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June 29, 2023

VIA ELECTRONIC FILING

Jan Noriyuki
Commission Secretary
Idaho Public Utilities Commission
11331 W. Chinden Blvd.
Building 8, Suite 201-A
Boise, ID 83714

**RE: CASE NO. PAC-E-23-17
IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER
TO COMPLETE THE STUDY REVIEW PHASE OF THE STUDY OF THE
COSTS AND BENEFITS OF ON-SITE CUSTOMER GENERATION**

Please find attached Rocky Mountain Power's electronic filing of this Application in the above referenced matter. The appendices, both confidential and non-confidential and will be provided through Box. You will receive a separate email with the Box link to access these files.

Informal questions related to this matter may be directed to Mark Alder at (801) 220-2313.

Sincerely,

Joelle Steward
Senior Vice President of Regulation and Customer/Community Solutions

Enclosures

CC: Service List – Case No. PAC-E-19-08

CERTIFICATE OF SERVICE

I hereby certify that on this 29th of June, 2023, I caused to be served, via electronic mail a true and correct copy of Rocky Mountain Power's Application To Complete The Study Review Phase Of The Study Of The Costs And Benefits Of On-Site Customer Generation to the service list in Case No. PAC-E-19-08 to the following:

Service List

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Eric L. Olsen ECHO HAWK & OLSEN, PLLC 505 Pershing Ave., Ste. 100 P.O. Box 6119 Pocatello, Idaho 83205 elo@echohawk.com	Anthony Yankel 12700 Lake Avenue, Unit 2505 Lakewood, Ohio 44107 tony@yankel.net
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Commission Staff	
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Rocky Mountain Power	
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Dated this 29th day of June, 2023.

Carrie Meyer
Adviser, Regulatory Operations

Joe Dallas (ISB# 10330)
PacifiCorp, Senior Attorney
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Attorney 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-23-17
COMPLETE THE STUDY REVIEW PHASE)
OF THE STUDY OF THE COSTS AND) APPLICATION OF
BENEFITS OF ON-SITE CUSTOMER) ROCKY MOUNTAIN POWER
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 application (“Application”) to the Idaho Public Utilities Commission (“Commission”) requesting the Commission complete the study review phase of the multi-phase stakeholder engaged process being conducted by the Company to evaluate the methods, inputs, and assumptions for valuing on-site generation that is exported to the grid. In support of its Application, the Company hereby submits its on-site generation study (“Study”) as Attachment No. 1 in accordance with the study scope (“Study Scope”) which was approved by the Commission on August 26, 2020.¹

The Company requests the Commission establish a timeline for Commission Staff (“Staff”), intervenors, and the public to review and comment on the Study. Additionally, Rocky Mountain Power requests that the Commission issue an order acknowledging that the Study satisfies the Commission requirements as defined in Order No. 34753.

In support of its Application, the Company states as follows:

¹ *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*. Case No. PAC-E-19-08, Order No. 34753.

I. BACKGROUND

1. Rocky Mountain Power is a division of PacifiCorp, an Oregon corporation, which provides electric service to retail customers in the states of Idaho, Wyoming, and Utah. Rocky Mountain Power is a public utility in the state of Idaho and is subject to the Commission's jurisdiction with respect to its prices and terms of electric service to retail customers in Idaho pursuant to Idaho Code §61-129. Rocky Mountain Power provides retail electric service to approximately 89,000 customers in the state.

A. Net Metering Regulatory History

2. Pursuant to the Commission's order² on June 20, 2003, the net metering program was made available to the Company's Idaho customers through Schedule 135 with participation capped at 714 kilowatts, or one-tenth of one percent of the Company's 2002 retail peak demand.

3. Net metering customers use the Company grid virtually all the time while offsetting part or all of their energy requirement and are provided a credit at the retail rate for the energy they produce and export to the grid. During periods when the customer's generating facility is not operating or not producing sufficient energy to meet the customer's usage, energy is delivered to the customer from Company facilities.

4. During each billing period, a customer's generation exported to the grid is netted against the kilowatt-hour usage taken from the Company. If the energy generated by the customer and delivered to the Company exceeds the energy supplied by the Company to the customer during the billing period, the customer is billed for the appropriate power and other non-energy charges and compensated for any net exported energy through a financial credit, based on the applicable standard service tariff.

² *In the Matter of the Petition of NW Energy Coalition and Renewable Northwest Project to Establish Net Metering Schedules for PacifiCorp*, Case No. PAC-E-03-4, Order No. 29260 (June 20, 2003).

5. In February 2016, the Company applied to the Commission for authority to modify Schedule 135 by raising the net metering cap from 714 kW to 2,000 kW. The Commission declined to increase the overall cap on the net metering program indicating that, when it approved the 714 kW cap in 2003, it found the cap should be reviewed after it was reached and that the review should include a report regarding the required level of subsidization by non-participants.³ The Commission also stated that the Company had not expressed any immediate reliability concerns and that subsidization level at the time was small albeit still growing. Based, in part, on this reasoning, the Commission found it was unnecessary to cap overall participation “at this time”⁴ and removed the overall and individual participation caps effective May 1, 2016. The Company was ordered to file annual status reports with specific information about the Company’s net metering program and to file earlier reports “if the Company at any time expects its net metering service will materially and negatively impact its system and/or its customers.”⁵

6. On June 14, 2019 in Case No. PAC-E-19-08, the Company filed for authority to: (i) close Electric Service Schedule 135 to new customer participation and cap it at the levels in place, effective at midnight local time, December 31, 2019, (ii) allow existing net metering customers and those that apply for or complete interconnection before January 1, 2020, to continue to stay on the program at the site until June 1, 2029; (iii) offer, as an alternative, its proposed Net Billing program to new customer generators through Schedule 136 for those who apply for interconnection starting February 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

³ *In the Matter of PacifiCorp d/b/a Rocky Mountain Power’s Application to Modify Electric Service Schedule 135 – Net Metering Service*, Case No. PAC-E-16-07, Order No. 33511 at 7 (April 29, 2016).

⁴ *Id.*

⁵ *Id.*, at 8.

generation interconnection requests; (v) 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 and (vi) recover the exported energy credits from the Net Billing program through the Company's annual ECAM. 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. 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.

7. 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”. 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, transitional rates, and related issues of compensation for net excess energy provided as a resource to the Company.”⁶ 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

⁶ Idaho Power Application, Idaho Power Company’s Petition to Initiate Docket, Case No. IPC-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 No. 34046, at 31 (May 9, 2018).

interest, or otherwise in accordance with law or regulatory policy.⁷ 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, 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.”⁸

8. Based on the outcome of the Idaho Power settlement rejection, on April 23, 2020, the Company filed a supplemental application to its June 14, 2019 application in Case No. PAC-E-19-08, requesting 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

⁷ Idaho Power Application, Order No. 34509 (“Idaho Power Order”), Case No. IPC-E-18-15, December 20, 2019.

⁸ Idaho Power Order, at 9.

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. In response to the supplemental application, Staff issued comments recommending the Commission issue an order requiring the Company to study components of on-site generation beyond what was in the Company's proposal.

9. On August 26, 2020 the Commission issued Order No. 34752 and Order No. 34753. Order No. 34752, which was later adopted by Order No. 34798, granted grandfathered status to existing customers with on-site generation systems according to the following terms:

- The grandfathered status runs with the meter site, not the customer.
- If a system is offline for over six months, or is moved to another site, the grandfathered status of the system is forfeited.
- The customer may increase the capacity of the grandfathered system by no more than 10% of the originally installed nameplate capacity, or 1 kW, whichever is greater.
- The term of the grandfathering period is 25 years.

10. In Order No. 34752, an existing customer was defined as a customer who had successfully interconnected an on-site generation system as of the service date⁹ of Order No. 34798 or a customer who has applied to the Company for interconnection of an on-site generation system as of the service date of the adopting order and who successfully interconnects their system within one year of the date of their application. Order No. 34753 ordered the Company to conduct a study of on-site generation and included a scope of the study as an attachment to the order.

⁹ The service date of Order No. 34798 was October 2, 2020.

II. THE STUDY

11. The Study Scope, included as “Attachment No. 1: Scope of Rocky Mountain Power’s On-Site Generation Study” to Order No. 34753 in Case No. PAC-E-19-08, outlines the requirements to assess various aspects related to the valuations of on-site generation that is exported to the grid. This evaluation involves examining the methods, inputs, and assumptions used for this purpose. The Study Scope specifically identifies highlights several areas of investigation, including the components of the export credit rate (“ECR”), integration costs, and implementation issues pertaining to the ECR.

12. As directed by the Study Scope, the Study provides the Commission and stakeholders with the information needed to evaluate potential changes to the ECR for on-site customer generators in the future. It is important to note that the Study does not put forth specific ECR proposal. Instead, its purpose is to evaluate the cost and benefits associated with energy exported by on-site generators and obtain feedback from stakeholders regarding their considerations when valuing an ECR.

13. There are 33 required items in the Study Scope that range from the recovery of the ECR in the ECAM to avoided line losses. The Study addresses each of these items and gives a snapshot of the Company’s approximately 2,200 on-site customer generation customers in Idaho. Within the Study, the Company has evaluated the effects of netting customer-generated imports over differently time periods and the revenue requirement impact for each scenario. Furthermore, a detailed analysis of the export credit rate is conducted, focusing on its different such as the avoided energy value, the avoided capacity value, and the avoided risk. Additionally, the Study also looks at implementation issues, including the magnitude of export credits expected to expire and the potential impact to customers based on various expiration periods.

III. STUDY REVIEW PHASE SCHEDULE

14. The Company recommends a schedule for the study review phase that allows for the Company to present its study to customers and stakeholders through a workshop and also allows time for input from interested parties. The following is a proposed schedule:

- Company and staff public workshops to be held in August
- Party comments to be filed in early October
- Company reply comments due late October or early November 2023

IV. CUSTOMER AND STAKEHOLDER COMMUNICATIONS

15. Rocky Mountain Power is notifying its customers of this Application by means of a press release sent to local media organizations and bill inserts included in customer bills over the course of a billing cycle. The press release and bill insert are included as Attachment No. 2 and Attachment No. 3 to this application respectively. The Company plans to hold two virtual public meetings where the study will be introduced to customers and the Company will be present to take feedback and answer questions about the study. In addition, copies of this Application will be made available for review on the Company's website at www.rockymountainpower.net/idahostudy or at local offices in its Idaho service territory.

V. CORRESPONDENCE OR COMMUNICATIONS

16. Correspondence and communications regarding this Application should be addressed to:

Mark Alder
Idaho Regulatory Affairs Manager
Rocky Mountain Power
1407 West North Temple, Suite 330
Salt Lake City, Utah 84116
Telephone: (801) 220-2313
Email: mark.alder@pacificorp.com

Joe Dallas (ISB# 10330)
PacifiCorp, Senior Attorney
825 NE Multnomah Street, Suite 2000
Portland, OR 97232
Email: joseph.dallas@pacificorp.com

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 Mark Alder, Idaho Regulatory Affairs Manager at (801) 220-2313.

VI. MODIFIED PROCEDURE

17. The Company believes that consideration of the proposals contained in this Application do not require an evidentiary proceeding, and accordingly requests that this Application be processed under modified procedure pursuant to Rules 201-204, which allows for consideration of these issues by written submissions rather than by an evidentiary hearing. Rocky Mountain Power respectfully requests that the Commission issue an Order authorizing that this proceeding be processed under modified procedure.

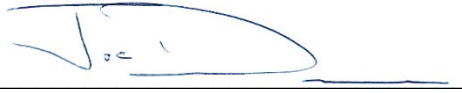
VII. REQUEST FOR RELIEF

18. WHEREFORE, Rocky Mountain Power respectfully requests that the Commission establish a formal process for public comment on the Study and issue an order acknowledging that the Study satisfies the Commission directive as defined in Order No. 34753.

DATED this 29th day of June, 2023.

Respectfully submitted,

ROCKY MOUNTAIN POWER

A handwritten signature in blue ink, appearing to read "Joe Dallas", is written over a horizontal line.

Joe Dallas (ISB# 10330)
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Attorney for Rocky Mountain Power