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IDAHO PUBLIC  
UTILITIES COMMISSION

November 13, 2019

**VIA HAND DELIVERY**

Diane Hanian, Secretary  
Idaho Public Utilities Commission  
11331 W. Chinden Boulevard  
Building 8, Suite 201-A  
Boise, Idaho 83714

Re: Case No. IPC-E-18-15  
Study of Costs, Benefits, and Compensation of Net Excess Energy Supplied  
by Customer On-Site Generation  
Idaho Power Company's Opening Brief

Dear Ms. Hanian:

Enclosed for filing in the above matter please find an original and seven (7) copies of Idaho Power Company's Opening Brief in the above matter.

If you have any questions about the enclosed documents, please do not hesitate to contact me.

Very truly yours,



Lisa D. Nordstrom

LDN:kkt

Enclosures

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IDAHO PUBLIC  
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION	)	
OF IDAHO POWER COMPANY TO STUDY	)	CASE NO. IPC-E-18-15
THE COSTS, BENEFITS, AND	)	
COMPENSATION OF NET EXCESS	)	IDAHO POWER COMPANY'S
ENERGY SUPPLIED BY CUSTOMER ON-	)	OPENING BRIEF
SITE GENERATION	)	
_____	)	

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## I. INTRODUCTION

Since net metering's inception in 1983, the standard rate paid has failed to properly recover the costs incurred to serve customers with on-site generation. In 2001, the Idaho Public Utilities Commission ("Commission"), its Staff ("Staff"), and Idaho Power Company ("Idaho Power" or "Company") shared the belief that the resulting cost shift was tolerable up to a 2.9 megawatt ("MW") capacity limit, but that it would need to be addressed in the future.<sup>1</sup> More than 5,581 participants,<sup>2</sup> 52 MW, and 18 years later, this rate design issue remains unresolved. In addressing the proper valuation of Net Excess Energy,<sup>3</sup> the Settlement Agreement filed in this case constitutes a significant step in establishing a proper compensation structure for Schedule 6, Residential Service On-Site Generation ("Schedule 6"), and Schedule 8, Small General Service On-Site Generation ("Schedule 8"), customers until the Company and stakeholders can address rate design in a subsequent proceeding.

Idaho Power recognizes that an immediate change to the new rates could impact some residential and small general service net metering customers, and therefore, supports moving these customers to their cost of service gradually. However, the Company does not believe Idaho law supports developing separate rates for new and

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<sup>1</sup> *In the Matter of the Application of Idaho Power Co. for Approval of a New Schedule 84-Net Metering Tariff*, Case No. IPC-E-01-39, Order No. 28951, at 12 (Feb. 13, 2002) ("The Commission recognizes that in the program we approve today for Schedules 1 and 7 customers, the full cost of the program may not be born[e] by participants. Raising the cap, we realize, increases the level of subsidization.")

<sup>2</sup> As of November 1, 2019, Idaho Power has 4,832 active customers with on-site generation taking service under Schedules 6 and 8 with 55.329 MW of generation capacity. An additional 749 applications with 15.008 MW of generating capacity were pending completion.

<sup>3</sup> As defined by the proposed tariff Schedules 6 and 8 filed as Attachments 2 and 3 to the Motion to Approve Settlement Agreement filed October 11, 2019, Net Excess Energy is the amount of energy generated, as measured in kilowatt-hours, by the customer in excess of the customer's energy requirements less any energy supplied by the Company during each hour, summed over the course of the Billing Period.



existing on-site generation customers under these circumstances. Distinctions between customers based solely on the date the individual became a utility customer have not been upheld by the Idaho Supreme Court on appeal and subsequently have been disfavored by the Commission. For this reason, Idaho Power asks the Commission to transition the compensation for Net Excess Energy received by all on-site generation customers, regardless of when the customer's generation system became operational, to the Export Credit Rate<sup>4</sup> over the eight-year period contemplated in the Settlement Agreement.

## II. BACKGROUND

### A. Case No. IPC-E-17-13.

On July 27, 2017, Idaho Power applied for authority to establish new schedules for residential and small general service customers with on-site generation, initiating Case No. IPC-E-17-13.<sup>5</sup> Idaho Power explained that its existing retail pricing structure did not accurately reflect the cost to serve its on-site generation customers, who require services from the Company but also meet some of their energy needs with on-site, customer-owned systems such as rooftop solar.<sup>6</sup>

On May 9, 2018, the Idaho Public Utilities Commission ("Commission") issued Order No. 34046. The Commission found it was "time to distinguish a class of customers that uses the grid for standard energy import and use, from a class of customers that uses

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<sup>4</sup> Per the methodology set out in Section IV.B. of the Settlement Agreement, the Export Credit Rate would be based on the value of exported energy from all solar photovoltaic customers in each class and applicable to all distributed generation resources taking service under Schedules 6 and 8.

<sup>5</sup> *In the Matter of the Application of Idaho Power Co. for Authority to Establish New Schedules for Residential and Small Gen. Serv. Customers with On-Site Generation*, Case No. IPC-E-17-13, Order No. 34046, at 1 (May 9, 2018).

<sup>6</sup> *Id.*

the grid to both import and export energy.”<sup>7</sup> The Commission explained that its “analysis of the history of the Company’s on-site generation program reveals an unfairness in how *current and future* on-site generation customers avoid fixed costs[,]” because “[t]he ability these customers have to ‘net out’ or net to zero their electricity use causes them to underpay their share of the Company’s fixed costs to serve customers, and this inequity *will only increase* as more customers choose on-site generation.”<sup>8</sup> Further, the Commission observed that a “bi-directional” on-site generation customer “can push energy back to the grid whenever its generation source and timing allows it to, with the Company having limited control over the use and distribution of this somewhat unpredictable resource.”<sup>9</sup> This results in “load and usage characteristics” that are unique to on-site generation customers, including “increased volatility in demand and load factors, excess net-energy exportation in the spring and summer, and more volatility in contributions to the Company’s peak(s).”<sup>10</sup> The Commission observed that these characteristics affect “circuits, voltage management, islanding, and load cycle adjustments,” making it more difficult for Idaho Power “to forecast resource availability and load.”<sup>11</sup> Based on these distinguishing class characteristics shared by on-site generators who export to the grid, the Commission granted Idaho Power’s request to

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<sup>7</sup> *Id.* at 16.

<sup>8</sup> *Id.* at 16-17 (emphases added).

<sup>9</sup> *Id.* at 17-18.

<sup>10</sup> *See id.* at 18.

<sup>11</sup> *Id.* at 18.

separate on-site generation residential customers and small general service customers into newly-proposed Schedules 6 and 8, respectively.<sup>12</sup>

In Case No. IPC-E-17-13, Idaho Power did not request – and the Commission did not order – any immediate changes in ratemaking treatment for on-site generation customers.<sup>13</sup> Nevertheless, the Commission did express significant concern that Idaho Power’s customers may currently be receiving price signals regarding on-site generation investment from the industry that are “not in the public interest.”<sup>14</sup> The Commission observed that “incorrect price signals related to rate or rate design changes may be trivialized[,]” notwithstanding the fact that “[r]ates change, . . . rate design evolves, and no utility rate can be locked or considered to exist ad infinitum[,]” since “tariff rates are not contracts.”<sup>15</sup>

Therefore, the Commission directed Idaho Power to initiate a new docket to conduct a comprehensive study of the costs and benefits of on-site generation on the Company’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 Idaho Power.<sup>16</sup> The Commission stated that “current and prospective on-site generators will be better positioned to analyze the costs and benefits of buying, installing, and maintaining an on-site generation system as a result of this Order.”<sup>17</sup>

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<sup>12</sup> *Id.* at 31; *see id.* at 15-19.

<sup>13</sup> *Id.* at 16.

<sup>14</sup> *Id.* at 19.

<sup>15</sup> *See id.*

<sup>16</sup> *Id.* at 22-23, 31; *In the Matter of the Petition of Idaho Power Co. to Study the Costs, Benefits, and Compensation of Net Excess Energy Supplied by Customer On-Site Generation*, Case No. IPC-E-18-15, Order No. 34460, at 1 (Oct. 17, 2019).

<sup>17</sup> Order No. 34046 at 19.

Finally, in light of recommendations by two intervening parties to grandfather<sup>18</sup> the rate structure for existing customers,<sup>19</sup> the Commission found it “appropriate to more fully consider the nature and effect of allowing a transitional period for customers who have already invested in on-site generation” in the new docket.<sup>20</sup> On this topic, the Commission noted the following:

[A]s part of our general encouragement for interested stakeholders to work toward agreement in the Company's on-site generation docket . . . , we are not opposed to considering the parties' legal analysis and interpretation of *Idaho Code* § 61-315 and related Idaho Supreme Court case law, which prohibits rate discrimination among similarly situated ratepayers. We find it reasonable to consider arguments related to protecting investments already made, or other transitional periods, and other pertinent and legally sufficient distinctions, by customers with on-site generation systems.<sup>21</sup>

**B. Case No. IPC-E-18-15.**

On October 19, 2018, Idaho Power petitioned to initiate Case No. IPC-E-18-15 to comply with the Commission's directive in Order No. 34046.<sup>22</sup> Idaho Conservation League, Idaho Irrigation Pumpers Association, Idaho Hydroelectric Power Producers Trust ("IdaHydro"), Rocky Mountain Power, Vote Solar, the City of Boise City, Idaho Clean Energy Association, Idaho Sierra Club, Northwest Energy Coalition, Micron Technology,

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<sup>18</sup> A “grandfather clause” refers to a “provision in a new law or regulation exempting those already in or a part of the existing system which is being regulated.” Black's Law Dictionary (6<sup>th</sup> ed. 1990). The term arose from provisions in southern voting laws that restricted the vote to those who could prove that their grandfathers had voted.

<sup>19</sup> Case No. IPC-E-17-13, Direct Testimony of Briana Kobor on Behalf of Vote Solar, at 76-88 (Jan. 2, 2018); Case No. IPC-E-17-13, Direct Testimony of R. Thomas Beach on behalf of The Sierra Club, at 34-37 (Dec. 22, 2017).

<sup>20</sup> Order No. 34046 at 23-24.

<sup>21</sup> *Id.* at 24.

<sup>22</sup> Order No. 34460 at 1.

Industrial Customers of Idaho Power, and Russel Schiermeier (“the intervenors”) intervened as parties in this docket. Per direction from the Commission, Commission Staff conferred with Idaho Power and the intervenors regarding the procedural and substantive scope of the docket.<sup>23</sup> In total, the parties held one prehearing conference and eight settlement conferences.<sup>24</sup>

The process culminated in a Settlement Agreement filed with the Commission on October 11, 2019, that was signed by Idaho Power, Staff, Idaho Irrigation Pumpers Association, Inc., IdaHydro, City of Boise, Idaho Sierra Club, Idaho Clean Energy Association, Industrial Customers of Idaho Power, and Russell Schiermeier (“the Signing Parties”).<sup>25</sup> In the Agreement, the Signing Parties recommended Net Hourly Billing<sup>26</sup> for netting exports and consumption within the hour, with on-site generation customers compensated for net hourly exports at an Export Credit Rate.<sup>27</sup> The Agreement also establishes a methodology for calculating this Export Credit Rate, to be updated biennially as part of Idaho Power’s Integrated Resource Planning process, and a phased schedule for implementing the Export Credit Rate over an eight-year transition period.<sup>28</sup>

The Signing Parties did not resolve whether and under what terms the Settlement Agreement will apply to existing customers with on-site generation, so they agreed to

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<sup>23</sup> *Id.*

<sup>24</sup> *Id.*

<sup>25</sup> Order No. 34460 at 1.

<sup>26</sup> Rather than calculating Net Excess Energy over the course of the monthly Billing Period, Section IV.A. of the Settlement Agreement establishes Net Hourly Billing where exports in excess of consumption measured at the end of each hour will be compensated at the Export Credit Rate.

<sup>27</sup> Case No. IPC-E-18-15, Motion to Approve Settlement Agreement, Attachment 1, at 2 (Oct. 11, 2019) (“Settlement Agreement”); Order No. 34460 at 2.

<sup>28</sup> Settlement Agreement at 2-5; Order No. 34460 at 2.

seek resolution of this issue from the Commission.<sup>29</sup> The Signing Parties further agreed the Settlement Agreement will be effective and binding if approved by the Commission, regardless of the outcome of this proceeding to determine applicability to existing customers.<sup>30</sup> Finally, the Signing Parties agreed to a process for converting existing customers to Net Hourly Billing if the Commission determines existing customers are subject to the terms of the Settlement Agreement.<sup>31</sup>

On October 17, 2019, the Commission issued Order No. 34460 establishing a schedule for resolution of the issue of whether the Settlement Agreement should apply to existing customers with on-site generation, as well as how to define such customers.<sup>32</sup> Specifically, the Commission established a deadline of November 13, 2019, for opening briefs, a deadline of November 27, 2019, for reply briefs, a telephonic public hearing on December 2, 2019, and an in-person public hearing on December 3, 2019.<sup>33</sup>

### III. ARGUMENT

#### A. The Commission Should Apply the Terms of the Settlement Agreement to All Customers with On-Site Generation, Including Current Customers, to Avoid Undue Discrimination Under Idaho Code § 61-315.

The Commission has broad authority to regulate and fix rates for services assessed by Idaho's public utilities.<sup>34</sup> Under *Idaho Code* § 61-301, all rates and charges

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<sup>29</sup> Settlement Agreement at 7; Order No. 34460 at 3.

<sup>30</sup> Settlement Agreement at 7.

<sup>31</sup> *Id.*

<sup>32</sup> Order No. 34460 at 3-4.

<sup>33</sup> *Id.* at 4.

<sup>34</sup> *Bldg. Contractors Ass'n v. IPUC and Boise Water Corp.*, 128 Idaho 534, 538, 916 P.2d 1259, 1263 (1996) ("*Boise Water*").



must be just and reasonable.<sup>35</sup> The Commission is further tasked under *Idaho Code* § 61-315 with ensuring that rates are not unduly discriminatory.<sup>36</sup> While there is no requirement under this statute that rates for different classes of service must be uniform in order to be lawful, rate differentiation must be based on “a reasonable classification corresponding to actual differences in the situation of the consumers for the furnishing of the service[.]”<sup>37</sup>

The Idaho Supreme Court has identified relevant factors to guide the Commission in determining whether it is reasonable to distinguish between customers, including “the quantity of the [electricity] used, the nature of the use, the time of use, the pattern of use, the differences in the conditions of service, the costs of service, the reasonable efficiency and economy of operation and the actual differences in the situation of the consumers for the furnishing of the service.”<sup>38</sup> Other considerations may include “contribution to peak

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<sup>35</sup> *Id.*

<sup>36</sup> Specifically, *Idaho Code* § 61-315 provides:

No public utility shall, as to rates, charges, service, facilities or in any other respect, make or grant any preference or advantage to any corporation or person or subject any corporation or person to any prejudice or disadvantage. No public utility shall establish or maintain any unreasonable difference as to rates, charges, service, facilities or in any other respect, either as between localities or as between classes of service. The commission shall have the power to determine any question of fact arising under this section.

As the Idaho Supreme Court has explained, “[i]t follows that the IPUC’s authority may only be exercised in such a way as to fix non-discriminatory and non-preferential rates and charges.” *Boise Water*, 128 Idaho at 538, 916 P.2d at 1263.

<sup>37</sup> *Utah-Idaho Sugar Co. v. Intermountain Gas Co.*, 100 Idaho 368, 377, 597 P.2d 1058, 1067 (1979) (quoting 64 AmJur2d, Public Utilities §117 (1972)). See also *Idaho State Homebuilders v. Wash. Water Power*, 107 Idaho 415, 420, 690 P.2d 350, 355 (1984) (“*Homebuilders*”) (“Not all differences in a utility’s rates and charges as between different classes of customers constitute unlawful discrimination or preference under the strictures of I.C. § 61-315. A reasonable classification of utility customers may justify the setting of different rates and charges for the different classes of customers.”).

<sup>38</sup> *Grindstone Butte Mut. Canal Co. v. Idaho Pub. Utils. Comm’n*, 102 Idaho 175, 180, 627 P.2d 804, 809 (1981); *Utah-Idaho Sugar Co.*, 100 Idaho at 377, 597 P.2d at 1067.

load, costs of service on peak demand days, costs of storage and economic incentives.”<sup>39</sup> For example, it might be valid to provide a customer with a preferential rate if the customer provides the utility with system benefits relative to other customers, e.g., based on whether the customer load is uniform or varies seasonally, the amount of reaction current the utility must supply to serve the customer, the administrative costs the customer imposes on the utility, whether the customer load is interruptible when cutbacks are necessary, and what transmission and distribution costs that customer load imposes.<sup>40</sup>

As this Commission has explicitly acknowledged, however, differentiating between customers based merely on whether those customers are old or new is “a practice that has long been prohibited by the Idaho Supreme Court.”<sup>41</sup> Thus, where new customers cannot be distinguished from existing customers based on valid factors such as the quantity of electricity they use, the pattern, nature and timing of their usage, the conditions of service, or the cost of service, it would be a violation of *Idaho Code* § 61-135 to subject new customers to different rates than the rates paid by existing customers.

In *Homebuilders*, the Idaho Supreme Court invalidated a non-recurring charge imposed on new electric space heating customers, finding that all customers, both old and new, were contributing to the need for increased system capacity.<sup>42</sup> Similarly, in *Boise Water*, the Court struck down a water hook-up fee for new customers that allocated

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<sup>39</sup> *Grindstone Butte*, 102 Idaho at 180, 627 P.2d at 809.

<sup>40</sup> *The Bunker Hill Co. v. Wash. Water Power Co.*, 98 Idaho 249, 254, 561 P.2d 391, 396 (1977) (“*Bunker Hill*”).

<sup>41</sup> *In the Matter of the Application of Idaho Power Co. for Authority to Increase its Rates and Charges for Elec. Serv. to Its Customers in the State of Idaho*, Case No. IPC-E-08-10, Order No. 30722, at 36 (Jan. 30, 2009) (citing *Homebuilders*, 107 Idaho at 421, 690 P.2d at 356).

<sup>42</sup> *Homebuilders*, 107 Idaho at 421, 690 P.2d at 356.

the costs of a new treatment plant to new customers only, where new customers alone were not responsible for the need for that plant.<sup>43</sup> Following those decisions, this Commission has been careful to avoid imposing costs on new customers only, where such costs are incurred to serve all customers in a class.<sup>44</sup> On the other hand, where there is clear evidence of a difference in cost of service or conditions of service between old and new customers differential rates may be permissible.<sup>45</sup>

Applying this framework to net metering customers, it does not appear that distinctions between new and existing customers can be justified. All residential and small general service customers with on-site generation share key load and usage characteristics, namely, their use of the grid both to import and to export energy in a manner that has historically contributed to cost shifting with respect to system fixed costs.<sup>46</sup> As this Commission observed, a “bi-directional” on-site generation customer “can push energy back to the grid whenever its generation source and timing allows it to, with the Company having limited control over the use and distribution of this somewhat

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<sup>43</sup> *Boise Water*, 128 Idaho at 539, 916 P.2d at 1264.

<sup>44</sup> *In the Matter of the Application of Idaho Power Co. for Authority to Increase its Rates and Charges for Elec. Serv. Due to the Inclusion of the Bennett Mountain Plant Investment in its Rate Base*, Case No. IPC-E-05-10, Order No. 29790, at 4 (May 26, 2005) (relying on *Boise Water* to decline to impose costs of new power plant only on new customers); Order No. 30722 at 36 (concluding that, where multiple sectors were contributing to peak load, the Commission could not impose higher rates on certain sectors merely because those sectors were experiencing more growth, *i.e.*, more new customers, as this is not a valid basis to differentiate under *Homebuilders*).

<sup>45</sup> *In the Matter of the Application of Idaho Power Co. for Approval of New Tariff Provisions Relating to New Serv. Attachments and Distribution Line Installments or Alterations*, Case No. IPC-E-95-18, Order No. 26780, at 7 (Feb. 6, 1997) (approving imposition of fees for new service customers requiring line extensions and upgrades); *The Bldg. Contractors Assoc. of Sw. Idaho v. Idaho Pub. Utils. Comm'n*, 151 Idaho 10, 13-14, 253 P.3d 684, 687-688 (2011) (where there was clear evidence that new customers would require service extensions, allowing issuance of special service-extension refunds to new customers that resulted in a higher per capita investment by the utility in those new customers on a one-time basis).

<sup>46</sup> See, *e.g.*, Order No. 34046 at 16.

unpredictable resource.”<sup>47</sup> This results in load and usage characteristics that are unique to (but shared among) on-site generation customers, including “increased volatility in demand and load factors, excess net-energy exportation in the spring and summer, and more volatility in contributions to the Company’s peak(s).”<sup>48</sup> These characteristics affect “circuits, voltage management, islanding, and load cycle adjustments,” making it more difficult for Idaho Power “to forecast resource availability and load.”<sup>49</sup> These traits describe existing customers, and there is every reason to expect these traits will describe new net metering customers as well.

In light of the framework described above, Idaho Power is not aware of any valid distinctions that can be made between current customers with on-site generation, and those who may participate in the future, that would warrant giving current customers more favorable rates. Therefore, excluding current customers from the terms of the Settlement Agreement would be unduly discriminatory toward future net metering program participants.

**B. Current Customers with On-Site Generation Have Received Ample Notice that Net Metering Rates are Subject to Change.**

It is a core principle of public utility regulation that the Commission has ongoing jurisdiction to oversee rates.<sup>50</sup> Under Idaho’s tariff process, utility rates are subject to

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<sup>47</sup> *Id.* at 17-18.

<sup>48</sup> *See id.* at 18.

<sup>49</sup> *Id.* at 18.

<sup>50</sup> *Idaho Code* § 61-502 (“Whenever the commission[] . . . shall find that the rates[] . . . collected by any public utility for any service . . . are unjust, unreasonable, discriminatory or preferential, or in any wise in violation of any provision of law, or that such rates[] . . . are insufficient, the commission shall determine the just, reasonable or sufficient rates[] . . . to be thereafter observed and in force and shall fix the same by order . . .”) (emphasis added).

change by Order of the Commission whenever the Commission finds such revision is just and reasonable.<sup>51</sup>

As the Idaho Supreme Court explained in a decision issued more than a century ago, rates for public services that may have once been just can become inequitable due to “changed conditions” and the passage of time, and “it is for this very reason that the people have reserved to themselves the power to regulate and prescribe the method of fixing rates in such matters.”<sup>52</sup> In that case, a private individual, James Murray, made significant investments to deliver water service to the City of Pocatello in exchange for a city ordinance providing that he would be guaranteed a 5 percent rate of return on his investments for a period of 50 years.<sup>53</sup> The Idaho Legislature subsequently enacted a statute authorizing the city to modify water service rates for its inhabitants, and the Supreme Court found this was a valid exercise of the state’s power.<sup>54</sup> In so holding, the Court observed that Mr. Murray had “undertake[n] a business or engagement to serve the public for private gain[.]”<sup>55</sup> and explained that:

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<sup>51</sup> See *In the Matter of the Application of the Wash. Water Power Co. for an Order Approving Increased Rates and Charges for Nat. Gas Serv. in the State of Idaho*, Case No. WWP-G-88-5, et al., Order No. 22749 at 62-63 (Sept. 29, 1989) (summarizing staff testimony explaining that “the tariff standard” for reviewing prices in special contracts “is the same standard that is applicable to Idaho intrastate tariff rates[,]” under which “rates are subject to the continuing jurisdiction of the Commission and are subject to change and revision by Order of the Commission upon finding, supported by substantial and competent evidence, that such rate revision is just, fair and reasonable.”); *In the Matter of the Application of Utah Power & Light Co. for Approval of a Power Supply Agreement Between Utah Power & Light Co. and Monsanto Co. Dated July 3, 1991*, Case No. UPL-E-92-02, Order No. 24220 (Mar. 26, 1992) (approving special contract that specified contract rates were “subject to change under the same standard of review applicable to the Company’s regular tariff process[,]” in part based on the finding that “the establishment of Monsanto’s rates under the tariff standard will make those rates more easily adjusted by this Commission in normal rate proceedings, thus providing an added level of ratepayer protection.”).

<sup>52</sup> *City of Pocatello v. Murray*, 21 Idaho 180, 196-197, 120 P 812, 817 (1912).

<sup>53</sup> *Id.* at 189, 190-191, 194, 120 P. at 814-815, 816.

<sup>54</sup> *Id.* at 189, 194-200, 120 P. at 814, 816-818.

<sup>55</sup> *Id.* at 197, 120 P. at 817.

When Murray procured his contract for supplying the city of Pocatello and its inhabitants with water . . . , he immediately entered upon the discharge of the duty of supplying a public use, and he was immediately chargeable with notice . . . to the effect that the business in which he was engaging and the service which he was undertaking to render would be forever subject to the regulation and control of the state in a manner prescribed by law, -- not the manner *already* prescribed by law, but in the manner that might from time to time be prescribed by the law-making power of the state, -- a continuing and ever-existing power.<sup>56</sup>

The Court acknowledged Mr. Murray's financial investment but noted that continuation of a 5 percent rate of return might not be reasonable any longer given his rate base had expanded over time to keep pace with the city's growth and that he "ha[d] no vested right to charge an unreasonable . . . rate while exercising a franchise to serve a public use."<sup>57</sup> The Court found that "[f]or such reasons, the power ought to always rest in the people or the law-making power to re-establish and readjust rates from time to time in order to meet [] changed conditions."<sup>58</sup>

By engaging in the business of importing electric energy back to the grid for credit, Idaho Power's existing residential and small general service customers with on-site generation have similarly "undertaken . . . to serve the public for private gain."<sup>59</sup> And like Mr. Murray, they have no "vested right" to continuation of the particular rates in effect at the time they elected to participate in net metering; these rates are subject to change

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<sup>56</sup> *Id.* at 195-196, 120 P. at 817 (quotation marks and some emphases in original omitted).

<sup>57</sup> *Id.* at 199-200, 120 P. at 818.

<sup>58</sup> *Id.* at 200, 120 P. at 818. See also *Bunker Hill*, 98 Idaho at 253, 561 P.2d at 395 ("[T]he State, by virtue of its police power, has the right to regulate public utilities. No regulated monopoly can contract away its duty to serve the public interest or the state's right to enforce that obligation.").

<sup>59</sup> *City of Pocatello*, 21 Idaho at 197, 120 P. at 817.



once they are no longer reasonable.<sup>60</sup> As noted in Case No. IPC-E-89-5, “this Commission has never ‘vintaged’ utility conditions at the time a customer begins service or expands service for the benefit of that customer.”<sup>61</sup>

### **1. Notice from Commission Orders.**

In the specific context of net metering, the Commission has repeatedly put program participants on notice of this bedrock ratemaking principle. As early as 2007, in Case No. IPC-E-06-07, the Commission stated:

In response to the comments of some program participants, . . . we must note that *the net metering program price is a tariff rate. It is not a contract rate. As a tariff rate, it is subject to change.* An impetus for future change is recognition that in addition to the customer charge, the Company recovers some of its fixed costs for serving customers in its energy charge. A persuasive argument could be made that net metering customers are being subsidized by other customers. Indeed in our Order approving net metering we recognized that the full cost of the program may not be borne by participants. Order No. 28951. The Company pursuant to Commission direction continues to monitor net metering program costs, cost recovery and related issues of subsidization. *Customers therefore should not rely on continuation of the tariff rate in cost effectiveness calculations to justify net metering equipment investment decisions.*<sup>62</sup>

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<sup>60</sup> In contrast, under the Public Utility Regulatory Policies Act of 1978, both the federal statute and its implementing regulations provide cogeneration facilities and small power producers with a reasonable expectation of selling their power to regulated public utilities at fixed rates for the life of a power purchase agreement. See *George Arkoosh and Bonnie Arkoosh, Husband and Wife, Complainants, vs. Idaho Power Co., a Maine Corp., Respondent*, Case No. U-1006-237, Order No. 19442, at 15-22 (Feb. 8, 1985). There is no analogous legislative authorization or directive to fix rates for net metering participants over a period of years.

<sup>61</sup> *In the Matter of the Application of Idaho Power Co. for Approval of an Elec. Serv. Agreement Between Idaho Power Co. and Micron Tech., Inc.*, Case No. IPC-E-89-5, Order No. 22489, at 6-7 (May 19, 1989) (concluding that “special contract customers coming on in this time of surplus have no rights to continuation of their ‘good deals’ beyond the time of surplus[.]” and that “to qualify for their special contract rates lower than tariff rates . . . , they must show a continuing benefit to the system beyond the time of surplus through the types of load management or energy efficiencies described earlier.”).

<sup>62</sup> *In the Matter of the Application of Idaho Power Co. for Revision of Schedule 84 – Net Metering*, Case No. IPC-E-06-17, Order No. 30227, at 7 (Jan. 25, 2007) (emphases added).

In 2013, in Case No. in IPC-E-12-27, the Commission again stated:

Certain persons have expressed sympathy for customers who sought a faster payback on their investment by over-sizing their net metering systems in order to sell excess power to the Company. *Another Petitioner suggested that net metered customers should be grandfathered to the conditions of the current net meter tariff to allow them to recover their investments in their renewable energy projects.* These remarks ignore that *tariffs can change* while power purchase agreements provide more certainty, and that persons who oversized their systems to obtain a faster payback ignored or misunderstood this difference and *took the risk of taking service on a changeable tariff* instead of a contract under schedule 86. Consistent with our view in Order No. 30227 (IPC-E-06-07)<sup>63</sup>, the Commission reminds customers that *net metering is a tariff rate. There is no contract associated with the service and rates are subject to change depending on future Commission decisions.*<sup>64</sup>

In 2016, in Case No. PAC-E-16-07, the Commission directed Rocky Mountain Power to provide periodic reports on its net metering program, including “any information [Rocky Mountain Power] provides to customers about net metering (for example, whether the Company informs customers that the net metering tariff is subject to change and [] does not guarantee future pricing, rate structure, and interconnection requirements).”<sup>65</sup>

In 2018, in Case No. IPC-E-17-13 establishing separate classes for Idaho Power’s residential and small general service customers with on-site generation, the Commission stated:

[T]he evidence causes us a great deal of concern that industry surrounding R&SGS on-site generation may be sending price signals to Idaho consumers, including the Company's

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<sup>63</sup> Order No. 30227 was issued in Case No. IPC-E-06-17.

<sup>64</sup> *In the Matter of Idaho Power Co.’s Application for Authority to Modify its Net Metering Serv. and to Increase the Generation Capacity Limit*, Case No. IPC-E-12-27, Order No. 32880, at 4 (Aug. 14, 2013) (record citations omitted; emphases added).

<sup>65</sup> *In the Matter of PacifiCorp dba Rocky Mountain Power’s Application to Modify Elec. Serv. Schedule 135 – Net Metering Serv.*, Case No. PAC-E-16-07, Order No. 33511, at 8 (Apr. 29, 2016).

customers, that are not in the public interest. For example, the cost to consumers of financing, installing, and maintaining a residential rooftop solar system is not trivial. However, the inverse also holds true, where incorrect price signals related to rate or rate design changes may be trivialized. *Rates change, and rate design evolves, and no utility rate can be locked or considered to exist ad infinitum. As we have consistently held, tariff rates are not contracts.* While the responsibility to investigate purchasing or financing an on-site generation system lies with the consumer, based, in part, on the integrity of the seller, the fact that on-site generation customers differ from standard customers can and should be clarified to consumers.<sup>66</sup>

And even more recently, in a separate docket initiated this year for Idaho Power's commercial and industrial customers with on-site generation, the Commission stated:

The Company expressed concern that customers are deciding to install net metering systems on a misguided assumption that retail net metering rates will continue indefinitely. The Company notes it is studying value-based compensation structures for net metering participants, the implementation of which will likely impact the economic calculus of investing in a net metering system. *We reiterate: Rates and rate structures are always subject to change.* Although this Commission must approve any rate changes as just, reasonable, and non-discriminatory before they take effect, *there is no guarantee that rates will stay the same indefinitely. . . .* As long as solar installers and other sellers of net metering systems are not misrepresenting how utility rates and rate structures operate, customers should have sufficient understanding that a change in rates and/or rate structures will impact the payback period for a net metering system.<sup>67</sup>

In sum, through repeated admonitions from the Commission over the last 12 years, net metering participants have received more than adequate notice that their rates are subject to change.

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<sup>66</sup> Order No. 34046 at 19 (emphases added).

<sup>67</sup> *In the Matter of Idaho Power's Application to Evaluate Schedule 84 – Net Metering*, Case No. IPC-E-19-15, Order No. 34335, at 2 (May 15, 2019) (emphases added).

## **2. Notice from the Company's Website, Customer Generation Application, and Communications.**

The Company proactively communicates with its customers that the rates and compensation structure related to on-site generation are subject to change. Most customers seeking to install on-site generation consult and engage Idaho Power through its website. On Idaho Power's Customer Generation landing page,<sup>68</sup> Idaho Power provides a variety of customer tools, including a Solar Checklist. Since it was created in July 2017, the Solar Checklist,<sup>69</sup> included as Attachment 1 to this Brief, has outlined "other things to consider," including:

Note: Idaho Power's on-site generation and net metering services are not a contract. The services and rules, including the current compensation and billing structure and interconnection requirements, are subject to change and current rates do not represent a guarantee of future pricing.

In its resources for Understanding Customer Generation,<sup>70</sup> Idaho Power provides links to "Pending Cases Related to Pricing" for cases impacting customer generation, explaining:

The costs, benefits and compensation of net excess energy supplied by customer-owned on-site generation is currently being studied by Idaho Power, the Idaho Public Utilities Commission and interested parties. The outcome of the case could impact the time frame for estimated payback.

This can be found in Attachment 2. When using Google's Project Sunroof to Estimate Your Solar Costs, Idaho Power also reminds customers that "Estimates provided by Google's Project Sunroof are based on current electric rates. Future changes in rates will

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<sup>68</sup> Solar Power Options and Customer Generation, <https://www.idahopower.com/energy-environment/green-choices/solar-power-options-customer-generation/>

<sup>69</sup> Solar Checklist, <https://docs.idahopower.com/pdfs/BusinessToBusiness/SolarChecklist.pdf>

<sup>70</sup> Understanding Customer Generation, <https://www.idahopower.com/energy-environment/green-choices/solar-power-options-customer-generation/customer-generation/>

impact the estimated net savings and payback.”<sup>71</sup> This information is included as Attachment 3. Additionally, the Company maintains a list of Frequently Asked Questions (“FAQs”) on its customer generation landing page that includes information about the existing compensation structure and the potential for future price changes.<sup>72</sup> Included as Attachment 4, the FAQs have contained a version<sup>73</sup> of this question and responsive information since November 2012:

**How much would I be paid for my power and how much would I have to pay for the power I use?**

Residential and small commercial customers are paid for excess generation at the same base retail rate that they are charged for electricity. Other customer classes are paid under a different, calculated rate structure. The net metering tariff including current rate structure and requirements is subject to change and does not represent a guarantee of future pricing. Contact Idaho Power for more information.

FAQ language advising customers that the current rate structure is subject to change and does not represent a guarantee of future pricing has been available online and in handout form to at least 5,298 residential and small general service applicants who comprise 94.7 percent of current Schedule 6 and 8 customers with on-site generation.

Since January 2017, all new on-site generation customers have been required to affirmatively acknowledge they are aware that the rates and compensation structure

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<sup>71</sup> Google’s Project Sunroof, <https://www.idahopower.com/energy-environment/green-choices/solar-power-options-customer-generation/googles-project-sunroof/>

<sup>72</sup> Frequently Asked Questions: <https://www.idahopower.com/energy-environment/green-choices/solar-power-options-customer-generation/frequently-asked-questions/>

<sup>73</sup> This FAQ was most recently updated in 2019 to read:

**What if I need more power than my system provides? How much will I pay?**

Currently, customers pay the same retail rates for power they use as Idaho Power’s standard service customers who don’t generate their own energy. However, the rules, including the current rate structure and interconnection requirements, are subject to change and do not represent a guarantee of future pricing.

applicable for customers with on-site generation are subject to change. On the Apply to Connect Your System webpage,<sup>74</sup> Idaho Power's Customer Generation Application<sup>75</sup> explicitly notifies applicants of all customer classes that current on-site generation rates are not guaranteed. The form, included as Attachment 5, requires applicants to check a box acknowledging:

- I understand that the on-site generation and net metering service, including the rate structure and interconnection requirements, are subject to change and that current rates do not represent future pricing.

This notice language and check box is located above the customer signature line. In many cases, installers help customers fill out the form and therefore see this language as well. From January 1, 2017, through October 31, 2019, Idaho Power has received approximately 4,624 Idaho applications from all customer classes since the application form was updated to include a customer acknowledgement that rates are subject to change. This represents 80 percent of all 5,843 on-site generation participants and applicants in Idaho Power's Idaho service area.

Since December 2016, the Company also has reminded customers that rates paid for customer generation are subject to change when Idaho Power notifies them via email or letter that their on-site generation system has met all requirements and their service

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<sup>74</sup> Apply to Connect Your System, <https://www.idahopower.com/energy-environment/green-choices/solar-power-options-customer-generation/apply-to-connect-your-system/>

<sup>75</sup> Customer Generation Application, <https://docs.idahopower.com/pdfs/BusinessToBusiness/DEL326.pdf>



will be transferred to the applicable on-site generation tariff schedule. Included as Attachment 6, the notification states:<sup>76</sup>

The rules for on-site generation, including compensation structure, are outlined in Schedules 6, 8, 84 and 72, which have been approved by the Idaho Public Utilities Commission and the Oregon Public Utility Commission (Commissions). Tariff schedules (including pricing, compensation structure, and system requirements) are subject to change with approval from the Commissions. We will notify you of any future changes to the schedules.

### **3. Notice as Required by the Residential Solar Energy System Disclosure Act.**

Earlier this year, the Idaho Legislature enacted the Residential Solar Energy System Disclosure Act.<sup>77</sup> To the extent applicants or participants have signed agreements with solar retailers on or after October 1, 2019, individuals have also received notice substantially similar to the following statement required by *Idaho Code* § 48-1805(3): "LEGISLATIVE OR REGULATORY ACTION MAY AFFECT OR ELIMINATE YOUR ABILITY TO SELL OR GET CREDIT FOR ANY EXCESS POWER GENERATED BY THE SYSTEM AND MAY AFFECT THE PRICE OR VALUE OF THAT POWER."

### **C. The Transition Period Mitigates Investment Recovery Impacts for Existing Participants.**

As discussed above, Idaho Power believes that under current Idaho law, it is most legally defensible to transition the compensation of its existing and prospective on-site generation customers taking service under Schedules 6 and 8, respectively, from the full

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<sup>76</sup> Prior to the creation of Schedules 6 and 8, the email or letter advised applicants with complete systems: "Schedules 84 and 72 have been approved by the Idaho Public Utilities Commission and the Oregon Public Utility Commission (Commissions). Tariff schedules (including rates and system requirements) are subject to change pursuant to a Commission order. Idaho Power will notify the customer of record of any future modifications to the schedules that may impact the customer."

<sup>77</sup> *Idaho Code* § 48-1801, et seq.

retail rate to the Export Credit Rate on the same timetable set forth in Section IV of the Settlement Agreement – irrespective of when service began or will begin. From a public policy perspective, however, Idaho Power acknowledges that doing so will have negative impacts on the economics of previously installed customer on-site generation systems. The Company understands that as compared to customers in other rate classes, many residential and small general service customers have modest means and comparatively limited access to strategic business information.

Consequently, Idaho Power strongly supports the transition period for these customer classes set forth in the Settlement Agreement while limiting the adverse financial impact to non-participants of compensating participants for Net Excess Energy at a rate higher than the Export Credit Value. During the eight-year transition period, the difference between the higher retail compensation rate and the lower Export Credit Rate will be reduced in four equal percentage adjustments occurring every two years, with the first adjustment not occurring until January 1, 2022.

If applicable to existing customers, this gradual implementation schedule will serve to lessen the economic impact of moving to the lower value-based Export Credit Rate, while at the same time reducing the level of cost shifting toward standard service customers over time. Because existing and new on-site generation customers are indistinguishable in the way they take service and interact with Idaho Power's system, the transition of all on-site generation customers – regardless of when the customer's generation system became operational – in identical manner will satisfy *Idaho Code* § 61-315 and the Idaho Supreme Court's prior interpretations thereof.

**D. Criteria to Become and Remain an Existing On-Site Generation Customer.**

**1. Vintaging Start Date.**

Notwithstanding these concerns, if the Commission wishes to define “existing customers with on-site generation” for purposes of vintaging customers for grandfather treatment, Idaho Power recommends two options for consideration: (1) Active participants and applicants as of October 17, 2019 (the date of the Commission’s Notice of Motion to Approve Settlement Agreement in this matter) or (2) the date of the Commission’s order resolving the grandfather issue. The earlier date minimizes cost shifting to non-participants by applicants who had legal notice that a multi-party proposal to change compensation rates was under review. Vintaging customers as of the date of the Commission’s grandfather determination order would allow applicants who submitted on-site generation applications on or after October 17, 2019, to benefit even though they submitted their application with notice of the prospective compensation rate change and can rescind their applications at their option.

**2. Grandfather End Date.**

If the Commission determines that exempting existing customers from the terms of the Settlement Agreement is legally permissible and is in the public interest, the Company requests the Commission implement an end date for the grandfather treatment. As changes in metering or billing system functionality are implemented over time, it may become administratively burdensome for the Company to continue to track and manage a set of uniquely situated customers. The Company believes a 10-year period should be considered and is one that could be reasonably implemented.

### **3. Grandfather Existing System Size and Premise Location.**

Additionally, in order to limit the cost shift to what the Company's broader residential and small general service customers are currently exposed to, the Company also proposes the Commission order that existing grandfathered systems not be allowed to "expand" those systems or relocate grandfather systems to a different premise. This can be implemented by requiring that system sizes are capped at what the customer initially applied for or had subsequently applied for prior to the effective date as determined by the Commission.<sup>78</sup> If a customer had expanded their system without adhering to the requirements in Schedule 72, the customer could elect to reduce the size of the system to be compliant with their initial system size, or could transition the system to Schedule 6 or 8.

## **IV. CONCLUSION**

Net metering participants have received ample notice over the years that their rates are subject to change. The rates currently in effect for existing net metering participants are no longer just and reasonable. The Settlement Agreement therefore establishes a methodology for transitioning on-site generation customers to a rate that more closely reflects cost of service for these classes. And as described in Section III.A., above, there is no reasonable basis upon which to single out current customers for special treatment.

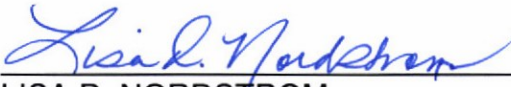
In recognition of the existing investments in on-site generation equipment and to avoid imposing undue hardship on current Schedule 6 and 8 customers, the Settlement

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<sup>78</sup> When applying for Schedule 6 or 8 service, customers are required to notify the Company of the total system size. If a customer expands a system after the initial application date, the customer is required, pursuant to the terms of Schedule 72, to submit a new application and complete the application process.

Agreement establishes a phased transition to the Export Credit Rate over a period of eight years to allow these customers more time to recoup their investment. For these reasons, Idaho Power urges the Commission to apply the terms of the Settlement Agreement to all residential and small general service customers with on-site generation, regardless of the date a customer's generation system becomes operational, in keeping with *Idaho Code* § 61-315.

Respectfully submitted this 13<sup>th</sup> day of November 2019.

  
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LISA D. NORDSTROM  
Attorney for Idaho Power Company

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 13<sup>th</sup> day of November 2019 I served a true and correct copy of IDAHO POWER COMPANY'S OPENING BRIEF upon the following named parties by the method indicated below, and addressed to the following:

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Kimberly Towell, Executive Assistant



**BEFORE THE  
IDAHO PUBLIC UTILITIES COMMISSION**

**CASE NO. IPC-E-18-15**

**IDAHO POWER COMPANY**

**OPENING BRIEF**

**ATTACHMENT 1  
(Language Highlighted)**



# Solar Checklist

Idaho Power welcomes your interest in solar and renewable generation. To help you research your options, we've developed the following list:

## Information you'll need to start

- Your goals**—How much energy you want to produce? Do you want to offset all or a portion of your energy use? Do you want a backup power source in the case of a power outage? *Most systems that connect to the electrical grid will not provide power during a power outage.*
- Your space**—Decide on a roof- or ground-mount system and consider how much unshaded, southern-oriented space is available. Each kilowatt (kW) of solar requires approximately 100 square feet of unshaded space.
- Your monthly and annual energy use (kilowatt hours [kWh])**—Idaho Power's **My Account** tool can help you evaluate your energy use. If possible, look at energy use (kWh) over two or three years to reduce irregularities from unusual weather events. Use your historical energy usage and consider future energy additions (heated pool, electric vehicle, etc.) to determine the size of system you need.
- Your budget**—How much you want to spend on your system? Do you plan to buy or finance your system? If you plan to finance, remember to factor in the interest rate on a loan. The cost of a system depends on many factors, including the type and size.
- Your project**—Do you plan to install it yourself or hire a contractor? Installation requires expertise and all systems must pass an electrical inspection. Businesses are required by electrical code to use licensed professional electricians. Idaho Power recommends getting several bids. See our **tips for choosing a solar installer**.

## Other things to consider

- Are there any restrictions from my homeowner's association, city or county?
- Will my roof need to be replaced soon?
- Will my roof warranty be affected?
- Will my homeowner's insurance premium change?
- How long do you plan to live in your current home? *If you move, accrued energy credits are forfeited.*
- Are you running or planning to run a business, including cryptomining, at your home? *This could change your rate, system requirements pricing, which will affect how quickly you recoup your investment.*
- You'll still have an Idaho Power bill each month. Under the current billing structure, you will be responsible for service fees and any energy you need from Idaho Power.

**Note:** Idaho Power's on-site generation and net metering services are not a contract. The services and rules, including the current compensation and billing structure and interconnection requirements, are subject to change and current rates do not represent a guarantee of future pricing.

## Questions to ask your installer

- What licenses do you hold and are you licensed in the states of Idaho and Oregon?
- What size system would meet my goal?  
*Answer will be in kilowatts, not number of panels.*
- How much energy, in kWh, will the system produce each month? Each year?  
*The National Renewable Energy Laboratory's **PV Watts** program can help you estimate energy output from different sized systems.*



- How does that compare to my monthly and annual energy use?
- If your goal is to have power during an outage, can they install a system to achieve that?
- Will anything—trees, roof lines, neighbors—shade my panels? How will that shade affect my output?  
*Ask your installer to do a shade analysis.*
- What assumptions were made when calculating my payback date, such as:
  - Idaho Power's current cost of energy for residential customers?  
*Current average base rate for residential customers on Schedule 01 is 8.71 cents per kWh, but it ranges from 8 to 12 cents depending on tiers and season.*
  - Idaho Power's energy cost escalation rate (the estimated percentage that rates will increase each year)?  
*For example, in 2018 and 2019, Idaho Power customers experienced a decrease in electricity costs. Looking forward, Idaho Power's most recent Integrated Resource Plan estimates that relative fuel prices will increase, on average, 1.3 percent per year over the next 18 years.*
  - Does the payback consider the rate that production will decrease each year over the life of the panels as they age?
  - Is there an equipment maintenance and replacement schedule?
- Do I need to clean the panels or remove snow?
- What warranties are offered?
- Who do I contact for maintenance?
- What if I need a new roof?
- What is the process for installing a system? How long might each step take?

### Connecting your system to Idaho Power's grid

Under our on-site generation and net metering tariffs, customers can install their own small-scale renewable generation source to offset some of their energy needs. They remain connected to Idaho Power's grid for reliable, consistent electricity, drawing energy anytime they need more than their system can provide. See the [Customer Generation FAQs](#) for more information.

Prior to installing the system, your installer should complete Idaho Power's Customer Generation Application for approval to connect to Idaho Power's grid. Any upgrades needed to connect your system to the grid will be at your expense.

### Alternatives

- Consider [energy efficiency](#) updates for your home prior to installing your system. Lowering your energy use conserves resources and may allow you to install a smaller system for your home.
- If you are a renter or if solar on your property just isn't feasible for you, there are other options for supporting renewable energy. Check out your [Green Choices](#) on our website.

### Other resources

- Financing option information:
  - Idaho customers—[Idaho Office of Energy and Mineral Resources](#)
  - Oregon customers—[Oregon Department of Energy](#)
- Incentive information: [Database of State Incentives for Renewable Energy \(DSIRE\)](#)



## Helpful Links

[idahopower.com/customergeneration](http://idahopower.com/customergeneration) for tariff information

[my.idahopower.com](http://my.idahopower.com) for your energy usage history

[google.com/get/sunroof](http://google.com/get/sunroof) for an estimate on solar size, cost and payback

[pvwatts.nrel.gov](http://pvwatts.nrel.gov) to estimate system size and energy output

[oregon.gov/energy](http://oregon.gov/energy) to find tax credits for Oregon residents

[dsireusa.org](http://dsireusa.org) a database of state incentives for renewables

[idahopower.com/solar](http://idahopower.com/solar) for tips on choosing a solar installer

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## Understanding Customer Generation

Idaho Power supports customer choice and your interest in clean energy. Customers who install their own generation sources – usually solar, but also wind, hydropower, geothermal or fuel cells – can offset some or all of their energy needs. Customers remain connected to Idaho Power’s grid, drawing energy any time they aren’t producing their own power or need more than they can produce.

When certain customers (those billed under schedules 6, 8 and 84) generate more energy than they need, they send it back to Idaho Power’s grid and earn an energy credit for the excess energy produced. In addition to a fixed monthly service charge, the customer is billed for their net energy use, which is simply the amount they generate minus the amount they use over the monthly billing period. This billing structure is called net energy metering, or net metering.



## Pending Cases Related to Pricing

The costs, benefits and compensation of net excess energy supplied by customer-owned on-site generation is currently being studied by Idaho Power, the Idaho Public Utilities Commission and interested parties. The outcome of the case could impact the time frame for estimated payback.

Make sure to stay up to date with active pricing cases through the Idaho Public Utilities Commission:

- Case studying the costs and benefits of residential and small general service customer generation on Idaho Power’s system ([IPC-E-18-15](http://www.puc.idaho.gov/fileroom/cases/summary/IPCE1815.html))
- Case studying the costs and benefits of commercial, industrial and irrigation customer generation on Idaho Power’s system ([IPC-E-19-15](http://www.puc.idaho.gov/fileroom/cases/summary/IPCE1915.html))
- Case studying ways to recover the fixed costs of providing electric service to customers ([IPC-E-18-16](http://www.puc.idaho.gov/fileroom/cases/summary/IPCE1816.html))

## Customer Generation Eligibility and Pricing

Customers approved to generate their own electricity are billed under different pricing policies, often called rate schedules (or tariffs). Use the chart below, to find your rate schedule or view all [rate schedules](https://www.idahopower.com/about-us/company-information/rates-and-regulatory/retail-tariffs-idaho/).

CURRENT SCHEDULES ELIGIBLE FOR CUSTOMER GENERATION	APPLICABLE SCHEDULE WITH CUSTOMER GENERATION
Idaho Residential ( <a href="https://docs.idahopower.com/pdfs/aboutus/ratesregulatory/tariffs/156.pdf">Schedule 1</a> )	Idaho Residential Service On-site Generation ( <a href="https://docs.idahopower.com/pdfs/aboutus/ratesregulatory/tariffs/313.pdf">Schedule 6</a> )
Idaho Small General Service ( <a href="https://docs.idahopower.com/pdfs/aboutus/ratesregulatory/tariffs/37.pdf">Schedule 7</a> )	Idaho Small General Service On-Site Generation ( <a href="https://docs.idahopower.com/pdfs/aboutus/ratesregulatory/tariffs/314.pdf">Schedule 8</a> )
Oregon Residential ( <a href="https://docs.idahopower.com/pdfs/aboutus/ratesregulatory/tariffs/156.pdf">Schedule 1</a> ) and Small General Service ( <a href="https://docs.idahopower.com/pdfs/aboutus/ratesregulatory/tariffs/37.pdf">Schedule 7</a> )	Customer Energy Production/Net Metering Service ( <a href="https://docs.idahopower.com/pdfs/aboutus/ratesregulatory/tariffs/198.pdf">Schedule 84</a> )

CURRENT SCHEDULES ELIGIBLE FOR CUSTOMER GENERATION

Idaho and Oregon Irrigation ([Schedule 24](https://docs.idahopower.com/pdfs/aboutus/ratesregulatory/tariffs/42.pdf) (<https://docs.idahopower.com/pdfs/aboutus/ratesregulatory/tariffs/42.pdf>)), Large General Service ([Schedule 9](https://docs.idahopower.com/pdfs/aboutus/ratesregulatory/tariffs/38.pdf) (<https://docs.idahopower.com/pdfs/aboutus/ratesregulatory/tariffs/38.pdf>)) and Industrial ([Schedule 19](https://docs.idahopower.com/pdfs/aboutus/ratesregulatory/tariffs/191.pdf) (<https://docs.idahopower.com/pdfs/aboutus/ratesregulatory/tariffs/191.pdf>))

APPLICABLE SCHEDULE WITH CUSTOMER GENERATION

Customer Energy Production/Net Metering Service ([Schedule 84](https://docs.idahopower.com/pdfs/aboutus/ratesregulatory/tariffs/198.pdf) (<https://docs.idahopower.com/pdfs/aboutus/ratesregulatory/tariffs/198.pdf>))

For projects over 100 kW refer to [Generator Interconnection](https://www.idahopower.com/about-us/doing-business-with-us/generator-interconnection/) (<https://www.idahopower.com/about-us/doing-business-with-us/generator-interconnection/>)

## Technical Requirements

Solar, wind and other on-site generation sources must be installed safely. There are specific equipment requirements and designs depending on your rate schedule and size of system.

[Schedule 72](https://docs.idahopower.com/pdfs/aboutus/ratesregulatory/tariffs/52.pdf) (<https://docs.idahopower.com/pdfs/aboutus/ratesregulatory/tariffs/52.pdf>) Interconnections to Non-Utility Generation applies to all rate schedules and outlines the interconnection requirements and application process.

[Customer Generation Interconnection Requirements](https://docs.idahopower.com/pdfs/AboutUs/businessToBusiness/CustomerGenerationInterconnectionRequirements.pdf) (<https://docs.idahopower.com/pdfs/AboutUs/businessToBusiness/CustomerGenerationInterconnectionRequirements.pdf>) include line diagrams, equipment specifications and testing requirements to ensure your system is configured properly.

See the Idaho Division of Building Safety's [safety bulletin](https://docs.idahopower.com/pdfs/BusinessToBusiness/PlugPlay_Inverters.pdf) ([https://docs.idahopower.com/pdfs/BusinessToBusiness/PlugPlay\\_Inverters.pdf](https://docs.idahopower.com/pdfs/BusinessToBusiness/PlugPlay_Inverters.pdf)) warning about plug and play inverters.

## Ready to Install?

Find application forms [here](https://www.idahopower.com/energy-environment/green-choices/solar-power-options-customer-generation/apply-to-connect-your-system/) (<https://www.idahopower.com/energy-environment/green-choices/solar-power-options-customer-generation/apply-to-connect-your-system/>)


## Questions?

Check out our [FAQs](https://www.idahopower.com/energy-environment/green-choices/solar-power-options-customer-generation/frequently-asked-questions/) (<https://www.idahopower.com/energy-environment/green-choices/solar-power-options-customer-generation/frequently-asked-questions/>), or contact a Customer Generation Specialist for help at [1-208-388-2559](tel:1-208-388-2559) (tel-1-208-388-2559) or [cg@idahopower.com](mailto:cg@idahopower.com) (<mailto:cg@idahopower.com>)

Solar installers, [sign up](https://www.idahopower.com/energy-environment/green-choices/solar-power-options-customer-generation/customer-generation/customer-generation-newsletter/) (<https://www.idahopower.com/energy-environment/green-choices/solar-power-options-customer-generation/customer-generation/customer-generation-newsletter/>) for our Customer Generation email newsletter to stay in the loop about updates and trends.



[Idaho Power is committed to our goal of 100% clean energy by 2045.](#)

[Learn more](#) 

<https://www.idahopower.com/energy-environment/energy/clean-today-cleaner-tomorrow/>



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# Google's Project Sunroof

## Curious to know what an investment in solar looks like?

Google's [Project Sunroof](https://www.google.com/get/sunroof#p=0) (<https://www.google.com/get/sunroof#p=0>) – an online solar estimator – can give you an estimate of the cost to install a system and years until payback. **Estimates provided by Google's Project Sunroof are based on current electric rates. Future changes in rates will impact the estimated net savings and payback.** Project Sunroof is not functional for all of Idaho Power's service area, so we've provided three Project Sunroof examples of a typical home below.

*Examples for using solar on-site generation to match nearly 100% of a home's energy use*

	 <a href="https://www.idahopower.com/content/uploads/2017/12/HOUSE1.PNG">HTTPS://WWW.IDAHOPOWER.COM/CONTENT/UPLOADS/2017/12/HOUSE1.PNG</a> THE JONES' HOUSE	 <a href="https://www.idahopower.com/content/uploads/2017/12/HOUSE2.PNG">HTTPS://WWW.IDAHOPOWER.COM/CONTENT/UPLOADS/2017/12/HOUSE2.PNG</a> THE ZHANG'S HOUSE
AVERAGE MONTHLY ELECTRIC USE:	500 kWh	1,000 kWh
AVERAGE MONTHLY BILL:	\$45	\$90
SOLAR SYSTEM SIZE NEEDED:	3.75 kW	8 kW
ESTIMATED UPFRONT COST:	\$13,300 (\$3.55 per watt)	\$26,700 (\$3.33 per watt)
NET COST AFTER <u>TAX CREDIT</u> ( <a href="http://www.dsireusa.org/">HTTP://WWW.DSIREUSA.ORG/</a> ):	\$8,400	\$16,700
		<b>PURCHASING WITH A LOAN</b>
ESTIMATED BREAKEVEN POINT:	Beyond 20 years	Beyond 20 years
TOTAL SAVINGS AFTER 20 YEARS (SIMPLE SAVINGS):	-\$6,300 (loss)	-\$9,900 (loss)
TOTAL SAVINGS AFTER 20 YEARS (NET PRESENT VALUE):	-\$4,200 (loss)	-\$6,500 (loss)

### Planning on paying cash? ⌵

\*Average monthly bill costs are based on Idaho Power residential Schedule 01 rates as of 11/1/2018. System production estimates are from [PVWatts](http://pvwatts.nrel.gov/) (<http://pvwatts.nrel.gov/>) default system settings for Boise ID. All other estimates regarding cost and payback are from [Google's Project Sunroof](https://www.google.com/get/sunroof#p=0) (<https://www.google.com/get/sunroof#p=0>), which are based on current electric rates. Future changes in rates will impact the estimated net savings and payback. Project Sunroof uses a 20-year loan term and 6.6 percent interest rate. Actual costs, system production and tax credits will vary. For a personalized estimate, Idaho Power recommends getting several bids from certified installers.

<sup>1</sup>Why does Project Sunroof provide two different 20-year values?

Simple savings, or the [payback method](https://hbr.org/2016/04/a-refresher-on-payback-method) (<https://hbr.org/2016/04/a-refresher-on-payback-method>), and [net present value](https://hbr.org/2014/11/a-refresher-on-net-present-value) (<https://hbr.org/2014/11/a-refresher-on-net-present-value>) are different ways of looking at the long-term value of a purchase. Payback tells you how long it takes to recoup your money. Net present value determines if it is a good financial investment compared to other things you could do with your money—like earning interest in your bank account or investing in stocks and bonds.



[Idaho Power is committed to our goal of 100% clean energy by 2045.](#)

[Learn more](#) ↻

<https://www.idahopower.com/energy-environment/energy/clean-today-cleaner-tomorrow/>



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**ATTACHMENT 4  
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## Net Metering Frequently Asked Questions

### **What is Net Metering?**

Net metering is a program that allows customers to generate power on their property and connect it to a utility's power system. The electric meter "spins" backwards, providing a credit for energy produced against charges for energy used. Systems connected to the grid are referred to as "interconnected."

### **How does Net Metering work?**

For residential and small commercial customers, the renewable source of generation is connected on the customer's side of the electric meter. Energy generated is consumed inside the residence first and any excess would flow from the meter to the power lines. At the end of the month, if consumption outpaces production, a monthly power bill is sent to the customer for the energy consumed. If production outpaces consumption, a credit appears on the bill.

### **How much would I be paid for my power and how much would I have to pay for the power I use?**

Residential and small commercial customers are paid for excess generation at the same base retail rate that they are charged for electricity. Other customer classes are paid under a different, calculated rate structure. The net metering tariff including current rate structure and requirements is subject to change and does not represent a guarantee of future pricing. Contact Idaho Power for more information.

### **What type of generation is allowed under the Net Metering tariff?**

Idaho Power's Net Metering program is restricted to wind, solar, hydro, biomass and fuel cell technologies. Other renewable technologies may be included in the future.

### **Who is eligible to go on the Net Metering tariff?**

The Net Metering program is open to residential (Rate 01) and small commercial (Rate 07) customers. Other rate classes can connect up to 100 KW of generation but the connection and credit are calculated differently.

### **Is there a limit to the size of generation from the customer?**

Yes. For residential and small commercial customers, generation is limited to 25 kilowatts of nameplate generation or less. Other rate classes can connect higher levels but under different requirements and rate structures. Contact Idaho Power for more information.

### **Are there any costs involved to go on the Net Metering tariff?**

Yes. There is a \$100 application fee for processing, project review, the connections, and review of the lines and transformers. If the project requires upgrades to Idaho Power equipment, the applicant also will pay those costs.

**Is it a legal requirement Idaho Power provide Net Metering?**

No. This program falls within a tariff filed with the Idaho Public Utilities Commission (IPUC) and is only for Idaho Power and its customers. Several other utilities serving different parts of Idaho have their own Net Metering programs that also are filed with the IPUC.

**Is there a limit to how many Idaho Power customers can participate in Net Metering?**

Yes. At this time Idaho Power limits the total amount of customer-owned generation to 2.9 MW. The actual number of systems will vary depending on the size of the individual installations.

**Will Idaho Power offer their customers systems for sale and installation?**

Idaho Power does not offer or install systems for customers. There are a number of qualified dealers that provide sales and installation services.

**Where can I learn more?**

To learn more about the net metering program, rules and application process, visit,

- Visit: [www.idahopower.com/netmetering](http://www.idahopower.com/netmetering)
- Call 208-388-2323 or 800-488-6151 outside the Treasure Valley.
- Email [netmetering@idahopower.com](mailto:netmetering@idahopower.com)

**Other Links:**

Idaho Office of Energy Resources: [energy.idaho.gov/renewableenergy](http://energy.idaho.gov/renewableenergy)

Information on renewable resources in Idaho including technologies, financing options and resources.

Oregon Department of Energy: [www.oregon.gov/ENERGY/index.shtml](http://www.oregon.gov/ENERGY/index.shtml)

Information on renewable resources in Oregon including technologies and financing options.



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# Customer Generation Application

This application is an interconnection request for existing Idaho Power accounts who wish to install renewable generation systems (solar, wind, hydro, biomass and fuel cell technologies).

Upon receipt of the application and fee, Idaho Power will review the project and determine if any upgrades to the electrical grid are needed. If no upgrades are needed, customer will receive an approval to proceed. Application and fee expire one year after approval to proceed. Visit [www.idahopower.com/CustomerGeneration](http://www.idahopower.com/CustomerGeneration) for information about the interconnection process, tariff schedules, and credit transfer eligibility.

All generation systems must satisfy the requirements in Schedule 72, Interconnections to Non-Utility Generation. Upon completion of the interconnection process, customers will take service under one of the following schedules:

- Idaho Residential customers - Schedule 06, Residential Service On-Site Generation
- Idaho Small General Service customers - Schedule 08, Small General Service On-Site Generation
- All Oregon customers, and Idaho Large Commercial, Irrigation and Industrial customers - Schedule 84, Customer Energy Production/Net Metering Service

## 1. Project Information *All Fields Required*

Account Holder _____ <i>Must be the customer/account holder on the Idaho Power account</i>	Account Number _____
Project Location _____ <i>Address City, State Zip</i>	Meter Number _____
Current Rate Schedule _____ <i>Note: Rates 01 and 07 require single meter design. Rates 09, 19, 24 require two-meter design (unless applying as a Demonstration Project) See Schedule 72 for requirements.</i>	<input type="checkbox"/> Will property be used for commercial purposes? (i.e. home business, crypto currency mining)
Existing project at location? <input type="checkbox"/> Yes <input type="checkbox"/> No	If yes, total nameplate rating of existing project (kW): _____
Project Type _____ Proposed Project Size (kW) _____	Phase: <input type="checkbox"/> Single <input type="checkbox"/> Three Battery Backup: <input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Generator Resource/Size</b> Maximum Size: 25 kW Residential and Small General Service; Maximum Size 100 kW Large Commercial, Industrial, and Irrigation. Size defined as nameplate capacity of photovoltaic or turbine power source measured in kilowatts (kW).	
<input type="checkbox"/> Solar: # of Modules _____ Module Rating (kW <sub>DC</sub> ) _____ Manufacturer _____ Model _____ Tracker: <input type="checkbox"/> None <input type="checkbox"/> Single Axis <input type="checkbox"/> Two Axis If fixed, tilt from horizon (0-90°) _____ Orientation (S, SW, SE etc.) _____	
<input type="checkbox"/> Wind: # of Turbines _____ Turbine Rating (kW <sub>AC</sub> ) _____ Manufacturer _____ Model _____	
<input type="checkbox"/> Other: Resource type _____ Generator Rating (kW) _____ Generator Output <input type="checkbox"/> AC <input type="checkbox"/> DC	
<b>Inverter</b> # _____ Watt size (each): _____ Manufacturer _____ Model # _____ Voltage _____ Phase: <input type="checkbox"/> Single <input type="checkbox"/> Three	
Is inverter UL 1741 or IEEE1547 listed? <input type="checkbox"/> Yes <input type="checkbox"/> No If no, what protection type? _____	

## 2. Project Contact (installer) *All Fields Required*

Company _____	Contact _____
State _____ Email _____	Phone (xxx) xxx-xxxx _____

## 3. Account Holder Acknowledgement *All Fields Required*

<input type="checkbox"/> I certify that the information provided in this application is correct to the best of my knowledge.	
<input type="checkbox"/> I understand that the on-site generation and net metering service, including the rate structure and interconnection requirements, are subject to change and that current rates do not represent future pricing.	
<input type="checkbox"/> I give my permission for Idaho Power to discuss my project and electric usage history with the Project Contact/Company listed above.	
Name (Type or Print) _____	Signature _____
Phone (xxx) xxx-xxxx _____	Email _____ Date _____

**Once completed, please mail this form and the non-refundable \$100 application fee to:**

U.S. Postal delivery: Idaho Power Company  
Attn: Customer Generation, CHQ 8  
P.O. Box 70  
Boise, ID 83707

Express delivery: Idaho Power Company  
Attn: Customer Generation, CHQ 8  
1221 West Idaho Street  
Boise, ID 83702

**If you have any questions, please call 208-388-2559 or email [cg@idahopower.com](mailto:cg@idahopower.com)**



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RE: Solar project for \_\_\_\_\_ (meter \_\_\_\_\_)

Congratulations! Your Solar project at \_\_\_\_\_ in \_\_\_\_\_ is now complete and as of \_\_\_\_\_, is in compliance with Idaho Power's current interconnection requirements (outlined in Schedule 72 Interconnections to Non-Utility Generation). If you are unsure how to turn on or operate your system, please check with your installer.

As part of the interconnection requirements, there are a few ongoing requirements that are important to note. These include:

- Providing access to Idaho Power for ongoing inspections (currently every 3 years)
- Notifying Idaho Power if your system is removed or offline for more than six months
- Submitting a new application for system expansions or relocation.

These requirements help ensure and protect the reliability of Idaho Power's electrical grid. Any lapse in these ongoing requirements may require us to disconnect your on-site generation system until it comes back into compliance.

The rules for on-site generation, including compensation structure, are outlined in Schedules 6, 8, 84 and 72, which have been approved by the Idaho Public Utilities Commission and the Oregon Public Utility Commission (Commissions). Tariff schedules (including pricing, compensation structure, and system requirements) are subject to change with approval from the Commissions. We will notify you of any future changes to the schedules.

More information about on-site renewable generation including links to the Schedules referenced above, can be found at [idahopower.com/CustomerGeneration](http://idahopower.com/CustomerGeneration). If you have any questions, you can reach us at 208-388-2559 or [cg@idahopower.com](mailto:cg@idahopower.com).

Sincerely,  
Idaho Power  
Customer Generation Team