

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF ROCKY MOUNTAIN)	CASE NO. PAC-E-23-17
POWER’S APPLICATION TO COMPLETE)	
THE STUDY REVIEW PHASE OF THE)	
COSTS AND BENEFITS OF ON-SITE)	ORDER NO. 36286
CUSTOMER GENERATION)	
)	

On June 29, 2023, Rocky Mountain Power, a division of PacifiCorp, (“Company”) requested the Idaho Public Utilities Commission (“Commission”) approve the study review phase of the costs and benefits for on-site customer generation (“Application”). The Company attached its on-site generation study (“Initial Study”) and appendices and requested a timeline for processing the case as well as a finding that the Initial Study’s scope satisfied Order No. 34753.

On July 31, 2023, the Commission issued a Notice of Application and Notice of Intervention Deadline. Order No. 35870. The Idaho Irrigation Pumpers Association, Inc. intervened. Order No. 35884.

On February 8, 2024, the Company filed a “Study Supplement” (the “Study”) and appendices that the Company stated replaced the Initial Study and appendices in their entirety. These filings also separated the results from the calculations included in the Study, so the results are no longer redacted—thus increasing the transparency of the Company’s filings.

On April 23, 2024, the Commission issued a Notice of Modified Procedure, Notice of Virtual Public Workshop, and Notice of Customer Hearing. Order No. 36160. Eight members of the public and Staff filed comments to which the Company replied.

The Commission held a customer hearing in Idaho Falls on June 17, 2024. No customers attended the hearing.

Having reviewed the record, the Commission enters this Order, subject to the conditions set forth below, acknowledging that the Study satisfies the Commission’s requirements in Order No. 34753.

BACKGROUND

Commission Order No. 29260 established a net metering program for the Company’s Idaho customers through Schedule 135. The program would compensate customers for any net

exported energy with a credit if the energy generated exceeded the energy the customer was supplied during each billing period.

In June 2019, in Case No PAC-E-19-08, the Company petitioned the Commission to make several substantive modifications to its net metering program.

In October 2019, in Case No. IPC-E-18-15, Idaho Power Company and Staff jointly submitted a settlement requesting changes to Idaho Power Company's net metering program, which the Commission rejected for its lack of a comprehensive study on system impacts and the compensation structure for excess generation. The Commission directed Idaho Power Company to file a study of the costs and benefits of distributed on-site generation. Based on the Commission's instruction to Idaho Power Company in Case No. IPC-E-18-15, the Company modified its Application in Case No. PAC-E-19-08, and Staff eventually recommended the Company complete a study consistent with the Commission's direction to Idaho Power Company. The Commission ordered the Company to complete a study of on-site generation and directed the Company to design a study, consistent with the Commission's directives, that evaluated the appropriate export credit rate ("ECR"). Order No. 34753.

THE APPLICATION

The Company requested the Commission provide direction and process allowing the Company to complete the study review phase for the Commission's acknowledgment. The Company attached its Initial Study to its Application.

The Company stated that the Initial Study covered 33 required items. The Initial Study evaluates various valuations of on-site generation, and examines the methods, inputs and assumptions, components of the ECR, integration costs, and implementation issues. The Initial Study also discussed potential ECR options and considerations for the Commission and stakeholders but did not endorse a specific ECR approach.

The Company provided an overview of the 2,200 on-site customer generation customers in its Idaho service territory, and the potential impact the Company's proposed approaches may have on those customers.

The Company requested that the Commission (1) establish a formal process for the public and other parties to comment on its study, and (2) issue an order acknowledging that the Initial Study complied with previous Commission directives as defined in Order No. 34753. The Company provided notice of the case to customers through media outlets and bill inserts.

The information in the Initial Study was improved upon in the February 8, 2024, Study and appendices, which replaced the Initial Study and appendices in their entirety. The Study provides greater detail relative to the lessons learned from Idaho Power Company’s parallel process and improved the thoroughness, transparency, and readability of the data presented.

COMMENTS

1. Staff’s Comments

Staff noted the Commission’s standards for an ECR study were established in Order No. 34753 noting that it had reviewed the Company’s Study and believed that “some elements were missing and/or inadequate.” Staff Comments at 2. Accordingly, Staff asked that the Company update and resubmit the Study and that the format should be easier to understand for the general public—which the Company did. Staff believed that the Study complied with the Commission’s direction in Order No. 34753 and recommended that the Commission order the Company to submit a proposed ECR within six months of the publication of the final order in this case.

Staff noted that it specifically reviewed the Study’s netting interval, the proposed rate design, and the scope and design of a Project Eligibility Cap (“PEC”).

Netting Interval

Staff assessed the components analyzed in the Study and identified which options it believed would provide the optimal mix of accuracy, stability, and transparency to ensure on-site generation and conventional customers are treated equitably when establishing the Company’s ECR. Staff stated that the Study adequately examined monthly, hourly, and instantaneous netting periods. Staff believed that the instantaneous netting period was the most transparent and accurate option.

ECR Avoided Costs and Rate Design

Staff explained its belief that payment received by on-site generators should be balanced in a way to not harm the Company’s customers (including its non-generating customers). Staff believed that the Company had provided valuable information in conformity with Commission mandates. Staff also stated that, when the Company files its ECR (if so ordered), it should balance the accuracy of avoided costs with a transparent rate design and an ability to maintain rate stability.

Avoided Energy Value

Staff opined that the Avoided Energy Value is the most important part of an ECR—potentially contributing more than 70% of its overall value. Staff recommended using export-weighted Energy Imbalance Market (“EIM”) prices. Staff also suggested that time and seasonal price differentiation may be appropriate but must be balanced with understandability in ECR design.

Avoided Capacity Value

The Avoided Capacity Value is the second most consequential aspect of the ECR according to the Study. Staff stated that the Company should consider using the capacity factor method, design a rate that compensates the Company’s avoided capacity costs, include certain adjustments related to the deficit date, and adjust the ECR in accordance with the most current Integrated Resource Plan (“IRP”).

Staff believed that the Capacity Factor method for determining capacity value was the most accurate. Additionally, Staff noted that the Loss of Load Probability values method could be more accurate for calculating the value closer to the current year.

Staff stated that the Company should create a rate that is accurately tailored to avoided capacity relative to on-peak periods. Staff also stated that this should be uniform for all self-generating customers.

Avoided Risk Value

The Company calculated avoided risk value through statistical analysis of various factors. The Study estimated that this value was approximately 3.9% of the energy value. The Company integrated this avoided risk value in its analysis. Staff argued avoided risk applies only to predicted prices—not actual EIM prices. Accordingly, Staff asserted that using EIM pricing would eliminate this value, which Staff believed would improve ECR accuracy and transparency.

Avoided Transmission and Distribution Value and Avoided Line Loss Value

Avoided Transmission and Distribution (“T&D”) value contributes minimally (less than 10%) to an ECR. The Company used T&D values from its IRP, which Staff considers accurate. However, as these values change with each new IRP, Staff recommended updating them and the

ECR after each new IRP is filed. Staff stated that these updates should be filed separately from the IRP for Commission authorization. Due to the stability of the line loss percentage, Staff suggested that updating the line loss portion of the ECR should only be done in conjunction with a new, albeit regular, line loss study.

Environmental Value and Integration Cost

Staff stated that the Company should focus its analysis of the ECR's environmental value to only values with quantifiable costs—specifically Renewable Energy Credits.

Regarding the integration costs, Staff stated that the authorized integration cost for qualifying facilities (“QF”) was preferable to obtaining this information from the most recent IRP.

Eligibility Caps

For residential generators, Staff believed that a 25-kilowatt (“kW”) PEC is preferable to a PEC based on 125% of demand because a 25-kilowatt PEC is simpler to administrate and more difficult for self-generators to game. Staff suggested that 100 kW may be too low for the non-residential PEC, despite acknowledging costs and benefits of the proposed PEC.¹ Therefore, Staff recommended that the Company include a robust analysis, including Advanced Metering Infrastructure data, in its forthcoming proposed ECR filing. Staff stated the Company's filing should discuss and support whether the Company considers 100-kW to be the appropriate cap for non-residential generators.

Other Considerations and Public Outreach

Staff stated that the Company should provide greater clarity regarding the differences between kWh credits and net-billing financial credits in its suggested ECR filing. Staff also suggested that the Company further distinguish which policies would apply to customers who are grandfathered into a preexisting ECR versus those who are not.

2. Public Comments

Eight public comments were received in this case (“Public Comments”). These comments were all similar in that they expressed concerns about the Company's studies—saying that

¹ While larger generators can operate as a QF, Staff noted that the QF process was designed for entities whose primary purpose was generation.

information excluded or downplayed the environmental benefits of solar. The Public Comments expressed displeasure at both the ECR that the Company implemented in Utah as well as Idaho Power Company's ECR. For these reasons, the Public Comments requested that the Commission reject the Company's studies.

3. *Company Reply Comments*

The Company stated that it would evaluate the justification for the 100-kW non-residential PEC as recommended by Staff. The Company summarized Staff's suggestions regarding the Avoided Energy Values, Avoided Capacity Values, and Other Avoided Costs. The Company did not dispute the value of Staff's suggestions for these matters, but believed that the ECR filing, rather than this case, would be the best place to fully address and incorporate those concerns. The Company agreed to file its ECR filing within six months of the Commission's Final Order in this case.

COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-501, -502, and -503. *Idaho Code* § 61-501 authorizes the Commission to "supervise and regulate every public utility in the state and to do all things necessary to carry out the spirit and intent of the [Public Utilities Law]." *Idaho Code* §§ 61-502 and -503 empower the Commission to investigate rates, charges, rules, regulations, practices, and contracts of public utilities and to determine whether they are just, reasonable, preferential, discriminatory, or in violation of any provision of law, and to fix the same by order.

We have reviewed the record in this case, including all comments. Our review of the record focused on ensuring compliance with our directive in Case No. PAC-E-19-08 to conduct an on-site generation study based on the directives given in Order No. 34753. The Commission notes that the Company worked with Staff to incorporate the lessons learned from Idaho Power Company's similar process into the Company's Study. *See* Case No. IPC-E-22-22. Based on our review, we find the evidence supports acknowledgment that the Company's Study complies with the requirements of Order No. 34753.

The Commission orders the Company to file a case with the Company's proposed ECR within six months of the publication of this Order. The Commission notes that the Company must incorporate the several items suggested in Staff's Comments into its proposed ECR. Relatedly, the

Commission finds that it is reasonable and necessary for the Company to include a detailed analysis discussing the pros and cons of using a 100-kW non-residential customer cap. Lastly, the Commission orders the Company include such an analysis using relevant Advanced Metering Infrastructure (“AMI”) data to support its findings and proposal.

ORDER

IT IS HEREBY ORDERED that the Company’s Study and appendices filed on February 8, 2024, is acknowledged as complying with Order No. 34753.

IT IS FURTHER ORDERED that the Company shall file a new case requesting changes to the structure and design of its proposed ECR within six months of the publication of this Order. This filing must include a robust analysis discussing the pros and cons of using a 100-kW non-residential customer cap using appropriate AMI data as discussed above.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order about any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *Idaho Code* § 61-626.

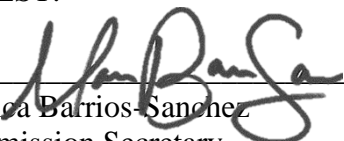
DONE by order of the Idaho Public Utilities Commission at Boise, Idaho this 8th day of August 2024.


ERIC ANDERSON, PRESIDENT


JOHN R. HAMMOND JR., COMMISSIONER


EDWARD LODGE, COMMISSIONER

ATTEST:


Monica Barrios-Sanchez
Commission Secretary