

## **Idaho Public Utilities Commission**

Case No. IPC-E-12-27, Order No. 32715

January 17, 2013

Contact: Gene Fadness (208) 334-0339, 890-2712

### **Idaho Power seeks major changes to net metering program**

The Idaho Public Utilities Commission set Jan. 29 as the deadline for parties who want to intervene in an Idaho Power Company application to change the way it treats its approximate 350 net metering customers. The commission has also waived the current 2.9-megawatt upper limit on the amount of capacity that can be generated from all net metering customers combined while this case is being processed. Idaho Power is currently near that limit.

Idaho Power is asking the commission to increase that capacity limit to 5.8 MW so that the net metering program may continue. But because the program is growing so rapidly (in 1982, there were only three net metering customers), Idaho Power claims its fixed costs to serve net metering customers is growing and that the retail energy rate it pays those customers is more than what their energy is worth.

Net metering customers offset their electrical consumption by connecting their own generating resources (such as solar panels or wind turbines) to Idaho Power's electrical grid. Customers are credited for the amount of electricity they generate and receive payments from the utility during those months when they generate more electricity than they consume.

Net metering customers are paid the full retail energy rate for the power they generate. However, Idaho Power claims that rate is higher than the actual value of the generation. That's because the general retail rate includes not just a generation component, but also transmission, distribution and customer-related costs such as billing. Because net metering customers provide only generation and not transmission or distribution, these customers are being paid for services they do not provide to the detriment of other customers, Idaho Power claims.

Further, Idaho Power claims, the fixed costs of connecting net metering customers to the grid have increased. The utility says these price inequities are unfair to standard service customers who must then compensate the company for expenses related to net metering.

To remove the transmission and distribution components from the retail rate paid net metering customers, Idaho Power wants to increase the monthly service charge for residential net metering customers from \$5 to \$20.92 and from \$4 to \$22.49 for small-business net metering customers.

To more fully reflect the growing cost of service associated with net metering customers' use of Idaho Power's distribution system, the utility proposes to establish a basic load capacity charge of \$1.48 per kW for residential net metering customers and \$1.37 per kW for small-business net metering customers.

While those demand-related charges would increase, Idaho Power proposes to reduce the retail energy rates net metering customers pay to Idaho Power for their consumption. For example, a residential net metering consumer would pay a non-summer rate of 4.85 cents per kWh compared to a standard residential customer's rate of 7.23 cents per kWh for the first 800 kWh of use.

Idaho Power claims the net effect of the demand increases and the retail rate energy decreases will vary for net metering customers depending on how they use and generate energy. These customers also would not be subject to the annual Fixed Cost Adjustment (FCA) surcharges or credits that standard residential and small-business customers receive.

Finally, Idaho Power proposes to stop paying customers who generate more energy than they consume and instead issue them a credit against a future billing period. Credits remaining after the December billing period would expire and be passed through to all customers through the annual Power Cost Adjustment (PCA) mechanism.

Idaho Power said the net metering program was created for customers who want to generate their own electricity in order to reduce all or part of their monthly electric use. The program was not intended, the utility states, to be one in which net-metering customers would be able to sell excess power. In fact, the sale of excess power may be a considered a wholesale transaction subject to federal jurisdiction, Idaho Power claims. "To ensure its net metering program can be fully administered at the state level in a manner that complies with federal law, Idaho Power believes it must cease its current practice of providing financial payments to customers in the context of net metering," the company's application states. Power generators who want to sell power to Idaho Power should enter into a sales agreement with the company, Idaho Power states.

Parties filing petitions to intervene do so for the purpose of presenting evidence, cross examining witnesses and participating in settlement discussions. To date, the Idaho Conservation League has intervened. Comments from individuals can also be submitted and a number of net metering customers have already done so.

To read the company's application, the commission's order and comments from customers, go the commission's Web site at [www.puc.idaho.gov](http://www.puc.idaho.gov) and click on the electric icon. Then click on "Open Electric Cases," and scroll down to Case No. IPC-E-12-27. To submit comments from the Website, click on "Comments and Questions About a Case," and enter the above case number. Comments can also be mailed to P.O. Box 83720, Boise, ID 83720-0074 or faxed to (208) 334-3762.