

## **Idaho Public Utilities Commission**

Case No. IPC-E-12-27, Order No. 32756

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### **Pre-hearing conference set in net metering case**

State regulators will conduct a pre-hearing conference to determine how to process Idaho Power Company's request to modify the way it pays about 353 net metering customers. The commission will schedule a customer hearing in this case at a later date.

The pre-hearing conference, scheduled for Thursday, March 21, is **not** to discuss the merits of the case, but only to schedule hearing dates, determine how to conduct discovery of evidence and other issues that may be raised by the parties. The pre-hearing conference will begin at 9 a.m. in the Idaho Public Utilities Commission hearing room at 472 W. Washington St. in Boise. Parties to the case include Idaho Power, commission staff, the City of Boise, the Idaho Clean Energy Association, the Idaho Conservation League, Pioneer Power LLC, Powerworks LLC and the Snake River Alliance.

The pre-hearing conference may determine whether a technical hearing is needed. Unlike a customer hearing, a technical hearing is a public hearing during which the above parties to the case present witnesses and prepare testimony and exhibits. In many cases, the commission may find that written comments, in lieu of a technical hearing, may be just as sufficient a means to thoroughly consider all the issues.

In 2002, the commission directed that it be notified when the generation Idaho Power receives from net metering customers nears the 2.9 megawatt limit previously set by the commission. Idaho Power anticipates meeting that limit in the next few months.

Idaho Power proposes to double the cap to 5.8 MW, but also proposes to adjust the amount net metering customers are paid because of increasing costs to serve the growing number of net metering customers, costs the company claims are being passed on to other ratepayers.

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 at the full retail rate that all residential and small-business customers pay for their electric use. Idaho Power claims that full retail rate is higher than the actual value of the generation provided by net metering customers. That's because the full retail rate paid by other customers includes not just the cost of energy generation, 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 with the rapid expansion of net metering customers from just three in 2002 to more than 350 today. 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 account for the transmission and distribution components of electric service that net metering customers do not provide, Idaho Power proposes 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 on net metering customers of the demand increases and the retail rate energy decreases will vary depending on how they use and generate energy. Some customers will be paid more than they currently receive for net metering, while others will be paid less than what they currently 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, but would not be kept by Idaho Power. Instead they would be passed on 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 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.

The commission has 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.

To read Idaho Power's application as well as comments filed by customers, go to [www.puc.idaho.gov](http://www.puc.idaho.gov). Click on the electric icon, then on "Open Electric Cases," and scroll down to Case No. IPC-E-12-27.

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