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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER IDAHO POWER COMPANY'S APPLICATION FOR AUTHORITY TO IMPLEMENT CHANGES TO THE COMPENSATION STRUCTURE APPLICABLE TO CUSTOMER ON-SITE GENERATION UNDER SCHEDULES 6, 8, AND 84 AND TO ESTABLISH AN EXPORT CREDIT METHODOLOGY	)	**CASE NO. IPC-E-23-14** **REPLY COMMENTS** **IDAHO CONSERVATION LEAGUE**

Introduction

COMES NOW the Idaho Conservation League ("ICL"), and through counsel, submits these reply comments to the Idaho Public Utilities Commission ("Commission") regarding Idaho Power Company's ("IPC" or "Company") application in the above captioned matter. We reply to initial comments delivered by the Commission Staff ("Staff"), City of Boise ("City"), Clean Energy Opportunities for Idaho ("CEO"), Idaho Irrigation Pumper's Association ("IIPA"), and Vote Solar, and anticipate comments of the Company.[1] Initial comments of parties were well conceived and articulated. The following replies are offered in hopes of arriving at commonality between parties to implement a functional distributed generation ("DG") program.

Before addressing the specific policy provision of the Company's application, we note the depth of public participation in this and foregoing dockets on net metering and distributed energy.

[1] Idahydro and Micron, Inc. are also intervenor parties, but did not submit initial comments.

To date, the Commission has received over four hundred written comments and some forty testimonies were delivered at public hearings held in Boise on October 24. Energy policy and regulation in this docket is immensely complicated, and we commend members of the public for participating and voicing their interests. Indeed, DG ownership is perhaps the most direct way for the public to participate in the energy system. As the grid continues to evolve, we see public interest and interaction with energy production and informed usage as key to a well functioning, cost-effective, and decarbonized energy system.

As an initial matter, we briefly note that the Commission is not obligated to revise Idaho Power's current net metering program. Parties identified in initial comments that distributed solar penetration and exported energy volumes remain low in Idaho Power's service territory.[2] So far as there is parity between the Company's retail rates and the export value of DG energy, net metering remains a simple, intuitive, and customer accessible policy option. There may be such a time that cost shifting becomes so substantial to require reforming net metering, but it is our opinion that Idaho Power's application does not demonstrate such urgency. We recommend the Commission monitor for material cost shifting, while providing the still nascent local solar industry needed stability, predictable rates for net metering customers, and time for DG technologies and management practices to mature under the existing net metering schedules.

The remainder of these reply comments address components of the Company's application and parties' initial positions. Beyond specific policy considerations and methodologies, we hope to articulate a theme of understandability and acceptance. A myriad of interconnected choices are on the table, each posing substantial changes to bills and how DG customers interact with the energy system. These are complicated issues, and any durable program will be one that is legible

[2] Vote Solar Comments at 13.

to customers. The issues are numerous: first, implementation policy considerations will be grouped together, then, components of the export credit rate ("ECR") will be addressed.

I. Implementation Policies

1. Timeline and update schedule

a. An Initial Update on or around June 1, 2025 is appropriate and allows time for customer understandability.

ICL strongly agrees with Staff's recommendation to update ECR components beginning June 1, 2025.[3] The Company's offered effective date of January 1, 2024 and initial update in June 2024 would upend long existing net metering programs, implement an export credit rate, and revise it all within five months. This timeline would bypass the summer rates noticed and discussed in this docket, adding complexity and difficulty for customers to understand future rates in the most impactful billing season under the new export credit system. A 2025 initial update affords customers a full calendar year and seasonal cycle to adjust to any implemented program.

b. Updates to the ECR should be on a bi-annual cycle to benefit price stability and customer understandability.

We recommend a two-year ECR update cycle to follow Idaho Power's submission and acknowledgment of its most recent IRP, beginning in 2026. Any ECR update cycle must balance accuracy, price stability, and customer understandability. The IRP represents the most comprehensive review of the Company's generation and resource portfolio, and ought to inform the value of exported energy onto its system. The Company identifies three inputs of the ECR as tied to IRP analysis: avoided resource costs, transmission and distribution ("T&D") deferral, and

[3] Staff's Initial Comments at 31.

peak capacity hours.[4] Aggregating the market and hourly input components into the same two-year span would simplify accessibility, notice, and acceptance by customers. A single bi-annual spring filing makes for a consistent and more predictable process, while adding beneficial price stability for DG customers.

c. *A transition period would promote understandability for residential customers not involved in this, or preceding dockets.*

The complexity of this docket and proposed changes to the Company's residential and general service net metering schedules necessitates a transition period. A chief quality of net metering is simplicity and understandability. In striving for accuracy, the Company's proposal trades a straightforward design for a complex export rate, which will fluctuate annually, seasonally, and by time of day. Moreover, the Company's general rate case, IPC-E-23-11, filed concurrently with this case proposes substantial changes to IPC's consumer rate designs, further adding to the complexity of changes Idaho ratepayers may face at the close of the year.

The result would be substantial customer confusion. A number of public participants in Staff's virtual public workshops held on September 6 and September 7 this year, as well as at the Public hearings held in Boise on October 24 expressed uncertainty around bill impacts and the intertwined issues in this docket and the rate case. ICL members served by IPC have voiced similar concerns.

ICL is sympathetic to Staff and the Company's contentions that the lengthy regulatory process to reform net metering since 2017 could serve as notice.[5] No doubt parties have walked a long road to get to this point. We also acknowledge the Company and Commission's persistent efforts to notice customers of potential regulatory changes. But the parties advocating before the

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[4] Anderson Di at 31.
[5] Staff Comments at 40; Application at 25.

Commission are not, in a material sense, reflective of customers broadly. The issues in this docket and the resulting bill impacts are immensely complex and require full-time professional attention to assess and comprehend. Further, the unique generation profiles of DG systems and use patterns make bill impacts ratepayer-specific. Confusion, even at this late stage of the proceedings, is understandable. Notice is certainly important, but so are gradualism and customer acceptance.

A reasonable transition period for current residential net metering customers would alleviate extant customer confusion and ease customer interaction with any revised program. We support a year-long transition period to span the critical summer months and move net metering compensation to an adopted export system.

As a final note, we do not recommend a transition period for Schedule 84. The capacity of professional operations to interpret the nuances of their energy programs far exceeds most residential customers, alleviating many of the concerns above. Additionally, members of the irrigation community have prioritized clarity and finality. CEO addressed these issues and provided a workable solution that bifurcates timelines for residential, small general service and irrigator schedules in their comments.[6]

To summarize our position on implementation timing, we recommend: A January 1, 2024 effective date for Schedule 84; a year-long transition period for Schedules 6 and 8; an initial ECR update on or around June 1, 2025; and subsequent ECR updates every two years following Idaho Power's IRP cycle.

[6] CEO comments at 2.

2. Project Eligibility Cap

a. Lifting the Schedule 84 100 kW project eligibility caps is safe and benefits large DG customers.

ICL supports the Company's proposal to lift the 100 kW eligibility cap for Schedule 84 projects and allow for interconnection of systems sized the greater of 100 kW or demand. The company has adequately demonstrated in its application, direct testimonies, and elsewhere that DG projects larger than 100 kW do not inordinately increase system risks or safety concerns.[7] The Company's attention, collaboration, and efforts here are sincerely appreciated. We also note IIPA's support of this proposal and the absence of opposition from all other parties to this case. We defer to the discussion between Staff and the Company on how to best assess project demand size.

b. The 25 kW residential cap is adequate now, and the Commission should monitor for when it becomes limiting.

At present, there is not substantial demonstrated demand for DG projects larger than the current Schedule 6 and 8 project eligibility cap, but the Commision should establish a monitoring plan and an associated demand threshold that, when exceeded, would require the residential cap to be reassessed. Staff and the Company's comments on the adequacy of the Schedule 6 and 8 project cap are well-reasoned.[8] But it's likely that with foreseeable electrification and growing demand, an increasing number of Schedule 6 and 8 systems will approach 25 kW capacity. We agree with Staff's recommendation to monitor and consider lifting the cap at a later date and add that the Commission should provide direction on when it would become appropriate to reexamine the issue. We also invite the Company's input here in its forthcoming replies.

[7] Ellsworth Di at 27.
[8] Staff Comments at 32; Anderson Di at 5.

3. Tariff Language Request

ICL strongly opposes IIPA's request for tariff language relying on market predictions because tariffs should present only verifiable, objective information on service offerings. IIPA notes the Company anticipates energy prices generally and export rates to decline.[9] This may be so in the short term because of historically high energy prices, but it is unreasonable to assert market predictions in a regulated tariff sheet. Such a prediction would amount to an unverifiable declaration by the Company. The purpose of a tariff sheet is to provide regulated notice of service offerings to customers. It's inappropriate to make market predictions or advise customers of their participation there. Should the Company want to advise customers on future changes to rates, it may elucidate the methods and inputs used to arrive at those values or do so through other media. The Commission should reject IIPA's suggestion and any tariff that includes the proposed or similar language.

II. Export Credit Rate

1. Reject a separate ECR for irrigators

The IIPA's request for a separate export rate for Schedules 6 and 8 and Schedule 84 should be rejected.[10] As an initial matter, such a proposal was not considered in the VODER Study and falls outside the direction of the Commision for consideration in this docket. Establishing a novel export rate would, beyond any policy considerations and questions of propriety, require, at minimum, an equivalent study as done in the VODER study. IIPA's comments and brief analysis fall well short.

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[9] IIPA Comments at 2.
[10] IIPA Comments at 3.

The purpose of an export credit rate is to value the energy delivered to the grid – it matters not what type of customer delivers power. Any differentiation in rates should be dependent on when power is delivered to the grid. Avoided T&D costs based on location may also be relevant, but assigning locational value within a customer class with sufficient granularity is infeasible even before considering substantial intraclass variability. IIPA's analysis focuses on seasonal differences in the export profiles of irrigators from residential and general schedule DG exporters. While it is true that Schedule 84 customers show distinct seasonal consumption and corresponding export patterns, any energy exported to the grid in a given moment should be priced the same, be it from residential or irrigation customers. Electricity in time has equal value, regardless of its source. The ECR methodology in the VODER study and at issue in this docket accounts for these time differences through multiple mechanisms. Using a consumer class as a proxy for export timing would be redundant and not accurately reflect the value of time-variant or seasonal energy prices from any source.

2. Include non-zero fuel hedge and environmental benefits values

ICL supports commenters, Vote Solar, City of Boise, and Clean Energy Opportunities, in positing non-zero fuel hedge and environmental value ECR components. An adopted ECR must fully and comprehensively compensate DG customers. In lieu of an exact fuel hedge value, a value equal to 5% of avoided energy costs is both reasonable and consistent with values assigned in other jurisdictions. We also find that parties fully demonstrated that the environmental benefits of non-carbon emitting resources are non-zero. Again, assigning a precise numerical value is difficult, but any figure is certainly non-zero. If the Commission is unsatisfied with the analytic methods promoted by parties, we recommend any adopted ECR include a placeholder value to be addressed in future proceedings.

Conclusion

ICL appreciates the opportunity to provide additional commentary on the Company's application and initial comments of the Parties. We value other parties' contributions and perspectives and appreciate the opportunity to approach the issues in this docket as an ongoing conversation. We request the Commission issue a decision that fosters continued growth of distributed energy in Idaho Power’s service territory. To do so, the Commission should support those policy requests and mechanisms that prioritize customer understandability and acceptance.

DATED this 2nd Day of November, 2023.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on this 2nd Day of November, 2023, I delivered true and correct copies of the foregoing REPLY COMMENTS to the following persons via the method of service noted:

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