company proposed to dispatch unsubscribed energy to the Company's system with cost of that energy to be included in customer rates and/or in the PCA mechanism.[20] Similarly, in Case No. IPC-E-21-42, the Company proposes to pass the cost of purchasing excess generation from Brisbie through the PCA mechanism. For all CEYW offerings that will have cost passed through the PCA, Staff recommends the Company include supplemental information in the PCA filings regarding CEYW offerings. Specifically, Staff would like the following supplemental information for the CEYW Subscription and CEYW Construction offerings filed with each PCA:

1. CEYW offering cost information that flows through the PCA;
2. The amount of consumption and generation from the renewable resources serving CEYW Construction projects;
3. Annual CEYW Construction customer load forecasts compared to CEYW Construction customer's annual generation forecast for all signed PPA's broken down on a monthly basis;
4. Annual CEYW Subscription enrollment; and
5. Forecasted CEYW Subscription enrollments and load.

Staff may request additional information when the Company files phase II of the CEYW Subscription option and on a case-by-case basis after contractual agreements for the CEYW Construction options are submitted for approval.

Schedule 84 Cap

The CEYW Subscription and CEYW Construction options proposed in this Application will provide Commercial, Industrial, and Irrigator ("CI&I") customers additional opportunities to procure clean energy to offset their energy consumption. Prior to this Application, CI&I customers only had two options for generating clean energy to offset their energy consumption. These customers could: (1) become a QF under PURPA, but the total amount of nameplate capacity would be limited to 80 MW; or (2) participate in Schedule 84 to generate electricity to

[20] *See* Application at 12-13.

offset their monthly energy usage. However, due to limitations of Schedule 84, CI&I customers can only operate a Generation Facility with a nameplate capacity of 100 kW or smaller.

In Order No. 35284, the Commission ordered the Company to study and provide an analysis of the pros and cons of setting a customer's eligibility cap at 100 or 125 percent of a customer's demand as opposed to the predetermined 25 kW or 100 kW cap currently set in Schedule 84. The results of this study are to be presented in 2022. Staff notes that the results of the study could result in changes to the current eligibility cap,[21] and thus provide CI&I customers the ability to acquire generation facilities greater than 100 kW to offset their energy consumption. Potential changes to the 100 kW cap in Schedule 84 could impact participation in the CEYW Subscription and CEYW Construction options; however, it could provide CI&I customers the ability to own and operate a generation facility without a requiring a contractual agreement.

STAFF RECOMMENDATIONS

Staff recommends the Commission:

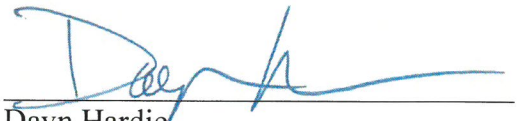
1. Approve the renaming of the existing Schedule 62—Green Power Purchase Program Rider (Optional) to the Schedule 62—Clean Energy Your Way Program;
2. Approve the maintenance and expansion of the procurement options for the REC offering under the name CEYW Flexible;
3. Require the Company to file annual CEYW Flexible reports prior to the Company's annual PCA filing;
4. Allow the Company to proceed with the "general framework and concepts" of the CEYW Subscription option with parameters subject to change pending Commission approval when the Company files Phase II;
5. Require the Company to work with Staff to discuss potential avoided cost methods that can be used for CEYW Subscription offering;
6. Approve the Company's proposed CEYW Construction offering framework and modifications to Schedule 62 with the following requirements:

[21] In Case No. IPC-E-22-12, Clean Energy Opportunities For Idaho Petitioned For An Order To Modify The Schedule 84 100kW Cap.

a. The COS and rates used to recover costs from each CEYW Construction customer be verified with each proposed REF;
b. The Company will evaluate the effect of increased energy priced at avoided cost in the Company's overall net power costs and evaluate alternative methods for determining avoided cost of energy prior to more CEYW programs with customers being developed and integrated into the Company's system; and
c. Every CEYW Construction customer REF contract (PPA or a resource construction agreement) be reviewed and authorized by the Commission;

7. Direct the Company to hold a workshop (consistent with Staff's recommendation in Case No. IPC-E-21-42) to evaluate the full PCA treatment of CEYW offerings, including how system-generated REC benefits are passed on to CEYW customers in the PCA;
8. Direct the Company to hold a workshop to discuss the accounting treatment of costs, benefits, and loads (consistent with Staff's recommendation in Case No. IPC-E-21-42) for all CEYW offerings prior to the next GRC;
9. Require the Company to provide the following supplemental information with each PCA filing:
    a. CEYW offering cost information that flows through the PCA;
    b. The amount of consumption and generation from the renewable resources serving Construction projects;
    c. Annual CEYW Construction customer load forecasts compared to CEYW Construction customer's annual generation forecast for all signed PPA's broken down on a monthly basis;
    d. Annual CEYW Subscription enrollment; and
    e. Forecasted CEYW Subscription enrollments and load;
10. Approve the Company's request to procure associated CEYW renewable resources outside the Commission's current RFP competitive bidding requirements. However, for CEYW Subscription offering, Staff recommends the Company perform a thorough procurement process for the renewable resource(s), which Staff will analyze in Phase II.

Respectfully submitted this 12th day of May 2022.



Dayn Hardie
Deputy Attorney General

Technical Staff: Taylor Thomas
Travis Culbertson
Michael Eldred

i: umisc/comments/ipce21.40dhtttncme comments

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 12th DAY OF MAY 2022, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF,** IN CASE NO. IPC-E-21-40, BY E-MAILING A COPY THEREOF, TO THE FOLLOWING:

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