2/27/2013 Addendum

I beg the Commission's permission to add this addendum to my earlier comments. IPC spends considerable time in their testimony discussing the loss of the $20 service fee for each net metering customer who successfully displaces a large portion of their monthly electricity consumption. The thing IPC did not address is whether the loss of the service fee in this manner constitutes an actual loss. My calculations suggest that IPC receives a net gain in the transaction. Let me explain.

The following table presents two scenarios, one for solar, and one for wind. The Solar column compares a solar net meterer to peak wholesale power alternatives, while the wind column compares a wind net meterer to the wholesale prices averaged over the whole day. For wholesale prices I went to the CAISO website and acquired prices from the NP15 hub for the years 2002 through 2012. I then adjusted the prices down by $3.00 per Mwh to approximate Mid-C pricing.

If a 1,200 kwh per month customer successfully generates enough power to completely offset their consumption, this is power that IPC is free to sell on the wholesale market, a market in which IPC is a regular and active participant. For the solar net meterers, they will receive, on average, about $49.54 per month at Mid-C. For wind, the number is slightly lower at $45.78. If we subtract out IPC's service fee of $20, IPC receives a net benefit from the solar net meter of $29.54 and $25.78 from the wind net meterer.

Now, clearly, not all of the net metering customers are wind, or solar, and if they were, not all of them successfully offset their entire power use each month, but it is worth looking at that possibility as a way of examining how "bad" it would be for IPC and the rest of IPC's rate payers. It turns out, bad, is not bad at all.

If all 354 net meterers were solar generators who completely offset their 1,200 kwh monthly load, the benefit to IPC would be $10,457.65 per month and $125,491.82 per year. If all 354 net meterers were wind generators who completely offset their 1,200 kwh monthly load, the benefit to IPC would be $9,126.37 per month and $109,516.42 per year.

Again, not all net meterers fully offset their full load. However, some version of the two alternatives presented above, and in the table below, is IPC's "worst case" scenario. As worst cases go, for both IPC and Idaho ratepayers, these are great deals. IPC's revenue may not be as high as in the absence of this program, but they are not losing money on the deal either.

In my humble opinion the net metering option is one that should be whole-heartedly expanded. It is good for IPC, ratepayers, and the environment.

Regards,
Anthony Jones

	Solar Peak Time of Day	Wind All Day
NP 15 ($/Mwh) **Avg. 1/1/2002 – 12/31/2012** **(Source CAISO)**	$44.28	$41.15
Mid C Adjuster ($/Mwh) **(Source IPC IRP)**	$3.00	$3.00
Mid C ($/Mwh)	$41.28	$38.15
Gen Per Month (kwh)	1,200	1,200
IPC Gross Revenue[1]	$49.54	$45.78
Fixed Costs	$20.00	$20.00
IPC Net Revenue	$29.54	$25.78
Net Metering Customers	354	354
Total Monthly IPC Net Revenue	$10,457.65	$9,126.37
Annual Basis	12	12
Total IPC Annual Net Revenue from Net Metering	$125,491.82	$109,516.42

[1] One might argue that, in the absence of net metering, IPC would receive revenue of about $100 per month from customers with 1,200 kwh demand. In that fashion, IPC could be said to be "losing" income of about $51 ($55 wind) per month, per net metering customer, for a total of about $17,862 ($19,193 wind) for all the net meterers per month, and a total of $214,348 per year ($230,323 wind). However, anytime a customer conserves, installs energy saving devices, installs alternative fuel sources such as wood, gas, propane, etc., IPC "loses" income relative to customers who do not do the same, without initiating rate case retribution.

More to the point, in this case, IPC is still in the black with the net metering customers. IPC may not be receiving as much revenue as they would if these customers were not net metering, but that does not mean IPC is incurring loses.

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Subject; Comments on IPC-E-12-27

To Whom it May Concern,

I have four areas of concern regarding Idaho Power Company's proposal to alter the Net Metering tariff.

Fairness

It is fair to say, I think, that none of the Net Metering customers view the current program as a path to financial glory. The odd check from IPC in the two-digit range does not fit that mold.

Rather, many, perhaps most, Net Metering customers take a sense of pride in the knowledge that they are being socially responsible by helping move the electric industry, however minutely, away from fossil fuels and toward renewable resources.

That said, they do appreciate being compensated for their investment. The installation of solar panels, windmills, etc., is a complicated process that requires substantial monetary investment. The monetary payback, such as it is, is often measured in decades.

IPC's current proposal, essentially, removes all chance for many Net Metering customers to ever recoup their investment. This would be fine if the customers had known as much before they made their investments. However, for IPC to change the rules after the fact, after the customers have irrevocably made their investments, seems patently unfair.

PURPA and Cogen customers get the option of 20-year contracts. It seems only fair that Net Metering customers should as well. If the commission chooses to revise the Net Metering tariff, it should grandfather the exiting net metering customers at the current rates.

Trivialities

If the commission grants permission to the company to raise the service fee to $20 (a net increase of $15) on the 354 net metering customers, they will receive a total of $5,310 dollars each month. The benefit to IPC's other 460,000 customers will be about $0.012 per month. Over the course of an entire year, each of IPC's other customers will see a benefit of a little more than a dime!

Speaking for myself, the benefit to me does not warrant the effective destruction of the current net metering program. I am more than willing to donate a penny a month, a penny I will never even notice, for the benefit of people willing to shoulder the social responsible of self installing solar panels, windmills, etc.

Social Responsibility

IPC should be commended for trying to maintain low rates. And, IPC should be commended for emphasizing gas over coal in its most recent IRP.

At the same time, one has to recognize that gas is simply the next coal and the bigger issue still remains. Namely, the push to become 100 percent reliant on renewable resources for energy production remains the goal. It is not only the socially responsible thing to do, in the very long run, if we are to ever fully address climate change and finite natural resources, it is the only viable option.

Current Net Metering customers deserve tremendous credit for their efforts to date. They provide a much-needed glimpse into the future and provide ongoing test cases on how to proceed toward that future. In my mind we (IPC, IPUC) should be doing more, not less, to encourage customers to pursue conservation measures, and install and maintain renewable generation systems on their own properties.

Discrimination

The applicant spends substantial time detailing the lack of equity associated with net metering customers not paying their full fixed costs.

Observation: This tends to be true only during months when there systems are in full production. When wind is light, of in winter when it is sun is low or it is cloudy, wind and solar net metering customers tend to pay bills at or near the same as conventional retail customers. It is better to say that they may not pay their full fixed cost contribution during all periods of the year.

However, even this is a distraction.

For the entire residential and small general service rate classes, most of the fixed cost portions of customer's service are rolled into the energy portion of their bills. Mathematically, this leads to the obvious conclusion that roughly half of all IPC customers fail to cover their entire fixed costs and are being cross subsidized by the other half of IPC's customers.

Other things being equal:

> Customers with above average bills tend to cross subsidize customer with below average bills.
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> Customers with large families tend to subsidize customers with small families.
>
> Customers with all-electric homes tend to cross subsidize customers who have gas space and water heating, and gas ranges.
>
> People who practice little or no conservation tend to subsidize the fixed portion of customers who do conserve.
>
> Urban customers in dense neighborhoods tend to subsidize lower density rural residents with long distribution lines.
>
> People without summer homes tend to subsidize the fixed costs of running lines to remote, rarely occupied vacation homes. (The author is familiar with a family member whose power bill on their vacation property has not exceeded $10 in any month for more than a decade!)

If IPC is desirous of correcting the inequity of some customer's failing to cover their full share of fixed costs, addressing the items listed in the paragraphs above seems both more fair, and a source of far bigger returns than going after the paltry few net metering customers.

For IPC to single out only the Net Metering customers to recover the full amount of their fixed costs smacks of discrimination and should not be allowed.

Thank you for your time.

Regards,
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