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**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF IDAHO POWER
COMPANY'S APPLICATION FOR
AUTHORITY TO IMPLEMENT CHANGES TO
THE COMPENSTION STRUCTURE
APPLICABLE TO CUSTOMER ON-SITE
GENERATION UNDER SCHEDULES 6, 8,
AND 84 AND TO ESTABLISH AN EXPORT
CREDIT RATE METHODOLOGY

Case No. IPC-E-23-14

**CITY OF BOISE CITY'S
INITIAL COMMENTS**

The city of Boise City ("Boise City") submits these initial comments on the application submitted by Idaho Power Company ("Company") to implement changes to the compensation structure for customer on-site generation under schedules 6, 8, and 84 and to establish an export credit rate methodology. Boise City, pursuant to Rule 203 of the Commission's Rules of Procedure, IDAPA 31.01.01.203, and pursuant to the Notice of Modified Procedure, Order No. 35881, issued on August 10, 2023, hereby submits its formal written comments and states as follows:

SUMMARY OF RECOMMENDATIONS

In these initial comments, Boise City is focused on ensuring any transition away from 1:1 kWh net metering is fair to existing customers taking service under Schedules 6, 8, and 84, in line with the magnitude of any cost under-recovery asserted by the Company and does not unreasonably limit the ability of customers to meet a portion of or all their energy needs through distributed energy resources (“DERs”). In evaluating the application, Boise City believes the Commission should consider the understandability of the changes proposed, the impact of the effective rate increase, and the predictability of rates as it would for customers without on-site generation.

Boise City recognizes the unique value DERs bring to the Company’s grid and the important community benefits realized through greater DER deployment, including enhanced resilience, lower emissions, and lower household energy burden.

Discussed in more detail throughout these initial comments, Boise City recommends:

1. The Commission recognize the interrelated nature of the Company’s general rate case, being processed in IPC-E-23-11, and this docket. Boise City believes a decision in the general rate case will significantly impact and could better inform a decision on the Company’s application.
2. Any change in compensation for exported energy from customer generators be effective no sooner than June 1, 2024.
3. The Commission consider the impacts and necessity of changing the measurement interval for exported energy and the ECR separately.

4. Any changes from compensation of exported energy at retail energy rates to an Export Credit Rate (“ECR”) or other compensation methodology determined by the Commission for non-grandfathered customers be phased-in over a reasonable implementation period.
5. The Commission approve the Company’s proposed modifications to the project eligibility cap in Schedule 84, increasing the cap to the greater of 100 kW or 100 percent of demand for commercial, industrial, and irrigation customers.
6. If an ECR is determined to be necessary by the Commission, the resulting ECR should comprehensively value exported energy, including a value for avoided fuel price risk, and a reasonable transmission & distribution deferral value. The Company should also work with interested stakeholders to further evaluate the opportunity to monetize the renewable energy attributes associated with exported energy.

BACKGROUND

This docket builds on the significant record of other proceedings focused on Schedules 6, 8, and 84 at the Commission over the past 6 years. Throughout this period, changes have been proposed to the compensation structure, studies completed by the Company on fixed costs and the value of distributed energy resources (“VODER Study”), and, for customers interested in rooftop solar or other DERs, the main constant has been uncertainty in the market.

Consistent with this procedural history, Boise City believes it is important for the Commission in this docket to consider where and how it is most appropriate to solve for any significant under-recovery problems and to align incentives in rate design with the desired customer-behaviors. The VODER Study and the implementation of its results as proposed by the Company in this docket largely stem from IPC-E-17-13 and Order No. 34046 that directed the Company to open an Idaho Power specific docket to “comprehensively study on-site generation”

and to “file a study with the Commission exploring fixed-cost recovery in basic charges and other rate design options prior to its next general rate case”. Order No. 34046 at 1. Consistent with IPC-E-17-13, the fundamental issue driving any asserted cost-shifting or under-recovery from Schedule 6 and 8 is the underlying rate design for consumption, with relatively lower impact from the compensation structure for net excess energy. Commission Order No. 34046 summarizes this issue, stating “Our analysis of the history of the company’s on-site generation program reveals an unfairness in how current and future on-site generation customers avoid fixed costs. The ability these customers have to “net out” or net to zero their electricity use causes them to underpay their share of the Company’s fixed costs to serve customers, and this inequity will only increase as more customers choose on-site generation. The Company must continually work to rectify these rate design and ratemaking issues across its customer classes”. Order No. 34046 at 16-17.

IMPACT OF IPC-E-23-11 ON THIS DOCKET

The Company’s proposed changes in its general rate case, IPC-E-23-11, are significant to this proceeding and create an environment where existing and potential Schedule 6 and 8 customers cannot be reasonably expected to understand what their electricity bills could or will be in January 2024. For this reason, Boise City recommends that the Commission delay a decision in this proceeding for a reasonable time to allow for consideration of the outcome of that proceeding on customers.

In its application in IPC-E-23-11, the Company proposes a 3-year “Residential Price Modernization Plan”, increasing the monthly Service Charge for all residential customer classes, including Schedule 6, from \$5 to \$35. Additionally, the Company proposes to increase the monthly Service Charge for Schedule 7 from \$5 to \$20 per month. IPC-E-23-11 Application at 5.

These changes in rate structure will dramatically change any analysis of DER influence to fixed cost recovery.

For example, those Schedule 6 customers who, under the current net-metering structure, are only billed \$5 per month or close to the minimum monthly bill due to kWh credits, the proposed monthly service charge in year 3 increases monthly bills 600% and most importantly changes the proportion of fixed costs recovered through the residential retail volumetric energy rates. As the Company identifies in Ms. Aschenbrenner's testimony, the proposal to change to real-time billing for non-legacy customers "results in an overall revenue increase of \$4.5 million, or .41 percent". Aschenbrenner Di at 31. Additionally, the VODER study highlights the importance of rate design on the impacts of moving to a real-time ECR, identifying only a 9% improvement to revenue requirement deficiency when applying real-time billing to non-legacy customers. VODER Study at 113, Figure 7.4. It will not be possible for the Commission to determine the full impact or improvement to cost-recovery in the Company's application without considering the final order directing any rate design changes and revenue requirement allocation in the Company's general rate case.

Understandability of the combined impacts of the proposed rate increases are critically important and must be considered by the Commission. A relatively short delay in this proceeding until the Commission issues an order in IPC-E-23-11 and underlying rate design is understood by all parties and customers is reasonable and will not unduly burden or broaden the scope of this docket.

IMPLEMENTATION CONSIDERATIONS FOR AN ECR

If the Commission decides implementation of an ECR is necessary to ensure compensation for exported energy is fair, just, and reasonable, Boise City recommends the

Commission ensure compensation changes are gradual, easily understandable to all customers, promote rate stability, and send the appropriate price signals in this dynamic energy landscape.

Boise City believes the Company's proposed methodology for determining annual updates to the ECR could be reasonable but that an ECR should not be implemented for 5 months and then updated again on June 1, 2024. As proposed in the Company's application, the On-Peak ECR of \$0.2042/kWh wouldn't ever be implemented and a new, yet to be filed rate would be in effect for the summer 2024 season. Given the significance of the compensation change, Boise City recommends the Commission delay implementation of any changes it deems necessary to the value or measurement interval of exported energy until June 1, 2024. At that point, the annual update cycle proposed by the Company could commence. Any marginal benefits in more appropriately aligned costs are outweighed by reasonable concerns of understandability, transparency, and bill predictability for customers.

The Company's application proposes a change to both the methodology for valuing exported energy and the measurement interval for netting consumption against on-site production. While the Company proposes to make these changes in tandem, Boise City believes the Commission should consider these changes independently and that the Commission could reasonably implement a change to the measurement interval independent of, and potentially sooner than an ECR. Implementation of a more granular measurement interval prior to or separate from changes in the compensation for exported energy could better reflect the principle of gradualism while still aligning customer consumption and generation.

Additionally, Boise City believes the Commission should consider consistency in the measurement interval with the recently approved Clean Energy Your Way – Construction Program (“CEYW-Construction”). In the CEYW Construction offering, large commercial and

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industrial customers are compensated for excess energy generation based on an hourly reconciliation of consumption and renewable resource output. While the program constraints are different, Boise City believes the Commission should also consider implementing an hourly netting period in this docket.

Again, if the Commission approves an ECR in this docket, Boise City recommends the Commission implement a transition period for non-legacy customers to the new compensation structure. While Boise City does not dispute the extensive communication from both the Company and the Commission to non-legacy customers, Boise City disagrees with Company's conclusion that a transition period is not warranted. Application at 25-26. The Commission should consider the formal notification received by customers in the context of the continued comments from many individuals asserting they were not aware of the scope or scale of potential changes. Additionally, as discussed earlier, the Commission should consider the overall impact of any under-recovery or asserted over-compensation that could persist during a transition period with the benefits of reasonable consumer protections. Non-legacy customers are in the same fundamental position as they were when legacy and non-legacy status was established. Boise City believes a transition structure like the settlement agreed to by parties in IPC-E-18-15 is a reasonable framework for the Commission to consider here and that immediate implementation of an ECR would not fairly balance the interests of the company, existing customer generators, and other ratepayers. IPC-E-18-15 Settlement Agreement at 4-5.

MODIFICATIONS TO PROJECT ELIGIBILITY CAP

Boise City believes the Company's proposal to modify the project eligibility cap for commercial, industrial, and irrigation customers is beneficial and should be approved by the Commission. Increasing the project eligibility cap from 100 kW to the greater of 100 kW or 100

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percent of demand is consistent with the Commission’s prior decisions about customer on-site generation and is aligned with Commission Order No. 32880 outlining “the primary thrust of net metering is to provide customers the opportunity to offset their own load and energy requirements.” Order No. 32880 at 3. Additionally, Boise City believes Mr. Ellsworth’s testimony compellingly addresses safety, interconnection, and technical considerations to ensure system reliability while facilitating interconnection of demand-based DER projects. Ellsworth Di at 27-32. The increased project eligibility cap will allow larger commercial, industrial, and irrigator customers to consider and install DERs at a scale that is reasonable, makes sense for their operations and consistent with the impact of the current capacity caps on residential and smaller commercial customers.

ECR VALUATION

Consistent with comments filed in the study-design and review phases of the Company’s evaluation of the costs and benefits of exported energy from customer generators, Boise City believes that any adopted ECR should fully, and comprehensively compensate customers for the value of their exported energy. Specifically, in these initial comments, Boise City recommends the Commission incorporate a value for avoided fuel price risk and an increased transmission & distribution deferral value if an ECR is approved. DERs deliver unique benefits in avoided fuel price costs, reducing demand for energy and associated exposure to volatile gas-prices that should be included. Avoided fuel price risk and hedge values have been successfully vetted and incorporated in other jurisdictions. IPC-E-22-22 City of Boise City’s Reply Comments at 3. Boise City believes these values are above and beyond the avoided energy costs currently identified in the Company’s proposed ECR.

In reviewing the Company's proposed transmission value in the ECR, Boise City continues to recommend the Commission consider assigning a higher value to avoided transmission costs. Boise City believes consistency with the energy efficiency value used in the most recently acknowledged IRP, an approved tariff approach, reflecting the Company's FERC-approved transmission rate, and methodologies that account for future growth in DERs will yield higher on-peak T&D deferral values and should be reflected in any resulting ECR.

<https://puc.idaho.gov/Fileroom/PublicFiles/ELEC/IPC/IPCE2143/CaseFiles/20211230IRP%20Appendix%20C.pdf> at 3.

Boise City also recommends the Commission direct the Company to work with interested stakeholders to evaluate the feasibility of implementing a method to compensate customers for the renewable energy attributes of exported energy. While the Company is not required to purchase Renewable Energy Credits ("RECs") to comply with a Renewable Portfolio Standard, the Company facilitates and purchases RECs so customers can meet their clean energy goals through its Clean Energy Your Way – Flexible option. Boise City recognizes this option may not be feasible or cost-effective for all customer generators, depending on size or other technical limitations discussed in Section 4.5 of the VODER study, but sees potential for customer generators to help meet the clean energy needs of other customers and be compensated for the value of the environmental attributes of their exports.

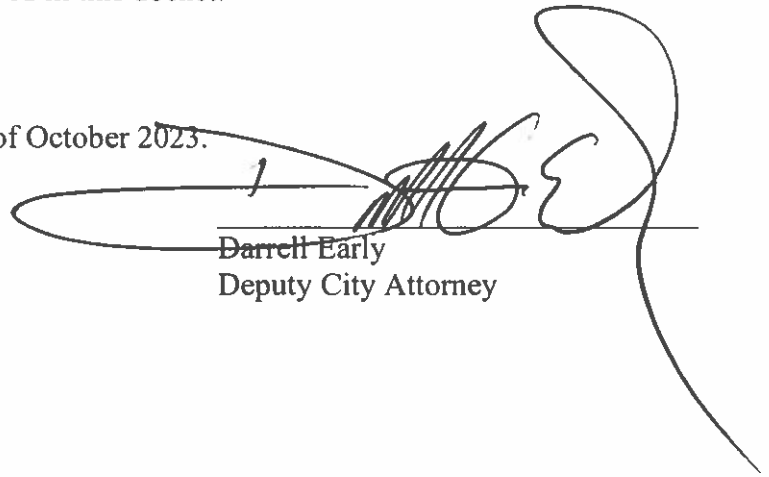
CONCLUSION

Boise City appreciates the opportunity to provide comments on the Company's application to modify the compensation structure, measurement interval, and project eligibility requirements for on-site generation customers. Boise City also looks forward to reviewing the recommendations and feedback from other parties and offering reply comments in this docket. In

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summary, Boise City recommends consideration of the impacts of the Company's general rate case on this docket, a reasonable transition timeline to any new compensation structure, approval of the modified project eligibility cap, and consideration of a more comprehensive compensation structure if a transition to an ECR is approved in this docket.

DATED this 12th day of October 2023.



A large, stylized handwritten signature in black ink, consisting of several loops and a long trailing line extending downwards and to the right.

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CERTIFICATE OF SERVICE

I hereby certify that I have on this 2nd day of October 2023, served the foregoing documents on all parties of record as follows:

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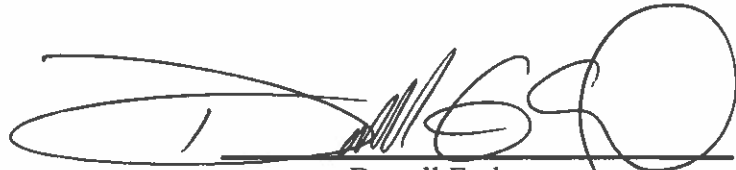
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