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IDAHO PUBLIC
UTILITIES COMMISSION

1407 West North Temple, Suite 330
Salt Lake City, Utah 84116

April 23, 2020

VIA ELECTRONIC FILING

Diane Hanian
Commission Secretary
Idaho Public Utilities Commission
472 W. Washington
Boise, ID 83702

**Re: CASE NO. PAC-E-19-08
IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER
TO CLOSE THE NET METERING PROGRAM TO NEW SERVICE &
IMPLEMENT A NET BILLING PROGRAM TO COMPENSATE CUSTOMER
GENERATORS FOR EXPORTED GENERATION**

Dear Ms. Hanian:

Please find an electronic filing of Rocky Mountain Power's Supplemental Application in the above referenced matter, along with Attachment 1.

Hard copies of the Application and Attachment 1 and CDs containing the workpapers can be provided upon request.

Informal inquiries may be directed to Ted Weston, Idaho Regulatory Manager at (801) 220-2963.

Very truly yours,

Joelle Steward
Vice President, Regulation

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Attorneys for Rocky Mountain Power

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF ROCKY MOUNTAIN POWER TO) CASE NO. PAC-E-19-08
CLOSE THE NET METERING PROGRAM)
TO NEW SERVICE & IMPLEMENT A NET)
BILLING PROGRAM TO COMPENSATE) SUPPLEMENTAL APPLICATION
CUSTOMER GENERATORS FOR) OF ROCKY MOUNTAIN POWER
EXPORTED GENERATION)**

Rocky Mountain Power, a division of PacifiCorp (“Company” or “Rocky Mountain Power”), in accordance with Idaho Code §61-502, §61-503, and RP 052, respectfully submits this supplemental application (“Supplemental Application”) to the Idaho Public Utilities Commission (“Commission”).

In support of its Supplemental Application, the Company states as follows.

I. APPLICATION HISTORY

1. On June 14, 2019 the Company filed for authority to (i) close Electric Service Schedule 135 – Net Metering Service, (“Net Metering”), to new customer participation and cap it

at the levels in place, effective at midnight local time, December 31, 2019, (ii) require projects that apply for interconnection before January 1, 2020 to complete interconnection within a one year period of application to be eligible to stay in the Net Metering program; (iii) allow existing Net Metering customers and those that apply for or complete interconnection before midnight local time, on December 31, 2019 to continue to stay in the program at the site until June 1, 2029; (iv) offer a new Electric Service Schedule 136 – Net Billing Service, (“Net Billing program” or “Schedule 136”) for customers who apply to install customer generation after January 31, 2020; (v) implement an \$85 application fee for customers that apply to interconnect a customer generation system under the Net Billing program; and (vi) recover the exported energy credits, (“Export Credit”) from the Net Billing program through the Company’s annual Energy Cost Adjustment Mechanism (“ECAM”).

2. The Application did not seek to modify the retail rates that customers pay for the service the utility provides, but only to implement a new customer generation program that uses an export credit rate, which is supported by the testimony of Company witness Daniel J. MacNeil and an accompanying study (the “Export Credit Study”).¹ Rocky Mountain Power’s proposed Net Billing program consists of the following separate Export Credit elements for which customer-generators will receive compensation: (1) avoided energy costs; (2) avoided line losses; and (3) integration costs.

3. The Application provided customers notice of the Company’s proposal to close Schedule 135 to new customer participation and implement a new program, Electric Service Schedule No. 136 – Net Billing, for customers with on-site generation where the amount paid for exported energy from customer owned on-site generation would meet the customer indifference

¹ Rocky Mountain Power’s Exhibit No. 1.

standard. The Company issued a press release and customer letters were sent to all Schedule 135 customers to inform them of the proposed changes and recommended grandfathering treatment.

4. The Company provides electric service to over 83,000 customers in Idaho, of which 1,241 are Schedule 135 customers. As of the date of this update, only 12 customers have filed comments with the Commission, some of which stated they invested expecting no changes to the tariff. Neither the Commission nor Company ever made that promise. However, the Company recognizes that Schedule 135 customers have made a significant investment; therefore the Company's proposal included a ten-year grandfather period for the Schedule 135 Net Metering program that, as explained in Mr. Robert E. Meredith's testimony,² provides customers sufficient time to recover their investment. After the grandfathering period, these customers would still continue to benefit from their investment through reduced usage from the Company and compensation for exported energy.

5. Participation in the Net Metering program continues to grow significantly. Last June at the time of the Application there were approximately 820 customers participating under Schedule 135, with installed capacity of 5.8 megawatts. As of the end of March 2020 there are 1,262 customers with 9.3 megawatts of installed capacity an increase of 60 percent in nine months.

II. IPC-E-18-15 ORDER NOS. 34509 & 34546

6. On October 19, 2018, Idaho Power Company filed a petition relating to net billing styled as a Petition to Study the Costs, Benefits, and Compensation of Net Excess Energy Supplied by Customer On-Site Generation ("Idaho Power's Application"). This Petition was filed in response to an order from the Commission requiring it "to comprehensively study the costs and benefits of on-site generation in Idaho Power's system, as well as proper rates and rate design,

² Meredith direct testimony, page 19 lines 14 – 20.

transitional rates, and related issues of compensation for net excess energy provided as a resource to the Company.”³

7. On October 11, 2019 Idaho Power and Commission Staff jointly submitted a Motion to Approve Settlement Agreement. The settlement requested the Commission approve changes to Idaho Power’s net metering program. The Commission rejected the settlement in part due to the absence of a comprehensive study that demonstrated system impacts and a compensation structure for excess generation. The Commission also rejected it on the grounds that Idaho Power did not notify customers that the outcome of the case could result in changes to its net metering program and because there was insufficient record to support that the settlement was reasonable, in the public interest, or otherwise in accordance with law or regulatory policy.⁴

8. The Commission directed Idaho Power to prepare and file a “credible and fair study” of the costs and benefits of distributed on-site generation and provided guidance about what would constitute an acceptable study. Specifically, the Commission directed that the study should use current data, make the data publicly available, and design the study in coordination with the parties and the public, resulting in a study that is both understandable by the public and can withstand public scrutiny. The Commission established a “study design” phase and a “study review” phase. During the “study design” phase, both Commission Staff and Idaho Power must “host public workshops to share information and perspectives on net-metering program design with the public and to listen to customer concerns and input.”⁵

³ Idaho Power Application, Idaho Power Company’s Petition to Initiate Docket, Case No. IC-E-18-15, October 19, 2018, at ¶ 1, citing *Idaho Power’s Application for Authority to Establish New Schedules for Residential and Small General Service Customers with On-Site Generation*, Case No. IPC-E-17-13, Commission Order 34046, at 31 (May 9, 2018).

⁴ Idaho Power Application, Order No. 34509 (“Idaho Power Order”), Case No. IPC-E-18-15, December 20, 2019.

⁵ Idaho Power Order, at 9.

9. The Idaho Power Order also held that grandfathering existing net metering customers was permitted under Idaho law and directed Idaho Power to grandfather existing customers as of the date of the order.⁶

III. ISSUES TO BE STUDIED

10. The Company's Application addresses two issues: (1) fair treatment of existing Net Metering customers by grandfathering them for ten years while closing the program to new participants; and (2) implementing a new Net Billing program utilizing an Export Credit value for energy exported from customers with on-site generation back onto the Company's grid. The Application focuses on determining whether it is fair, just, or reasonable to pay new customer generators the Company's full retail rate for their non-firm energy exported to the grid.

11. Customers should be indifferent whether they get power from the Company, the market, or a neighbor who generates more power than they can use and wants to feed that excess power back onto the grid.

12. Rocky Mountain Power notified customers of its intent to close Schedule 135 to new service and implement an alternative Schedule 136 – Net Billing to better align the costs and benefits of net metering.

13. The proposed Net Billing program compensates customers with on-site generation for energy exported to the grid based on a thoroughly vetted Commission approved Surrogate Avoided Resource ("SAR") methodology used for power purchases from other small generators. This method can be understood by the interested public and has withstood public scrutiny. This consistent approach of valuing non-firm must-take energy is fair to all customers and power producers.

⁶ *Id.*

IV. POST IDAHO POWER ORDER

14. On March 10, 2020 the Company met with the intervening parties to discuss how best to proceed in light of Idaho Power's Order. The parties agreed to proceed with a two-phase process; Phase 1 to develop the study design, and Phase 2 for the study review. The parties also developed a proposed schedule. The Company respectfully requests that the Commission authorize Phase 1 to proceed according to the schedule proposed by the parties.

15. The Company also agreed that it would update the previously submitted Export Credit Study with the most current information available. Accordingly, the Company submits Attachment 1 to this Supplemental Application as the updated Export Credit Study. The Export Credit Study provides the Company's position on the value of energy exported from customer owned on-site generation to the Company's grid, including the following information:

16. **Avoided Energy Costs:** The avoided energy costs were calculated based on the Commission approved SAR Methodology for determining avoided costs for standard qualifying facility resources up to at least 100 kilowatt in nameplate capacity. The updated prices are based on the April 16, 2020 SAR calculation provided by Commission Staff. The Company's Application also included on-peak and off-peak pricing based on Energy Imbalance Market ("EIM") prices during calendar year 2018. The Company updated on-peak and off-peak prices to reflect EIM prices from calendar year 2019. These updated on-peak/off-peak prices support an average annual export credit of \$22.34 per megawatt-hour ("MWh") as supported in Attachment 1 to this Supplemental Application.

17. **Avoided Line Losses:** Line losses are the difference between the total generation injected into the grid, and the total metered volume at customer sites. A kilowatt-hour produced by a generator is not equivalent to a kilowatt-hour delivered to a customer. The Company's avoided energy costs are typically measured based on generation and market purchases at

transmission voltages, while the metered volumes for residential generation exports are measured at the secondary voltage level. Because residential generation exports travel across the secondary voltage network, avoided line losses are estimated based on marginal primary voltage losses. The average value of avoided line losses during the 12 months ending May 31, 2021 is \$3.36/MWh.

18. **Integration Cost:** The Company uses flexible resources to accommodate fluctuations in the balance of its system attributable to load, wind, solar, and other resources that are not under the Company's control. Integration costs represent the cost of holding reserves with flexible resources to reliably maintain the load and resource balance. Integration costs in the Application were based on the 2017 Integrated Resource Plan ("IRP"). The inflation adjusted integration costs in the Application were \$0.64/MWh. Since filing the Application on June 14, 2019 the Company filed its 2019 IRP with updated integration costs. The Company updated the Export Credit to include the 2019 IRP integration costs of \$0.25/MWh.

V. GRANDFATHERING

19. The Company's Application filed on June 14, 2019 requested closure of Schedule 135 – Net Metering as of midnight on December 31, 2109, and notice was provided to customers, as set forth in paragraph 3, and the Company plans to provide additional notice to all its customers as set forth in paragraph 24.

20. Idaho Code §61-622 paragraph (4) states:

The period of suspension of such new tariff, schedule, rate, fare, toll, rental, charge, classification, contract, practice, rule, service or regulation shall not extend beyond thirty (30) days when such new tariff, schedule, rate, fare, toll, rental, charge, classification, contract, practice, rule, service or regulation would otherwise go into effect, pursuant to section 61-307, Idaho Code, unless the commission in its discretion extends the period of suspension for an initial period not exceeding five (5) months, nor unless the commission after a showing of good cause on the record grants an additional sixty (60) days. Prior to the expiration of said periods of suspension the commission may, with the consent in writing signed by the party filing such new tariff or schedule, permanently or further suspend the same.

21. As part of this Supplemental Application, the Company respectfully requests closure of Schedule 135 to new customers as dictated under Idaho Code §61-622, based on the original closure date requested in its Application, by statute would be effective July 31, 2020 at midnight local time, and recommends that customers on Schedule 135 as of that date be grandfathered on that schedule until July 31, 2030. Customers who submit an application to interconnect before midnight on July 31, 2020 would have one year to interconnect their customer generation system in order to still be grandfathered on Schedule 135.

22. The Company requests that Electric Service Schedule 136 – Net Billing be effective September 1, 2020 for all new customers. Schedule 136 is the same as Schedule 135 with one difference — any energy exported to the GRID will be compensated at the Export Credit Rate. Initially that Export Credit Rate would be the same as retail energy charges until the Commission issues a final ruling on the value of the Export Credit. This treats existing Schedule 135 customers fairly and puts potential new customer generator program participants on notice that the Export Credit will change.

23. The Company requests that any customer who files an interconnection application after July 31, 2020 would be subject to the new Net Billing program that results from this docket.

VI. CUSTOMER COMMUNICATION PLAN

24. During the March 10, 2020 meeting the Company and parties agreed to a two-phase process and developed a proposed procedural schedule. The schedule had the Company supplementing its Application with an updated Export Credit Study to be filed by April 23, 2020. The proposed procedural schedule also included Staff filing comments for the April 28th decision meeting recommending Commission approval of the two phase process and procedural schedule. The schedule includes the Company and Commission Staff holding public workshops in June. As soon as the Company has identified locations, times, and dates for the workshops the Company

will send new customer notices of the Application's proposal with the meeting information to all customers. The Company will include a telephonic option in case public meetings are not possible due to COVID-19. This option will also make it easier for customers to participate.

25. The Company is also adding a link to its webpage directing interested customers to a page that will provide additional information about the proposed changes to the net metering program.

26. One of the reasons the Commission rejected Idaho Power's settlement was because Idaho Power did not notify customers that the outcome of their case could result in changes to its net metering program. The Company has notified customers of its intent to change the net metering program and intends to reiterate that intention in the new customer notice.

VII. COST OF SERVICE

27. The Company's Application was supported by testimony from Mr. Meredith, who testified that under the existing tariffs, net metering customers don't pay their full cost of service. This Commission has previously directed that cost of service and rate design issues should be dealt with in a general rate case. Accordingly, the Company will provide a current cost of service study in its general rate case that is targeted to be filed on June 1, 2020, and any rate design changes will be addressed in that docket.⁷

VIII. CORRESPONDENCE OR COMMUNICATIONS

Correspondence and communications regarding this Application should be addressed to:

Ted Weston
Idaho Regulatory Affairs Manager
Rocky Mountain Power
1407 West North Temple, Suite 330
Salt Lake City, Utah 84116
Telephone: (801) 220-2963
Email: ted.weston@pacificorp.com

⁷ Case No. PAC-E-20-03.

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In addition, Rocky Mountain Power requests that all data requests regarding this Application be sent in Microsoft Word to the following:

By email (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
 PacifiCorp
 825 Multnomah, Suite 2000
 Portland, Oregon 97232

Informal questions may be directed to Ted Weston, Idaho Regulatory Affairs Manager at (801) 220-2963.

IX. REQUEST FOR RELIEF

Electric Service Schedule No. 136 – Net Billing is designed to provide for growth of renewable distributed generation in the Company’s service territory by appropriately compensating customers for exported generation that is supplied to Rocky Mountain Power’s system, while at the same time ensuring that the Company’s other customers who are not participating in the Net Billing program are not harmed by subsidizing Net Billing customers. The Net Billing program is designed to provide compensation based on costs that the Company would otherwise spend to obtain electricity.

WHEREFORE, Rocky Mountain Power respectfully requests that the Commission issue an order authorizing the Company to: (i) close Electric Service Schedule 135 to new customer participation and cap it at the levels in place, effective at midnight local time, July 31, 2020 per

Idaho Code §61-622 paragraph (4); (ii) allow existing net metering customers and those that apply for or complete interconnection before July 31, 2020 to continue to stay on the program at the site until July 31, 2030; (iii) offer a Net Billing program to new customer generators through Schedule 136 for those who apply for interconnection starting September 1, 2020; (iv) implement an \$85 application fee for customers that apply to interconnect a customer generation system under the Net Billing program that will reflect the one-time cost to the Company associated with processing and reviewing customer generation interconnection requests; (v) require projects that apply for interconnection before August 1, 2020 to complete interconnection within a one year period of application to be eligible to stay in the Net Metering program and (vi) recover the exported energy credits from the Net Metering and Net Billing program through the Company's annual ECAM.

DATED this 23rd day of April, 2020.

Respectfully submitted,

ROCKY MOUNTAIN POWER



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Attachment 1

PacifiCorp
State of Idaho
Export Credit Summary by Element

Month	On-Peak				Off-Peak				Average*
	Energy \$/MWh	Losses \$/MWh	Integration \$/MWh	Total \$/MWh	Energy \$/MWh	Losses \$/MWh	Integration \$/MWh	Total \$/MWh	Total \$/MWh
6/1/20	\$24.53	\$3.62	(\$0.51)	\$27.63	\$13.03	\$1.63	(\$0.27)	\$14.39	\$16.82
7/1/20	\$25.87	\$4.94	(\$0.41)	\$30.40	\$18.78	\$3.03	(\$0.29)	\$21.52	\$23.09
8/1/20	\$29.98	\$4.34	(\$0.44)	\$33.87	\$19.39	\$2.29	(\$0.29)	\$21.39	\$23.51
9/1/20	\$30.26	\$5.28	(\$0.49)	\$35.05	\$17.05	\$2.41	(\$0.28)	\$19.18	\$21.96
10/1/20	\$25.45	\$4.06	(\$0.39)	\$29.12	\$19.46	\$2.63	(\$0.30)	\$21.78	\$23.09
11/1/20	\$24.11	\$4.85	(\$0.40)	\$28.56	\$18.17	\$3.26	(\$0.30)	\$21.14	\$22.37
12/1/20	\$27.71	\$7.78	(\$0.38)	\$35.11	\$22.17	\$5.53	(\$0.30)	\$27.40	\$28.77
1/1/21	\$23.84	\$6.30	(\$0.18)	\$29.95	\$19.29	\$4.59	(\$0.15)	\$23.73	\$24.73
2/1/21	\$27.06	\$6.90	(\$0.20)	\$33.75	\$19.25	\$4.42	(\$0.14)	\$23.53	\$25.26
3/1/21	\$19.80	\$3.74	(\$0.17)	\$23.37	\$17.55	\$3.06	(\$0.15)	\$20.46	\$21.00
4/1/21	\$23.39	\$3.61	(\$0.21)	\$26.79	\$16.33	\$2.21	(\$0.14)	\$18.39	\$19.93
5/1/21	\$17.84	\$2.47	(\$0.17)	\$20.13	\$15.55	\$1.67	(\$0.15)	\$17.07	\$17.56
Annual*	\$24.97	\$4.80	(\$0.33)	\$29.44	\$18.02	\$3.06	(\$0.23)	\$20.84	\$22.34
Summer*	\$27.60	\$4.54	(\$0.46)	\$31.67	\$17.11	\$2.35	(\$0.28)	\$19.17	\$21.38
Winter*	\$23.63	\$4.94	(\$0.26)	\$28.30	\$18.47	\$3.41	(\$0.21)	\$21.68	\$22.82

Definitions:

On-Peak 4pm-10pm MPT Mon-Fri

Off-Peak All other, including all day on holidays

* Average values reflect equal delivery in all hours

Summer Jun-Sep

Winter Oct-May