

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)	CASE NO. IPC-E-19-05
COMPANY'S REQUESTED SUSPENSION)	
OF SCHEDULE 63 – COMMUNITY SOLAR)	
PILOT PROGRAM)	ORDER NO. 34317
)	

On February 1, 2019, Idaho Power Company (“Idaho Power” or “Company”) filed Tariff Advice No. 19-02 requesting suspension of Schedule 63, the Community Solar Pilot Program (“Program”). The Company requested an effective date of March 4, 2019.

At the Commission’s regularly scheduled Decision Meeting on February 19, 2019, Commission Staff recommended the proposed effective date of the Tariff Advice be suspended and the filing processed as an Application by Modified Procedure. On February 22, 2019, the Commission issued a Notice of Suspension, Notice of Application, and Notice of Modified Procedure, which converted the tariff advice into an Application, suspended the proposed effective date, and established comment deadlines. Order No. 34251.

The Commission now issues this final Order approving the Company’s request to suspend Schedule 63.

BACKGROUND

In Case No. IPC-E-16-14 the Company requested authorization to implement the Program under Schedule 63. The Company and parties to IPC-E-16-14 reached a Settlement Stipulation that was approved by the Commission on October 31, 2016. Order No. 33638. The Program specified the Company would build a 500 kilowatt (kW) single-axis tracking community solar array near the Company’s Boise Bench substation in southeast Boise. The estimated cost of the facility when the Commission approved the Program was \$1.2 million. In order to fully cover the costs of the array, roughly 1,500 subscribers were needed to enroll in the Program. The Program was designed to have a nominal impact on nonparticipating customers because the Company did not have a demonstrated need for the proposed solar resource to serve load. Therefore, the Program was designed so participants would cover the cost of the project, less a 15 percent subsidy provided by Company shareholders.

THE APPLICATION

The Company bases its request to suspend the Program on insufficient enrollment. The Company submitted its 2019 Community Solar Annual Report (“2019 Community Solar Report”) contemporaneously with its Application in order to inform the Commission’s decision whether to suspend the Program. The Company states that at the height of enrollment, June 2017, there were 239 subscriptions purchased, equal to 15.3% of the total Program. 2019 Community Solar Report at 6. As of the date of the filing, the Company states there were 148 subscriptions issued, or roughly 9.5% of the Program. *Id.* The 2019 Community Solar Report also contains details on the Company’s outreach and marketing efforts, subscriber characteristics, customer feedback, a customer communication plan if suspension is approved, and future plans.

COMMENTS

Comments were submitted by City of Boise, Idaho Conservation League (“ICL”), Sierra Club Idaho Chapter, Commission Staff, and members of the public. The overall tone of the comments was disappointment that the Program failed, and a desire to continue working with the Company to redesign a successful community solar program. The Company filed Reply Comments reiterating its commitment to continue working with stakeholders to design a successful community solar program in Idaho.

I. Commission Staff.

Staff recommends the Commission approve the Company’s request to suspend Schedule 63. “Although the project goals were not achieved, suspending the Community Solar Pilot Project will allow a placeholder for offerings in the future, which will be informed by the lessons and challenges revealed in the first attempt at designing an alternative energy offering.” Staff Comments at 2. Staff states that if the Company submits an updated community solar program, the Company should ensure the program has been fundamentally redesigned. *Id.* at 7.

Staff compared the Idaho Power Program with programs in Utah, Washington, and Minnesota. Staff identified three areas of improvement for future community solar programs: (1) cost of participation, (2) Solar Energy Credit, and (3) payment options.

For cost of participation, Staff notes it is possible to structure a community solar program so subscribers pay no up-front subscription fees, and points to Rocky Mountain Power’s Subscriber Solar Program (Utah Schedule 73) as an example. Staff notes this program is fully subscribed and has a waiting list. Under this program, Staff reports that subscribers pay for a 200

kWh per month block of energy and a per kWh delivery charge. Staff states that for residential customers, this works out to \$0.117 per kWh, or \$23.41 per 200 kWh block, and customers continue to pay all other charges in the applicable tariff schedule. Staff believes a similarly designed program could be viable in Idaho.

For the Solar Energy Credit, Staff notes that successful programs in other states benefit from state renewable energy incentives and initiatives that help lower participation costs and increase the value of the Solar Energy Credit. Further, two of the three states Staff studied allow for rate recovery of uncovered program costs. Additionally, successful programs sold Renewable Energy Credits (“RECs”) and applied the credits toward reducing participation costs. Staff recommends the Company consider REC sharing with participants in future program designs as a means to increase the Solar Energy Credit and reduce investment recovery time.

For payment options, Staff points to the Minnesota Community Solar Garden Pilot Program as a successful program and one that offers multiple payment options. There, Staff reports that subscribers can either pay a one-time fee of \$2,132.15 per kW capacity for a 25-year subscription, a \$15.62 per kW monthly fee, or \$0.1115 per kWh for the energy produced by the project. Staff notes that customers of this program also pay transmission, distribution, administration, and other charges associated with delivering energy. Staff notes that the Company stated it would take significant billing system modifications for subscription charges to appear on customers’ utility bills.

Staff also states that the ability of the utility to partner with other businesses or local governments may help provide additional funding, public outreach, program design expertise, and other benefits to the program. Staff encourages the Company to approach commercial accounts and municipalities as potential partners in a revised community solar program, rather than as participants.

II. City of Boise.

The City of Boise requests the Commission deny the Company’s request to suspend Schedule 63, and instead instruct the Company to reengage with stakeholders in an attempt to restructure the Program. The City notes the cost of solar generation continues to decline. The City also notes there are two open dockets before the Commission, IPC-E-18-15 and IPC-E-18-16, which will determine the value of energy generated by distributed energy resources in Idaho Power’s service territory.

The City states it is currently developing a plan, *Boise's Energy Future*, for the City to reduce energy use and transition to renewable energy. The City states that *Boise's Energy Future* proposes Idaho Power install four (4) 500-kW community solar installations between now and 2040.

III. Idaho Conservation League.

ICL recommends the Commission approve the Company's request to suspend the current pilot Program. ICL also recommends the Commission keep this docket open, allow for additional intervention, and direct all parties to convene informal workshops to consider alternate program designs. ICL suggests a 30 day period for Idaho Power to refund subscribers of the Program.

IV. Sierra Club Idaho Chapter.

Sierra Club Idaho Chapter does not explicitly recommend approval or denial of the Company's request but states, "While we are disappointed that Idaho Power's Community Solar Program was not met with more public interest, we very much appreciate the Company for working with stakeholders and Commission Staff in an effort to provide additional energy choices to customers." Sierra Club Idaho Chapter Comments at 1. Sierra Club Idaho Chapter also points to falling solar prices, on-bill financing, and site selection to maximize the locational benefits of the community solar array as potential areas in which a future community solar program could be more attractive. Sierra Club Idaho Chapter also encourages the Company and Commission Staff to leverage the Company's experience launching a community solar program in Oregon by looking for ways to implement best practices and potentially share program administration costs between the Oregon program and a future Idaho program.

V. Members of the Public.

There were two comments from members of the public, both encouraging the Commission to withhold suspension. The first, submitted March 4, 2019, states Idaho Power should do more to communicate Program availability to the public and requests the Commission reconsider whether 1,200 subscribers is the correct threshold for project viability. Only after these two efforts should the Commission decide whether to cancel the project according to the commenter. The second public comment, submitted March 11, 2019, also focuses on promotion and outreach of the project and states it is premature to terminate the Program at this time.

VI. *Reply Comments of Idaho Power.*

The Company filed Reply Comments emphasizing it seeks to suspend, not cancel the Program. “The suspension of the Program is a pause that will allow the Company and stakeholders to work together on a possible future community solar program, while returning customer funds that have been held by Idaho Power for over two years.” Reply Comments at 6-7. The Company believes it is appropriate to suspend the Program, refund subscriptions, and convene stakeholder workshops to discuss future program designs. The Company commits to scheduling such workshops. The Company states that one topic at the stakeholder workshops will be lessons learned from the Company’s efforts to build a community solar program in the Wood River Valley. The Company states it is committed to developing a successful community solar program with interested parties, and points to the numerous extension of enrollment periods, its request to suspend rather than cancel the Program, and its work in the Wood River Valley on community solar.

The Company expresses concern with Staff’s third recommendation – that a future community solar program be fundamentally redesigned before submitted to the Commission – and states that such a requirement could hinder rather than encourage future efforts. The Company points to the possibility that a single factor, such as a steep decline in costs, could make the program attractive and therefore not require a fundamental redesign. The Company reiterates that it supports working with stakeholders to discuss proposed modifications, but does not think that a requirement for a fundamental redesign would facilitate success.

The Company requests the Commission suspend its reporting obligation under Order No. 33638 while Schedule 63 is suspended.

COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-502 and 61-503. The Commission is empowered to investigate rates, charges, rules, regulations, practices, and contracts of public utilities and to determine whether they are just, reasonable, preferential, discriminatory, or in violation of any provision of law, and to fix the same by order. *Idaho Code* §§ 61-502 and 61-503.

Despite the under-subscribed Program, the record demonstrates there is still great interest and enthusiasm for a well-designed Idaho Power community solar program. Therefore, we conclude that it is appropriate to suspend rather than cancel the Program. Doing so will provide

a placeholder for future community solar programs offered by the Company while refunding current Program subscribers.

When evaluating the next Idaho Power community solar program submitted to us, the criteria for approval will be whether the program design is just and reasonable and in the public interest, and whether that program appears likely to succeed where this Program failed. Whether the forthcoming community solar program is “fundamentally redesigned” will not be a determining factor. However, the degree to which lessons learned from this Program contribute to the design of the next community solar program will influence our analysis of the next Idaho Power community solar program.

The parties’ stated and demonstrated willingness to continue working together toward a successful community solar program design assures us we need not keep this docket open, nor direct the parties to convene workshops to consider alternative program designs, nor impose an ongoing reporting requirement while Schedule 63 is suspended. We note that the Company specifically committed to holding a workshop with stakeholders to discuss community solar and stated its full intent to work with stakeholders to reevaluate the Program. *See e.g.*, Reply Comments at 6-7. We encourage the collaborative efforts between the Company and stakeholders. Finally, the Company shall refund current subscribers within sixty days of this Order.

ORDER

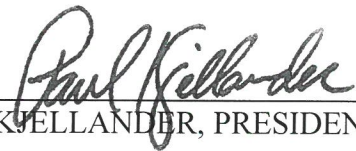
IT IS HEREBY ORDERED that Schedule 63, Community Solar Pilot Program, is suspended, effective on the service date of this Order.

IT IS FURTHER ORDERED that the Company shall return all paid subscriptions to subscribers within sixty (60) days of the service date of this Order.

IT IS FURTHER ORDERED that the Company’s reporting obligations under Order No. 33638 are suspended while Schedule 63 is suspended.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 26th
day of April 2019.



PAUL KELLANDER, PRESIDENT

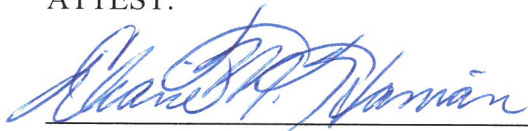


KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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