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Idaho Public Utilities Commission
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IDAHO PUBLIC
UTILITIES COMMISSION

December 17, 2012

Subject: IPC-E-12-27

To the Idaho Public Utilities Commission,

Thank you for the opportunity to comment on Idaho Power Company's (IPC) filing IPC-E-12-27, regarding their proposed changes to their net metering service. Several items in the filing stick out leading me to oppose its adoption, and to believe that this issue was poorly researched and analyzed. I also request that this issue be discussed in a public hearing.

The request to increase the cap on net metering service from 2.9 to 5.8 MW is absolutely necessary to continue Idaho Power's, and the state of Idaho's goal to continue to support the growth of renewable energy in Idaho. The renewable energy sector is rapidly growing, and numerous companies in IPC's service area attest to this. The increase of this cap will provide support to the job growth in this industry in Idaho.

The requested changes to net meter rates has several issues that will ultimately punish current and future net meter customers, and stifle the industry in IPC's service area. Many of these issues are outlined below, and are looked at based on my own personal experience as the owner of a 5.4 kW solar system. My family is a net energy producer over the course of a year and we currently earn a small credit from this.

IPC states that the cost of paying a net producer at the retail rate prevents the generation of revenue from that customer. They mention their cost of electrical components and customer related costs as being unrecoverable from them. On the surface, this does not make sense since these types of fixed costs are being recovered from all residential customers with the monthly \$5 service charge. However, IPC also gets a savings from the all net meter customers from the avoided costs of not having to produce what the customer does. Also, the same equipment that is bringing the power to a home, is also receiving any excess. Net meter customers are still paying this \$5 a month charge for the fixed costs the same as everyone else, and we are providing a benefit to everyone with our power generation. Increasing the service charge for only the net meter customers is unfair since they actually provide an otherwise unpaid for benefit to the utility.

It is troubling to me that the filing provided no details on the analysis for the proposed changes. It would be nice to see that the value of net meter customers' benefit was factored in. What are IPC's avoided costs and how do they compare to my generation costs? The only benefit I receive from the company is when we produce more than we use and get a monthly credit.

IPC states "the company is financially compensating these customers for services they are not providing to the detriment of customers taking service without net metering installations." This does not mention that IPC is compensating me for their cost avoidance, which is a service to IPC. As was originally pointed out by the PUC regarding providing the service to net metering customers, "the overall dollar impacts of



net metering, Staff contends, will be small if participation levels are restricted." This too does not mention avoided costs. The program is still capped, and the installation of the interval meters should make the cost of providing the service even cheaper.

IPC does "recognize that these systems potentially provide benefits at the generation and transmission level by reducing loads on these components of the Company's system at certain times." Yet, this seems to be of, at best, minor consideration with the chosen method of implementation. They do not mention that, specifically in the case of solar, the "certain times" the load is reduced is around when they need the most reduction due to the heavy grid load. In other words, a benefit is provided when that benefit is most valuable. This seems to make my minor compensation worthwhile to the company.

IPC is concerned that net meter customers pay an equitable share of costs to generation and transmission of energy. However, I too incur these costs. Should I not be paid for them when I am selling to IPC? They mention that net meter customers cause unrecovered costs to the company from regular customers. However, net meter customers have installed a system at their own cost that will not be recovered. Both IPC and regular customers are receiving benefits from this system in the form of avoided generation and transmission costs, reduced pollution, and helping to reduce strain on the grid thus reducing the need to build a new plant.

Participation in the net metering program has grown by leaps and bounds in the last couple years. This is mainly due to large sites with large net production coming online. My suspicion is that IPC is most concerned with these large installations, and smaller residential installs (201 solar as of 11/1/12, 65 wind) that produce a yearly net positive for the homeowner have a negligible impact on their grid. It seems unnecessarily harsh to punish these individual homeowners who have gone out of their way to do something that benefits everyone, regular customers and IPC alike.

It really does seem that the analysis done on this proposed change was woefully inadequate, if not a complete failure. That is, unless the design of this was to completely stop the renewable energy industry in their service area. IPC states that the pricing is to facilitate further net meter growth. However, with the proposed pricing, this is only the case if that growth does not result in a system that produces a net.

As mentioned, IPC is proposing a service charge increase to only the net meter customers of over 300%. They also propose a basic load capacity (BLC) charge for net meter customers only "to reflect collection of demand-related revenue requirement associated with the distribution system." This is a good idea if applied to all customers. If it is not applied to all customers, it seems like it is already built into the kWh rate. Then changing the rate to net meter customers is not necessary. IPC does calculate the specific per kWh change that is the "potential for inequality between net metering customers and standard service customers." However, if the need for collecting this is already built into the rate for all, why change it for a select group of residential customers?

Further evidence that makes it seem like IPC did not do a thorough analysis of these changes, there is no data in the filing about an analysis of how many of the 353 customers are actually net producers, and how much is their net production. These customers made a significant financial investment and the changes would punish them for making that investment.

Having the kWh credit expire in December is also extremely short sighted. As credit through the summer months is built up, this expiration date prevents using them in the winter and early spring. This choice of

expiration demonstrates a perceived lack of interest in doing what is right or fair, and just doing what is best for them.

My family chose to install a solar system based on an analysis that factored in the savings based on the standard residential rate that was indicated in the net meter agreement. Changing the agreement now, especially so drastically, takes my effective payback period to far beyond the life of the system; essentially, never.

Using the proposed new schedule rates in exhibit 1, and ignoring the loss of my net energy at the end of December, the new charges on my November bill would go from \$14.43 to \$36.68. A 168% increase. My July bill would go from a \$21.08 credit, to a charge of \$12.35, an increase of \$33.42. My August bill would go from an \$8.80 credit, to a charge of \$20.54, an increase of \$29.35. My monthly savings is so drastically reduced; one must wonder if they really understood what they were proposing.

I called IPC with some questions regarding this change. They created a calculator to plug in a homeowners usage and compare how the previous bills would have changed with the proposed rates compared to the current situation. My bill total over the last 12 months was -\$79.11 under the current rate schedule. Under the proposed rate schedule, my bill would increase to \$408. That is an increase of \$487. If we had not put in a solar system, our bill would have been \$477. So a 5.4 kW solar system would save us \$69 for the year.

Unfortunately, this calculator was not available until 12/14, two weeks after they made this filing. Did IPC take the time to see how these changes would affect individuals using recent bills? It is hard to believe they did, or else this calculator would have been completed far earlier in the process. It seems like the most complete analysis of the changes would have involved looking at such numbers as mine listed above to understand what affect this will have on people.

IPC states they are doing the changes to excess net energy production because the intent of the current net meter agreement was "not to provide customers with an avenue to sell power generation to the Company." This results in the company purchasing power at a rate "higher than the generation-related revenue requirement embedded in rates." Again, questions about avoided costs and received benefits comes to mind, and is not seen anywhere in the provided analysis. The reference continues to be generation related costs, are the cost savings factored in.

Large net generation may not have been the intent of the original schedule, but was it really the intent of the individuals who are producing a yearly net? In my personal case, the system was built to be around break even. However, continued efforts to follow IPC's suggestion of being energy efficient have led us to using less than the panels produce. Some of this reduction in use is a direct result of IPC's reimbursement program for adding more attic insulation. Should I take a financial hit for following IPC's own suggestions?

IPC is concerned that net meter customers are receiving a benefit, specifically a subsidy, from standard rate payers. Is this any different from those that take advantage of any of the energy efficiency programs that IPC has? Everyone is paying into them, but only some are taking out of it. Those that are taking out are also putting an additional investment of their own money when receiving the benefit. Take, for example, installing additional attic insulation. IPC does not cover the whole cost of the install, only a portion. Net meter customers made a large investment and are getting a small return from IPC on this only if they have a positive yearly net production.

In October, the PUC determined that IPC's demand side management expenses are "prudently incurred." This includes riders on customer bills for the energy efficiency programs like adding attic insulation. One of the criteria for these programs is that they reflect a benefit to all customers, not just those who participate. Adding insulation benefits all customers by reducing the load on the grid from that house. Net metering is very much akin to this, as customers with renewable energy production ability do the exact same thing. In the case of the attic insulation, the home owner will see a large one-time reimbursement from IPC. In the case of renewable energy generators, there is no such reimbursement from IPC when a system is installed. The only opportunity for such an incentive comes if someone is a net producer, and gets a return on that in the form of a check.

IPC states that this change is necessary because the FERC indicates "that providing financial payments to net metering customers for Excess Net Energy may be considered wholesale transactions subject to FERC jurisdiction." "May be considered?" What are the rules for falling under this guideline? Can net yearly producers under certain kWh be excluded from this jurisdiction? Are their ways that the current customers in this situation can be grandfathered in? This is the type of information that needs to be analyzed and discussed in an open forum, and is why I support this case being heard as a public hearing.

IPC maintains that individuals can sell power to IPC under a sales agreement through Schedule 86. This is for nameplate under 10MW and does not seem as if it is intended for small home systems and the minor net power they may produce. This schedule seems to be meant for large scale producers who can more easily recoup the costs of startup and generation. Net producers are paid at 85% of the monthly avoided energy cost, which is based on average of the daily on-peak and off-peak Dow Jones Mid-Columbia Electricity Price Index (Dow Jones Mid-C index). While I do not know any specific numbers associated with this option, it seems hard to believe that my benefit would be worthwhile to have installed the system in the first place.

Southern Idaho is one of the best places for solar power generation in the nation, second only to the Southwest and the Southern half of Florida. Installations should be encouraged here. This plan does more than discourage them; it outright makes them not a viable investment.

The proposed rate changes to net meter customers by IPC in filing IPC-E-12-27 have many flaws, some of which are outlined above. This evidence also seems to indicate a significant lack of research on the issue and how exactly would affect net meter customers. I request that the Commission open this issue to a public hearing, and reject IPC's proposal until this issue is fully analyzed by them. IPC needs to propose changes inline with the both their, and the state of Idaho's position that renewable energy is part of the future of Idaho, and that is fair and equitable to current, pending, and future net metering customers.

Respectfully,

Kevin Weigel
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Boise, ID 83716
kevinweigel@yahoo.com
208-860-0469

Jean Jewell

From: Jean Jewell
Sent: Monday, December 17, 2012 10:00 AM
To: Jean Jewell
Subject: FW: case IPC-E-12-27

Case: IPC-E-12-27
From: Kurt Myers
4001 S. Pine Needle Cir.
Idaho Falls, ID 83404
Daytime phone: 208-521-1108

To the IPUC:

This filing to request a change to Idaho Power net metering rates appears to be a poor attempt at calculating reasonable rates for distribution, demand/capacity and regulation service charges. It would set a poor precedent for other utilities in the region with regards to net metering.

Having a flat rate for service charges, more than four times the current rate, and also charging a demand charge on top of it, is an inadequate approach, as it doesn't consider energy ratios of consumption versus generation at the home or small business level, installed generation capacity and time of day of use and production.

With the proposed rate changes, it appears that the service charges and demand rates for a typical home (averaging 1 kW each hour, no electric heat and water heater) would be around half of their electric bill, if they had just a couple of solar panels to start out and try net metering. One would have to be using a lot more electricity and have a pretty large PV system or other generation to justify paying \$25/month or more in service and demand charges.

This also doesn't provide much incentive for energy efficiency either, as the high flat service charge overwhelms the lower energy rate portion of the bill and the slightly lower demand charge one might get with lower peak rated appliances, etc. However, for customers with large electrical energy use who can come up with ways to control their peaks, maybe the lower energy rate could make sense, if it was lowered enough and they didn't do too much of their own generation.

Anyway, I feel that a high flat service rate doesn't make sense for most customers. In deregulated markets, I believe these service and demand fees typically don't exceed more than about 20-25% of a customer's bill. Also, with solar and perhaps some hydro net metering systems, they are often producing power at times of high power use on the larger grid. So, even though with enough distributed generation installed to cause some extra costs for grid regulation and protective system changes, it seems excessive to charge close to 50% of someone's previous typical average electric bill (before switching to net metering) in fixed rates and demand charges, after they decide to install a little bit of solar PV. Especially when those systems will often be providing power to the grid at many times of high power use in Idaho in the summer.

Although I am not in Idaho Power service territory, I would not like to see this type of change move into other utilities in the area. If capacity and grid regulation are becoming this much of an issue in the region, then maybe we should start more discussions about time of day rates, load management and potential capacity inputs to the grid by smaller users (i.e. homes with PEV's, smart grid), and equitable credit for providing services/capabilities back to the grid. I believe that any fixed charges or integration services fees should be less than 20-25% average of the bill before any net metering was installed. Thank you for your time.

Sincerely, Kurt Myers, Idaho Falls

Jean Jewell

From: R S [ronscott3x6@hotmail.com]
Sent: Monday, December 17, 2012 12:21 PM
To: Jean Jewell; Lou Ann Westerfield; Wayne Hart
Subject: Idaho Power's Net Metering Proposed Changes

I apologize for not using the online case comment form. It seems to be shut down or not accepting materials, thus I am submitting this to you directly. Thank you.

My name is Ronald Scott
I live in Boise, ID.
My utility company is Idaho Power
Case Number - IPC-E-12-27

To whom it may concern,

I recently received a letter from Theresa Drake, the Customer Relations and Energy Efficiency Manager at Idaho Power. This letter contained 4 key points that Idaho Power has proposed in regards to net metering. The letter states that the overall purpose of the proposed changes is to expand the availability of net metering service.

The letter did not detail how the pricing structure would change so I placed a call to Ms. Drake's office. I received a recording and left a message. Within 30 minutes, a very friendly representative called me and began explaining these proposed changes and how my household would be impacted. In analyzing my most recent months of power use (September - November) these proposed changes would cause my power bills to increase by approximately 2.5 - 3 times. The representative explained that as a small residential net metering subscriber, I would be heavily financially impacted by these changes. And ultimately, I would have been better off not adding solar panels to my home. I am not sure how this makes sense. Idaho Power stated that they want to increase the availability of net metering service to their customers. And the best method they could propose was to substantially increase the fees and costs associated with it?

I hope the the IPUC carefully considers this proposal and rejects all aspects of it.

Thank you for your hard work in protecting the best interests of Idaho's citizens and environments.

Jean Jewell

From: steve.kutzner@gmail.com
Sent: Monday, December 17, 2012 6:33 AM
To: Jean Jewell; Beverly Barker; Gene Fadness
Subject: PUC Comment Form

A Comment from Steve Kutzner follows:

Case Number: IPC-E-12-27
Name: Steve Kutzner
Address:
City: Boise
State: ID
Zip: 83706
Daytime Telephone:
Contact E-Mail: steve.kutzner@gmail.com
Name of Utility Company: Idaho Power
Acknowledge: acknowledge

Please describe your comment briefly:

In reference to the pending increase in fees for alternative energy options, I feel like this is a detrimental step backwards on a very important issue. The proposed fees would make it less likely that people would take part in any alternative energy sources (solar, wind, geothermal, etc.). Idaho is falling so far behind the majority of the country in almost every category, it is high time that we take a step forward. Or at the very least, stand still.

The form submitted on <http://www.puc.idaho.gov/forms/ipuc1/ipuc.html>
IP address is 65.129.116.139
