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Attorney for the Commission Staff

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION )**  
**OF ROCKY MOUNTAIN POWER TO CLOSE )** **CASE NO. PAC-E-19-08**  
**THE NET METERING PROGRAM TO NEW )**  
**SERVICE & IMPLEMENT A NET BILLING )** **REVISED COMMENTS OF**  
**PROGRAM TO COMPENSATE CUSTOMERS )** **THE COMMISSION STAFF**  
**GENERATORS FOR EXPORTED ENERGY )**

**STAFF OF** the Idaho Public Utilities Commission, by and through its Attorney of record, Edward Jewell, Deputy Attorney General, submits the following comments.

**BACKGROUND**

On June 14, 2019, Rocky Mountain Power, a division of PacifiCorp (“Rocky Mountain Power” or “Company”) filed an Application requesting the Commission close Electric Service Schedule 135 – Net Metering Service (“Schedule 135” or “Net Metering Program”) to new customer participation as of December 31, 2019, and open Electric Service Schedule 136 – Net Billing Service (“Schedule 136” or “Net Billing Program”) to new customer participation as of February 1, 2020.

On July 18, 2019, the Commission issued a Notice of Application and Notice of Intervention Deadline. Order No. 34379. Idaho Irrigation Pumpers Association, Inc., Idaho Conservation League, and Idaho Clean Energy Association, Inc. intervened.

On December 20, 2019, the Commission issued a final order in IPC-E-18-15 rejecting a proposed Settlement Agreement for Idaho Power’s net metering program. Order No. 34509.

On February 5, 2020, the Commission issued a final order on reconsideration in IPC-E-18-15 upholding its decision to reject the proposed Settlement Agreement. Order No. 34546.

On March 10, 2020, the parties met to discuss how to proceed with Rocky Mountain Power's Application in light of the Commission's directives in Order Nos. 34509 and 34546 issued in IPC-E-18-15.

On April 23, 2020, Rocky Mountain Power submitted a supplemental application ("Supplemental Application") with updated inputs to the proposed Export Credit Rate and an updated proposal regarding grandfathering treatment for existing customers.

On April 28, 2020, Commission Staff presented a Decision Memorandum at the Commission's regularly scheduled Decision Meeting outlining the proposed procedure and schedule agreed to by the parties.

On May 6, 2020, the Commission issued Order No. 34661 which adopted the "two-phase" approach the Commission ordered for Idaho Power in Order No. 34509 and recommended by parties in this case. The two-phase approach consists of a study design phase and a study review phase, with opportunities for public input during both phases. The study design phase provides the parties and the public the opportunity to comment on the scope and parameters of the study. Following the study design phase, the Commission will issue an order establishing the scope and parameters of the study. The Company then will conduct the study and file it with the Commission. The study must be understandable to the average customer, but its analysis must withstand expert scrutiny. After the Company files the study, the Commission will issue an order establishing the procedure and schedule for the study review phase. The study review phase will allow parties and the public to state whether the study was conducted in a credible and fair manner and whether the study is sufficiently comprehensive to support a well-informed decision regarding Rocky Mountain Power's net metering service offerings.

Rocky Mountain Power submitted a Supplemental Application in this docket, which supersedes the Company's original application.

The Company proposes to close its current Net Metering Program to new participants as of July 31, 2020. The Company proposes that Schedule 135 customers remain on Schedule 135 until July 31, 2030, grandfathering existing customers to the terms of Schedule 135 for 10 years.

Arguments pertaining to the Company's proposed grandfathering treatment for existing customers will be considered in the study design phase.

The Company requests the Commission establish Schedule 136 – Net Billing Program effective September 1, 2020. The Company proposes that customers who apply to interconnect an onsite generation system after July 31, 2020 take service under Schedule 136.

The Company states the only difference between its current Schedule 135 and its proposed Schedule 136 is that under Schedule 136, energy exported to the grid by a customer generator would be compensated at an export credit rate ("Export Credit Rate").

The Company requests the Commission open Schedule 136 for new customers as of September 1, 2020, but initially set the Export Credit Rate equivalent to retail energy charges until the Commission approves an Export Credit Rate.

The Company proposes three components to determine the Export Credit Rate: an energy component, an avoided line losses component, and an integration cost component.

The Company proposes using the Surrogate Avoided Resource ("SAR") method, with on-peak and off-peak pricing, to determine the energy value in the Export Credit Rate. The SAR method is used by the Commission to calculate published avoided cost prices under the Public Utility Regulatory Policies Act of 1978. The SAR method reflects the costs the utility would incur if it were to build, operate, and maintain a natural gas fired combined cycle combustion turbine. Based on 2019 data and the proposed SAR rates set to take effect on June 1, 2020, the Company calculates the average value of the SAR-based energy component at \$22.34 per MWh.

For the value of avoided line losses, the Company proposes a value of \$3.36 per MWh.

The Company states it must maintain reserve resources to integrate variable resources. The Company calculates its integration costs, based on its 2019 Integrated Resource Plan ("IRP"), as \$0.25 per MWh.

The Company proposes to recover exported energy credits for Schedule 135 and Schedule 136 through the Company's Energy Cost Adjustment Mechanism ("ECAM").

The Company reports about 1,262 customers with a total of 9.3 megawatts installed capacity participate under Schedule 135 as of the end of March 2020.

The Company proposes a one-time non-refundable application fee of \$85 be submitted with the customer's application for on-site generation.

On June 16 and June 18, 2020, the Company and Staff held respective public workshops. Due to COVID-19, these public workshops were held virtually and a telephonic option was provided. Both workshops were held after preliminary comments were filed and before revised comments were filed to provide an opportunity for parties to incorporate public feedback into the revised comments.

The Company proposes no changes to retail consumption rates in this docket. On March 26, 2020, Rocky Mountain Power filed a Notice of Intent to File a General Rate case. In its Supplemental Application, the Company states it intended to file a general rate case on June 1, 2020. Rate design and cost of service issues for consumption will be addressed in that docket.

## **STAFF ANALYSIS**

Staff's revised comments in this matter address the feedback received from the public during the Staff workshop on June 18, 2020. The majority of customer feedback received at the workshop focused on supporting a grandfathering period for existing customers of at least 25 years, expressing concern about the low proposed export credit rate, and very strongly opposing the annual expiration of rate credits. In addition to incorporating public feedback, Staff's revised comments provide additional detail on the scope, methods, and sources that Staff recommends the Commission order the Company to adopt for its comprehensive study of the costs and benefits of net metering.

A limited number of customers participated in the workshops, but those who did were well informed on the issues. Several customers questioned the motivation for the Company's filing. One customer said that the increase in net metering is driven by expiring federal tax incentives and that the Company is using the recent growth in the program as an opportunity "to kill it when it looks scary." Another customer found it strange that a large investor-owned utility would be so concerned with 1.49% of its Idaho customers.

### Grandfathering Existing Net Metering Customers

Customers who attended the Staff workshop and filed comments are strongly opposed to the 10-year grandfathering period proposed by the Company. Several customers believe Staff's 25-year proposed grandfathering period is reasonable, in part because they state that 25 years is

the basic warranty period for most rooftop solar systems. One customer stated he did not understand the basis for the Company's 10-year grandfathering proposal. Another customer asked about the variability in payback periods for different customers. That customer astutely pointed out that the Company says it used an "average" customer costs to calculate the payback period. However, solar prices have been dropping steeply in recent years, so early adopters likely have a longer payback period, which means that the "average" customer may not accurately represent payback periods for many customers.

Another customer said he had invested significant money in his panels with the understanding that the net metering program had been vetted and approved by the Commission and Rocky Mountain Power to ensure that the "rates and structure are sustainable," and now felt "duped, tricked, misled, defrauded, [and] hoodwinked" upon now hearing that "net metering schedule 135 was misguided and likely sent erroneous rate signals..." and believes that he and similarly situated customers should be "held harmless." Yet another customer said he made a "significant financial investment" and considers the Company's proposal a "bait-and-switch maneuver." He further stated that changing the terms for new net metering customers is reasonable, but not for existing customers.

However, some customers pointed out that the grandfathering period should go beyond 25 years because solar panels can be replaced to extend the life of the system, in the same way that a utility-owned generation source regularly replaces parts in order to continue running for many years past its originally anticipated life span. Several customers said grandfathering should be extended in perpetuity, and one pointed out that the "term "grandfathered" by definition means never changed or ended."

One customer stated the grandfathering period should be analyzed in the Company's comprehensive study. Another voiced doubt about the approximate 10 cents/kWh subsidy identified by the Company and pointed out that if the avoided cost of generation is greater than the subsidy, then the exported energy is a net benefit to the grid. One customer asked if the subsidy means that the Company is losing revenue.

At the public workshop, Staff specifically asked for feedback on the value of a transition period (or glide path) which could be used to phase in the change from the retail rate to a lower export credit rate. One customer pointed out that moving from the "15 cent credit to a 2 cent

credit is a huge jump” and another said that the value of the transition period depended on the final export credit rate.

One customer observed that while the Company claims it is correcting a subsidy, it has not demonstrated that other customers are harmed, and that “belief is not evidence.” Staff notes that no non-metering customers have voiced concern about the subsidy or submitted comments supporting the Company’s proposal.

In order to respond to customer feedback on grandfathering, Staff recommends the Company quantify the impact of grandfathering based on the Company’s 10-year proposal, Staff’s 25-year proposal, a 35-year time period, and a 50-year time period, which is intended to provide a starting approximation for the perpetual grandfathering recommended by some customers.

Staff also recommends analyzing the impact of those grandfathering periods under a range of Export Credit Rates, including the current retail rate and the Company’s proposed Export Credit Rate as bookends. Additionally, Staff recommends analyzing the impact of a 7.4 cent/kWh credit, which is the median of current retail rate and the Company’s proposed Export Credit Rate, and a 5 cent/kWh credit, intended to be a proxy for the possible increase to the Export Credit Rate under Staff’s proposed rate components. Lastly, Staff recommends analyzing the impact of a range of transition periods, beginning with the 3-year transition period proposed as an alternative in the Company’s original Application, and 5, 10, and 15-year transition periods to understand the impacts of those possible options on net metering customers and the Company.

Therefore, Staff now recommends that the Commission order the Company to analyze the impact of grandfathering as follows:

1. Quantify the dollar amount expected to be recovered from non-net metering customers and paid to net metering customers over 10, 25, 35, and 50-year grandfathering periods. The quantification for each grandfathering period should be analyzed using the current retail rate, a 7.4 cents/kWh Export Credit Rate, a 5 cents/kWh Export Credit Rate, and the Company’s proposed 2.23 cents/kWh Export Credit Rate. This analysis should take into account how a reduced Export Credit Rate will impact future customer adoption.
2. Quantify the dollar amount required to be collected from each rate class under the scenarios listed in 1.

3. Quantify the bill impacts that these proposed Export Credit Rates would have to a distribution of differently-situated customers in each rate class (i.e. different usage levels).
4. Quantify the dollar amount required to be collected from each rate class if the transition from the current retail rate to the Company's proposed 2.23 cents/kWh was phased in over 3, 5, 10, and 15 years. This analysis should take into account how a reduced Export Credit Rate will impact future customer adoption.

#### Application Fee

Customers did not have any feedback on the Company's proposed application fee or the Staff's recommendation for verifying that amount. In order to confirm the costs and calculation of this proposed fee, Staff recommends that the Commission direct the Company to:

5. Provide the costs that the Company has incurred processing applications for net metering customers for the past 3 years and then calculate an average rate per application.

#### Recovering Export Credit Rates in the ECAM

Customers did not have any feedback on the Company's proposal to recover the Export Credit Rate in the ECAM. In order to understand how the bill credits paid to net metering customers are currently booked, how the Company's proposal would differ from the current method, and the impact of those methods on each customer rate class, Staff recommends that the Commission direct the Company to:

6. Explain the method currently used to record net metering bill credit costs.
7. Quantify the current annual amount of the net metering costs allocated to each class.
8. Present and explain how these costs have been allocated and recovered between rate classes for the past five years.
9. Quantify these costs per year under the assumptions that the Export Credit Rate is the retail rate, 7.4 cents/kWh, 5 cents/kWh, and 2.23 cents/kWh.
10. Analyze how these bill credit costs would be allocated and recovered by rate class through the Company's proposed ECAM method going forward.

## Export Credit Rate

Customers who attended the Staff workshop and filed comments are strongly opposed to moving from the retail rate credit to a significantly reduced Export Credit Rate if it is applied to existing customers. Customers are much more open to moving to the Export Credit Rate for new net metering customers, who they believe would be fully aware of the payback period under which they are making a large financial commitment.

Customers doubted the validity of the Company's calculation which resulted in such a small Export Credit Rate value. One described it as "outlandish" and "intended to severely chill solar investment in Idaho." Several mentioned that it was not reasonable for the Company to buy their exported energy at 2.23 cents/kWh and then immediately sell it to their neighbor using local distribution lines for the retail rate of approximately 12.5 cents/kWh: "it doesn't seem right that the excess power I produce can be used by Rocky Mountain Power to be resold to customers for far more than they are compensating me for it." Others mentioned that the Company had not studied the environmental, economic, and reliability benefits associated with net metering.

### *Modeled Data as a Proxy for Actual Customer Export Data*

Customers did not have any specific feedback on the Company's use of modeled data to calculate the Export Credit Rate. In order to establish the need and ability to rely on modeled data to calculate the Export Credit Rate, Staff recommends the Commission order the Company to:

11. Confirm when a full year of hourly AMI export data will be available for its net metering customers.
12. Explain the Company's method for verifying and validating the accuracy of its model and modeled customer export data.

### *Avoided Energy Value*

Customers clearly understood that they are providing a resource to the Company and other customers. Staff believes that the assumptions and adjustments the Company used in its proposed avoided energy value do not align with the value the Company uses for other resources. Staff recommends the Commission direct the Company to:



13. Calculate the avoided cost of exported energy using the energy price assumptions in its most recently acknowledged IRP.
14. Provide the calculations and documentation showing why the avoided cost of exported energy produced by net metering customers should only be valued at 85% of the total avoided energy value.

### *Avoided Capacity Value*

At least one customer identified the potential capacity value of net metering when he cited the increased value of westerly-oriented panels that provide exported energy “when power demand and rates are at their greatest” and its ability to “shift peak usage from peak periods thereby reducing costs for everyone.” Because the Company has not attempted to establish the capacity value of exported energy, this customer and others would not be compensated for any capacity value they provide as a class to the system.

In addition to noting the capacity value of net metering, that customer also identified a concern similar to that described by Staff: that unconfirmed assumptions about panel orientation included in the modeled data on which the capacity value calculation is based can have an inordinate impact on the outcome. Staff also believes it is critical to analyze the avoided capacity value on a class, or aggregate, basis in order to fairly reflect the resource as a whole.

In order to assure that customers are compensated for any capacity value that they provide on a class basis, Staff recommends that the Commission order the Company to:

15. Analyze the capacity value of exported energy provided by net metering customers on a class basis using one of two methods:
  - a) a Loss of Load Probability Study, or
  - b) determine the power that is reliably exported to the grid by net metering during peaking events. Staff recommends using a reliability threshold of 99.5%. If, for example, the study determines that customer-generators provide no less than 1.5 MW of power during 99.5% of the peaking events, then Staff would recommend using 1.5 MW as the basis for determining the capacity avoided by the customer-generator class. Staff believes that an accurate estimate of the power reliably exported during

peaking events can be obtained using the top 100 peaking events from each of the past 10 years (1,000 peaking events).

16. Provide hourly time-differentiated capacity values.

#### Avoided Line Losses

Some customers pointed out that locally produced energy provides value because it does not have to be transported long distances from the generation site to consumption centers. While Staff believes that the Company's avoided line loss calculation appears reasonable, it is part of a complex system loss study that may not be clear to most customers. In order to allow customers an opportunity to meaningful digest that study, the Staff recommends that the Commission order the Company to:

17. Explain the avoided line loss calculations at a level that an average customer can understand.

#### Integration Costs

One net metering customer stated that it is unreasonable for the Company to treat them as large-scale power producers in some, but not all, respects. Staff agrees that the Company has done this by inappropriately assuming that utility-scale wind and solar projects can be used as a reasonable proxy for the integration costs associated with residential net metering customers and analyzing those costs on an individual customer basis, rather than on a class basis. In addition, Staff believes that net metering integration costs cannot be reasonably determined using the Company's proposed methodology because it does not address the variability of these resources. Staff recommends the Commission order the Company to:

18. Study other methods for determining the integration costs of net metering customers as a class, calculate the dollar impact of deferring a study of the integration charge for net metering customers until AMI data is available, and if different, calculate the dollar value of using a zero placeholder until AMI data is available.

### Avoided Transmission and Distribution Costs

Customers were interested in quantifying the value of locally produced energy that can avoid the infrastructure required to move energy produced at distant generation plants to load centers. Staff agrees that those costs which can be deferred should be included in the export credit calculation. Therefore, Staff recommends that the Commission order the Company to:

19. Quantify the value of transmission and distribution costs that could be avoided by energy exported to the grid by net metering customers by using the methodology it uses for calculating the avoided transmission and distribution costs provided by energy efficiency programs.

### Avoided Environmental Costs and Other Benefits

While customers stated their primary motivation for installing panels was economic, customers also pointed out that additional benefits of net metering have not been included in the Company's proposal. Customers stated that net metering can provide environmental and economic benefits, increased grid resilience and protection against cybersecurity threats. Less quantifiable, but still quite valuable to customers, is the ability for them to contribute to their own energy needs and foster independence, a core Idaho value.

One customer noted that combining rooftop solar panels with a Tesla Powerwall can protect the Company's Idaho customers from outages caused by the frequent Southeastern Idaho winter storms, including the potential damage caused by frozen pipes, which the customer pays to repair, not the Company.

In response to customer feedback on these benefits, Staff recommends that the Commission order the Company to analyze and quantify net metering contributions to:

20. Quantify the value of grid stability, resiliency, and cybersecurity protection.
21. Quantify the value of economic benefits, including local job creation and increased economic activity in the immediate service territory.
22. Quantify the value of environmental benefits, including reduced greenhouse gas emissions and improved water quality.
23. Quantify the possible value of Renewable Energy Credit sales produced by net metering exported energy.

## Schedule 136 Implementation Issues

### *Billing Structure*

There was some discussion at the Staff workshop about how the Company proposes to bill customers in its proposal, in particular before AMI is installed in the Company's Idaho service territory. After AMI is available, customers will be billed for consumption and credited for exports on a near-instantaneous basis, without the need to net consumption and production on a monthly basis, as is the Company's current practice, or on an hourly basis, as some utilities have considered. However, it is less clear how the Company plans to bill customers in the time between when the proposed Export Credit Rate would take effect and AMI is installed.

Therefore, Staff recommends the Commission order the Company to:

24. Explain how the Company proposes to bill net metering customers until AMI is implemented in its Idaho service territory.

Additionally, at least one customer strongly recommends that the Company institute a time-differentiated rate for exports rather than a single flat rate, in order to incent customers to design their systems and panel orientation to provide energy when it is most needed. Staff notes that the Company has proposed time and seasonally differentiated periods for the Export Credit Rate, but the time periods are quite broad. Therefore, Staff recommends that the Commission order the Company to:

25. Explain if and how seasonal and time-of-delivery price differences will be used to help align customer generated exported energy with the Company's system needs.
26. Explain if and how using more granular time periods for differentiating energy and capacity credits could be used to more closely align customer-generated exports with the Company's system needs.

### *Export Credit Expiration*

In addition to a 10-year grandfathering period, the Company's proposal that export credits expire annually was the issue that customers most strongly objected to at the Staff workshop and in written comments.

Several customers pointed out that the Company only proposed customer benefits of net metering expire, it does not propose similar treatment for itself. One customer stated that "The

expiration of credits doesn't make sense- when the Company sells the energy I produce to other customers, the revenue the Company collects doesn't expire." Another said, PacifiCorp "is also looking to make credits expire as they are too difficult to track over the long term even though they have already resold that power and have no problems tracking money owed them." A third customer noted that "unpaid bills don't expire."

Other customers pointed out that the preservation of those credits is important for their personal finances. One cited a friend who has significant credits and uses them towards electricity costs in future winters. Another customer said they only produce energy in the summer and need the credits to get through the winter.

Additional customers pointed out that "people converting their homes from natural gas to electricity, or buying electric vehicles, may increase usage and therefore the use of bill credits" and that "with financial credits, the value [of the bill credit] diminishes over time as electric rates go up. Another customer described the Company's proposal to expire bill credits as "criminal."

Staff shares customers' concerns on this issue. The Company's stated reason for annual credit expiration – that it encourages customers to right-size their system – incorrectly assumes that customer consumption remains stable from year to year. But annual consumption can vary significantly based on weather, so a system designed to meet a customer's average usage will overproduce in sunny summers and underproduce in cloudy or rainy summers. Similarly, a customer's annual consumption can also vary considerably depending on whether it is a hotter than usual summer or a colder than usual winter. Similar weather and temperature patterns often occur together over a series of years, which means that customers could over-produce and/or under-consume for several years in a row.

Annual expiration of credits would significantly harm these customers by erasing a benefit they spent significant funds to acquire. It is also important to note that if a cost-based Export Credit Rate is adopted, these customers will not be over-compensated for the energy they produce, which raises the question about why those credits should expire. Further, because exported energy is compensated with a bill credit rather than a check, there is no economic incentive for customers to invest in an oversized system that will generate bill credits far in excess of what they can ever use even if the bill credits do not expire.

In order to establish whether a bill credit expiration period is necessary, and if so, what an appropriate term might be, Staff recommends the Commission order the Company to:

27. Quantify the magnitude, duration, and value of accumulated export credits as of August 1, 2020.
28. Quantify the impact to customers of a 2-year, 5-year, and 10-year expiration periods.
29. Explain the need for credits to expire and show how the Company does or does not benefit from the expiration of customer export credits.

#### *Frequency of Export Credit Rate Updates*

Customers did not comment on the Company's proposal to update the Export Credit Rate annually. However, Staff believes that such frequent updates could jeopardize bill stability for customers and make it difficult for them to reasonably estimate payback periods when determining whether to invest. Staff recommends including the additional proposed components of the Export Credit Rate, including an avoided capacity value, in this analysis if those components are approved by the Commission. Therefore, Staff recommends that the Commission order the Company to:

30. Quantify the impact of biennial updates as compared to annual updates of the Export Credit Rate by comparing the changes in the SAR energy rate, line losses, and integration costs using historical data over one year, one IRP cycle (two years), and two IRP cycles (four years).

#### Smart Inverter Study

Several customers' comments mentioned the benefits that smart inverters could provide to the Company's grid if incorporated as part of the net metering program and noted that value had not been included in the Company's proposed Export Credit Rate. Staff agrees that smart inverters have the potential to provide grid benefits and notes that the Company has already developed a smart inverter policy for its Utah service territory. In order to understand if applying a similar policy in Idaho would yield benefits, Staff recommends the Commission order the Company to:

31. Explain the key aspects of the Company's Utah smart inverter policy and quantify the benefits of applying that policy in its Idaho service territory, in particular, the potential benefits of reactive power control.

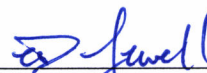
## CUSTOMER COMMENTS

Staff wishes to thank the customers who took the time to participate in the Staff workshop, the Company workshop, the Commission's public hearing, and provide written comments.

## STAFF RECOMMENDATION

Staff recommends the Commission order the Company to conduct its comprehensive study of the costs and benefit of net metering according to Study Recommendations 1-31 listed in these comments and in Attachment A.

Respectfully submitted this <sup>2<sup>nd</sup></sup> day of July 2020.



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Edward Jewell  
Deputy Attorney General

Technical Staff: Stacey Donohue  
Rachelle Farnsworth  
Kevin Keyt  
Mike Morrison  
Joe Terry  
Chris Hecht

i:umisc/comments/pace19.8ejsdrfkmmjtch revised comments

**Attachment A: Staff's PacifiCorp Net Billing Study Design Recommendations**  
**PAC-E-19-08**

Grandfathering Existing Net Metering Customers

1. Quantify the dollar amount expected to be recovered from non-net metering customers and paid to net metering customers over 10, 25, 35 and 50-year grandfathering periods. The quantification for each grandfathering period should be analyzed using the current retail rate, a 7.4 cents/kWh Export Credit Rate, a 5 cents/kWh Export Credit Rate, and the Company's proposed 2.23 cents/kWh Export Credit Rate. This analysis should take into account how a reduced Export Credit Rate will impact future customer adoption.
2. Quantify the dollar amount required to be collected from each rate class under the scenarios listed in 1.
3. Quantify the bill impacts that these proposed Export Credit Rates would have to a distribution of differently-situated customers in each rate class (i.e. different usage levels).
4. Quantify the dollar amount required to be collected from each rate class if the transition from the current retail rate to the Company's proposed 2.23 cents/kWh was phased in over 3, 5, 10, and 15 years. This analysis should take into account how a reduced Export Credit Rate will impact future customer adoption.

Application Fee

5. Provide the costs that the Company has incurred processing applications for net metering customers for the past 3 years and then calculate an average rate per application.

Recovering Export Credit Rates in the ECAM

6. Explain the method currently used to record net metering bill credit costs.
7. Quantify the current annual amount of the net metering costs allocated to each class.
8. Present and explain how these costs have been allocated and recovered between rate classes for the past five years.
9. Quantify these annual costs under the assumptions that Export Credit Rate is the retail rate, 7.4 cents/kWh, 5 cents/kWh, or 2.23 cents/kWh.



10. Analyze how these costs would be allocated and recovered by rate class through the Company's proposed ECAM method going forward.

#### Export Credit Rate

##### *Modeled Data as a Proxy for Actual Customer Export Data*

11. Confirm when a full year of hourly AMI export data will be available for its net metering customers.
12. Explain the Company's method for verifying and validating the accuracy of its model and modeled customer export data.

##### *Avoided Energy Value*

13. Calculate the avoided cost of exported energy using the energy price assumptions in its most recently acknowledged IRP.
14. Provide the calculations and documentation showing why the avoided cost of exported energy produced by net metering customers should only be valued at 85% of the total avoided energy value.

##### *Avoided Capacity Value*

15. Analyze the capacity value of exported energy provided by net metering customers on a class basis using one of two methods:
  - a) a Loss of Load Probability Study, or
  - b) determine the power that is reliably exported to the grid by net metering during peaking events. Staff recommends using a reliability threshold of 99.5%. If, for example, the study determines that customer-generators provide no less than 1.5 MW of power during 99.5% of the peaking events, then Staff would recommend using 1.5 MW as the basis for determining the capacity avoided by the customer-generator class. Staff believes that an accurate estimate of the power reliably exported during peaking events can be obtained using the top 100 peaking events from each of the past 10 years (1,000 peaking events).
16. Provide hourly time-differentiated capacity values.

### Avoided Line Losses

17. Explain the avoided line loss calculations at a level that an average customer can understand.

### Integration Costs

18. Study other methods for determining the integration costs of net metering customers as a class, calculate the dollar impact of deferring a study of the integration charges for net metering customers until AMI data is available, and if different, calculate the dollar value of using a zero placeholder until AMI data is available.

### Avoided Transmission and Distribution Costs

19. Quantify the value of transmission and distribution costs that could be avoided by energy exported to the grid by net metering customers by using the methodology it uses for calculating the avoided transmission and distribution costs provided by energy efficiency programs.

### Avoided Environmental Costs and Other Benefits

20. Quantify the value of grid stability, resiliency, and cybersecurity protection.
21. Quantify the value of economic benefits, including local job creation and increased economic activity in the immediate service territory.
22. Quantify the value of environmental benefits, including reduced greenhouse gas emissions and improved water quality.
23. Quantify the possible value of Renewable Energy Credit sales produced by net metering exported energy.

### Schedule 136 Implementation Issues

#### *Billing Structure*

24. Explain how the Company proposes to bill net metering customers until AMI is implemented in its Idaho service territory.
25. Explain if and how seasonal and time-of-delivery price differences will be used to help align customer generated exported energy with the Company's system needs.

26. Explain if and how using more granular time periods for differentiating energy and capacity credits could be used to more closely align customer-generated exports with the Company's system needs.

*Export Credit Expiration*

27. Quantify the magnitude, duration, and value of accumulated export credits as of August 1, 2020.
28. Quantify the impact to customers of a 2-year, 5-year, and 10-year expiration periods.
29. Explain the need for credits to expire and show how the Company does or does not benefit from the expiration of customer export credits.

*Frequency of Export Credit Rate Updates*

30. Quantify the impact of biennial updates as compared to annual updates of the Export Credit Rate by comparing the changes in the SAR energy rate, line losses, and integration costs using historical data over one year, one IRP cycle (two years), and two IRP cycles (four years).

Smart Inverter Study

31. Explain the key aspects of the Company's Utah smart inverter policy and quantify the benefits of applying that policy in its Idaho service territory, in particular, the potential benefits of reactive power control.

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 2<sup>nd</sup> DAY OF JULY 2020, SERVED THE FOREGOING **REVISED COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. PAC-E-19-08, BY E-MAILING A COPY THEREOF, TO THE FOLLOWING:

TED WESTON  
ROCKY MOUNTAIN POWER  
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