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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  
REPLY COMMENTS**

The city of Boise City ("Boise City" submits these reply 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 reply comments, Boise City remains focused on ensuring any transition away from 1:1 kWh net metering is fair to non-grandfathered customers taking service under Schedules 6, 8, and 84; in line with the magnitude of any under-recovery of costs asserted by the Company; and does not unreasonably limit or deter 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 resulting from the present case in combination with the general rate case (IPC-E-23-11), and the predictability of rates as it would for any ratepayer. 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.

Consistent with Boise City’s initial comments and informed by the initial comments of other parties, Boise City recommends:

1. The Commission evaluate and issue a decision in this docket informed by the combined impact of any changes in compensation of exported energy and the Company’s general rate case (IPC-E-23-11).
2. Any change in compensation for exported energy from customer generators should be predictable, understandable, and offer reasonable stability for customers and the Company.
3. The Commission consider the impacts and necessity of changing the measurement interval for exported energy and the need for and value of an Export Credit Rate (“ECR”) separately, implementing an hourly-netting period effective January 1, 2024 but

evaluating the appropriateness of conversion from retail rate to an ECR in context of the net impacts from the Company's general rate case (IPC-E-23-11).

4. The Commission establish a reasonable transition period for non-grandfathered, existing customer-generators be implemented if changes to compensation of exported energy are approved.
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.
7. Boise City further recommends that the Company be directed to work with interested stakeholders to further evaluate opportunities to monetize the renewable energy attributes associated with exported energy.

#### **UNDERSTANDABILITY OF IMPACT OF PROPOSED CHANGES**

Boise City remains concerned that in this present docket (IPC-E-23-14) on-site generation customers cannot reasonably evaluate or understand the combined impact of the changes proposed in this docket and the net impact caused by the Company's General Rate Case in IPC-E-23-11. The Commission should consider the combined impact of the change in rates for consumption and the compensation structure for exported energy to evaluate the reasonableness and fairness of any transition away from the current compensation structure for exported energy. Underlying rate design and revenue requirement decisions determined in IPC-E-23-11 drive cost recovery considerations important to this docket. Additionally, consistency between the two

dockets on seasonal time periods, hours of highest cost and risk, and incentives to shift demand away from peak hours are important to the compensation structure for exported energy and will influence customer behavior.

### **IMPLEMENTATION CONSIDERATIONS FOR AN ECR**

While related to the ECR, the Commission should consider implementation of the measurement interval as an independent component of the Company's application. As stated in its initial comments, Boise City continues to recommend adoption of an hourly netting period. The Commission must balance both accuracy and understandability in setting a fair compensation structure for exported energy. Boise City believes hourly measurement will be significantly more understandable to customers than real-time billing and is far more granular than the current monthly netting period. As Commission Staff explain in initial comments, "regardless of real-time or hourly netting, the Company would continue to collect import and export data on an hourly basis". Initial Comments of Commission Staff at 12. If real-time netting were adopted, customers would still see aggregated hourly data but will need to understand that data was measured instantaneously throughout the hour. Boise City recommends the Commission approve an hourly netting period effective January 1, 2024, as a reasonable improvement in billing accuracy that also maintains understandability for customers.

If the Commission decides implementation of an ECR is necessary to ensure compensation for exported energy is fair, just, and reasonable, Boise City continues to recommend 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 so as to not deter additional adoption of DER.

In its initial comments, Boise City identified concerns with the Company's proposal to implement an ECR from January to May, with an impending update alongside the Power Cost and Fixed Cost Adjustments ("PCA", "FCA" on June 1, 2024. Ultimately, Boise City is concerned with predictability of rates and the limited time for customers to adapt to and understand the new compensation structure. If the Commission decides to implement an ECR in this docket, Boise City believes the proposals from Commission Staff and Clean Energy Opportunity for Idaho ("CEO" to make the ECR effective January 1, 2024, but delay the update until June 1, 2025 is reasonable. Initial Comments of Commission Staff at 31. Initial Comments of CEO at 2. Particularly in the context of the on-going General Rate Case, it is critical that customers be afforded a reasonable period to adjust to a new billing and compensation structure prior to any update.

For existing non-legacy customer generators, Boise City continues to recommend the Commission implement a transition period to any adopted ECR structure. The multi-year process resulting in the Company's proposal to change compensation for exported energy in this docket is not the same as a reasonable, clearly communicated transition period that ensures gradualism in ratemaking for non-legacy customer generators and balances the interest of all rate payers. Immediate implementation of the ECR as proposed by the Company would dramatically increase the monthly bills of non-legacy customers beyond a reasonable level, particularly in comparison to the level of under-recovery asserted by the Company. A time-limited transition to an ECR for non-legacy customers is reasonable and fair to all customers. While many different structures for transitional rates could be considered by the Commission, Boise City recommends the adoption of a transition framework similar to the transition schedule agreed to by parties in IPC-E-18-15. IPC-E-18-15 Settlement Agreement at 4-5. In this framework, every 2 years beginning in 2024,

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the ECR would be phased in by 25% until 100% of the value of exported energy is based on the approved ECR in 2032.

### **MODIFICATIONS TO PROJECT ELIGIBILITY CAP**

Boise City continues to support the Company's proposal to increase the project eligibility cap for Schedule 84 to the greater of 100 kW or 100% of customer demand. Additionally, Boise City supports Staff's recommendation to approve the Company's proposal excluding energy storage systems from the nameplate capacity for purposes of determining the project eligibility cap. Initial Comments of Commission Staff at 6. The Company's proposal balances the need to maintain reliability, facilitates larger customers fairly offsetting their energy consumption from on-site generation, and encourages the adoption of storage.

### **ECR VALUATION**

Informed by the initial comments of Vote Solar and CEO, Boise City recommends any ECR adopted by the Commission include a value for the avoided fuel price risk delivered by exported energy. In the absence of the Company proposing a methodology for fuel price hedge in its application, Boise City recommends the Commission approve the avoided fuel price risk value equal proposed by Vote Solar and CEO equal to 5% of avoided energy costs. Initial Comments of Vote Solar at 26. Initial Comments of CEO at 3. Incorporation of a reasonable fuel price hedge value appropriately recognizes the unique value exported energy delivers to the Company's system, reducing exposure to volatile fossil-fuel market prices.

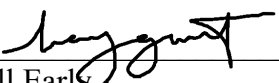
Boise City also recommends the Commission modify the basis for calculating the avoided generation capacity value of exported energy in any adopted ECR. While Boise City is not advocating for a specific methodology for determining capacity value, Boise City does not agree with the Company's proposal to use single cycle combustion gas-fire turbine ("SCCT") as

the avoided cost parameter. Instead, the Commission should adopt an avoided capacity value based on the cost of 4-hour battery storage instead of a SCCT. Battery storage, and not a SCCT, is the planned next capacity resource in both the 2021 and 2023 Integrated Resource Plan preferred portfolios. Utilizing the next planned, additional resource that can be deferred instead of an alternative surrogate avoided resource aligns the generation capacity value with the Company's resource planning. Boise City believes using the next capacity resource in the most recently filed IRP is more accurate, understandable to customers, and consistent with the Company's proposal to use actual and forecasted project costs to determine distribution capacity value.

### **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 and respond to the detailed initial comments offered by intervening parties. In summary, Boise City continues to recommend consideration of the impacts of the Company's general rate case on this docket, a reasonable transition 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 2nd day of November 2023.

  
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Darrell Early for  
Deputy City Attorney

**CERTIFICATE OF SERVICE**

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

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