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IDAHO PUBLIC
UTILITIES COMMISSION

NEWS RELEASE

New net metering tariff proposed for Idaho customers

BOISE, Idaho, June 14, 2019—Rocky Mountain Power is proposing closing the company's net metering program to new applicants for Idaho customers. The proposal includes creating a successor program for new residential customers who choose to generate their own electricity while continuing to use Rocky Mountain Power's network.

Rocky Mountain Power also requests that the Idaho Public Utilities Commission determine the value of excess energy provided to the company from customers who choose to own their own generating facilities. Further, the company proposes that the commission approve a 10-year transition period for existing customers on Schedule 135, Net Metering Service, to move to the new tariff, Schedule 136, Net Billing Service.

"Rocky Mountain Power's analysis demonstrates that the current treatment of net metering customers unfairly shifts costs to non-net metering customers," said Joelle Steward, vice president. "The present retail rate design collects 89 percent of the fixed costs to serve customers through the kilowatt-hour or energy charge, resulting in a net metering program that fails to cover the true costs of providing the service. These costs include maintaining and operating the electric network, billing and other customer service functions separate from the energy provided. As a result, those costs are shifted to other customers who have not chosen to generate their own power. Compensation at the retail rate for generation exported to the grid is significantly more expensive than other sources of power available for our customers."

Rocky Mountain Power stated in its pre-filed testimony that the existing net metering program pays customers the full retail rate for power they generate and provide back onto the grid. Current energy policy has designed rates to create incentives for energy efficiency, so average retail energy charges for net metering customers range from 14.94 cents per-kilowatt hour to 3.99 cents per kilowatt-hour. However, the actual value of the energy from customer onsite generation is only 2.48 cents per kilowatt-hour.

The company estimates the total compensation for customer-generated energy under the current Net Metering program is 12.5 cents per kilowatt-hour. Under the proposed Net Billing program, the total compensation for generated energy for the typical residential customer generator would be 8.5 cents per kilowatt-hour. Under the current program, a typical residential customer generator could have a simple payback on their system in about 9.6 years. Under the proposed program, the same system could have a simple payback period of about 14.4 years.

Any changes to existing rates or programs must be approved by the Idaho Public Utilities Commission before taking effect. The company proposes that the current program, Schedule 135, Net Metering Service, would be closed to new applications after December 31, 2019; and that the new program, Schedule 136, Net Billing Service, could become effective February 1, 2020.

For residential and smaller customers, most of the fixed costs to pay for and maintain the utility grid for everyone are included in the basic kilowatt-hour energy charge. Because residential net metering customers generate much of their own energy, but still use the utility grid most of the time, their total billing no longer covers the true cost to provide these services to them. A cost-of-service study presented as part of the request shows that every residential customer who interconnects a customer generation system shifts approximately \$378 of costs per year to other customers. With no change to the net metering program, the level of subsidy will continue to increase with each new system installed. The potential for a subsidy flowing from residential customers to net metering customers was anticipated by the Idaho Commission staff in 2003, who asked the company to monitor and provide periodic reporting on the cost-shifting.

The public will have an opportunity to comment on the proposal during the coming months as the commission studies the company's request. The commission must approve the proposed changes before they can take effect. A copy of the company's application is available for public review on the commission's website. Customers may also subscribe to the commission's RSS feed to receive periodic updates via email. The request also is available at the company's offices in Rexburg, Preston, Shelley and Montpelier as noted below; and on the company's website at: <https://www.rockymountainpower.net/about/rar/iri.html#>.

Idaho Public Utilities Commission

www.puc.idaho.gov

472 W. Washington

Boise, ID 83702

Rocky Mountain Power offices

- Rexburg – 127 East Main
- Preston – 509 S. 2nd East
- Shelley – 852 E. 1400 North
- Montpelier – 24852 U.S. Hwy 89

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CUSTOMER LETTER



1407 West North Temple
Salt Lake City, Utah 84116

<<Mail date>>

<<Customer name>>
<<Mailing Address>>
<<City, State, Zip>>

Dear <<Customer name>>,

Thank you for your interest in renewable energy and for participating in our net metering program. Our company shares your commitment to maintaining a sustainable environment for future generations. This letter is to inform you that Rocky Mountain Power is proposing changes to the company's net metering program for Idaho customers. The proposal includes creating a successor program for new customer generators who choose to generate their own electricity while continuing to use Rocky Mountain Power's network.

Rocky Mountain Power is proposing that existing customer generators such as you would be able to stay on the existing net metering program for a roughly ten year period until June 1, 2029. Ultimately, the Idaho Public Utilities Commission could approve a different period of time under which the net metering program remains available.

Rocky Mountain Power's proposal must be approved by the Idaho Public Utilities Commission before taking effect. The net metering program is subject to the Idaho Public Utilities Commission's public processes. For more information on the filing, visit rockymountainpower.net/regulation.

Sincerely,

Gary Hoogeveen
President and CEO