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IDAHO PUBLIC
UTILITIES COMMISSION

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF IDAHO POWER
COMPANY'S APPLICATION TO COMPLETE
THE STUDY REVIEW PHASE OF THE
COMPREHENSIVE STUDY OF COSTS AND
BENEFITS OF ON-SITE CUSTOMER
GENERATION & TO IMPLEMENT CHANGES
TO SCHEDULES 6, 8, AND 84 NON-LEGACY
SYSTEMS

Case No. IPC-E-22-22

**CITY OF BOISE CITY'S
REPLY COMMENTS**

The city of Boise City ("Boise City") submits these reply comments on the application submitted by Idaho Power Company ("Company") to complete the study review phase of the comprehensive study of costs and benefits of on-site customer generation. Pursuant to Rule 203 of the Commission's Rules of Procedure, IDAPA 31.01.01.203, and pursuant to the Notice of Application, Order No. 35464, issued by the Commission on July 14, 2022, and Notice of Schedule, Order No. 35512, issued by the Commission on August 22, 2022, Boise City submits its formal written comments and states as follows:

1. Boise City continues to approach the review phase of the Company's application with the goals of ensuring customer generators are fairly compensated for the full value of energy

delivered to the Company's grid and that the public is provided sufficient opportunities for participation in this process. Customer clean energy resources can and should play an important role in the Company's transition to 100% clean and cost-effective energy by 2045 and will continue to provide significant economic benefits to communities across Idaho.

2. In its initial comments, the Company stated its intention to file a revised Value of Distributed Energy Resources ("VODER") study "incorporating feedback received throughout the review process to refine and clarify salient issues." Idaho Power Company's Initial Comments at 4. Boise City appreciates the Company's commitment to receiving input from parties and the public to inform the revised VODER study and offers the following areas that could benefit from further refinement. Boise City believes the Company's revised VODER study should: 1) consider additional approaches to quantifying the avoided transmission and distribution capacity costs, and 2) clarify how avoided fuel price risks could be incorporated in an export credit rate ("ECR").
3. Boise City is concerned that the VODER study's deferrable project approach to assigning value to avoided transmission and distribution capacity costs may under compensate customer-generators. Boise City recommends the Company consider incorporating an approved tariff approach in the revised VODER study. An approved tariff approach relies on the Company's FERC-approved firm transmission rate, currently \$31.42 kWh/year, that is then adjusted based on distributed solar energy resources' capacity factor, and levelized to identify the net present value. The approved tariff approach would present the avoided transmission capacity value in terms of additional transmission capacity available for sale to other transmission customers. *See* IDAHO POWER APPROVED TRANSMISSION TARIFF

RATE, available at

http://www.oasis.oati.com/woa/docs/IPCO/IPCOdocs/IPCO_Current_Transmission_Rates_08-26-22.pdf. An approved tariff methodology could be relatively easily updated

annually, relies on transparent inputs, and directly captures an important cost consideration affecting customer rates in the fluid and dynamic regional energy landscape. ECRs implemented in Maine, Oregon, and Utah all utilized this approach, or a similar methodology, to value distributed energy resources' ("DERs") avoided transmission capacity costs.

4. As stated in Boise City's initial comments, the Company should consider incorporating an evaluation of fuel price risk, beyond market energy prices, in its revised VODER study. Boise City's Initial Comments at 3. The specific methodology of valuing avoided energy costs in an ECR has not yet been proposed by the Company or approved by the Commission. Assessing and valuing avoided fuel price risk independent of market prices is reasonable and would be more comprehensive. Boise City recommends the Company consider the methodology in Maine's Distributed Solar Valuation Study ("Maine Study") provides as one approach to valuing the hedge associated with natural gas volatility displaced by DERs. MAINE PUBLIC UTILITIES COMMISSION, MAINE DISTRIBUTED SOLAR VALUATION STUDY P.39 - 40, 2014 available at: https://energynews.us/wp-content/uploads/2018/07/26.-C-MPUC_Value_of_Solar_Report_final-11216.pdf. This calculation could be relatively easily replicated using the Company's approved rate of return and historical Treasury bill rates over the last 5 years.
5. Boise City agrees with Commission Staff's recommendation to amend the VODER study to include additional information on the safety and reliability assurances in place for

proposed DERs, independent of the project eligibility cap. Staff Comments at 16. Boise City also supports incorporating information that further explains the different interconnection requirements for potential projects with a nameplate capacity under 100 kW, greater than 100 kW but less than 1 MW, and greater than 1 MW. Boise City does not believe the study needs to be updated to include an evaluation of potential gaming and manipulation between Public Utilities Regulatory Policies Act of 1978 (“PURPA”) and customer-generation.

6. Boise City generally agrees with the concerns identified by Clean Energy Opportunities for Idaho (“CEO”) in applying seasonal time-variant pricing to exported energy but not allowing customer generators access to time-variant consumption prices. CEO Initial Comments at 2-3. An ECR and overall customer generation program that symmetrically incorporates seasonal time-variation could efficiently encourage distributed energy storage and provide relevant pricing signals to customers and should be further evaluated as a part of any implementation proceedings.
7. Boise City believes it is in the public interest for the Commission to issue an order either acknowledging or rejecting the revised VODER study as consistent or inconsistent with the Commission’s expectations as stated in Order No. 34509 before the Commission considers any changes to net-metering. Boise City believes it is critically important for the understandability of the process and public acceptance of any future compensation structure. Boise City recognizes that further delay and uncertainty around customer generation is not desirable but believes this can be mitigated with clearly established next steps and a general framework for a schedule determined in this order on the study review phase. If the Commission issues an order acknowledging the study complied with

established directives, the Commission could also concurrently direct the Company to file a proposal for revisions to the program along with any associated tariff drafts within a reasonable timeframe, direct staff to work with parties to propose comment and reply comment deadlines, and re-caption the docket to reflect the change in scope to implementation, thereby letting customers know that changes are on the table.

8. Relatedly, Boise City believes customers should be formally noticed of the Company's proposed compensation structure or any transition into an implementation phase of this proceeding. The company's original customer notice only hypothetically considered changes to the customer generation offerings, stating "Idaho Power has proposed a schedule that could allow for the IPUC to issue a determination as to the future structure of this service offering by the end of 2022, with implementation no earlier than June 1, 2023". Attachment 2 to the Company's Application at 1. As with the study review phase, robust opportunities for public input and customer notice will be imperative to any implementation consideration.
9. Boise City appreciates the opportunity to provide reply comments on the VODER study review phase. Boise City looks forward to the Company's revised VODER study and continuing to engage in a process that supports a robust renewable on-site generation program.

DATED this _____ 12th _____ day of October 2022.



Mary Grant
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CERTIFICATE OF SERVICE

I hereby certify that I have on this 12th day of October 2022, served the foregoing documents on all parties of counsel as follows:

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