Oregon Public Utility Commission
201 High Street SE, Suite 100
Salem, OR 97301-3398

November 30, 2023

RE: ADV 1539

Commissioners Decker and Tawney,

OSSIA strongly opposes Idaho Power's proposed Schedule 84 tariff changes that end their net metering program and move to a Net Billing program. The changes are unfair to current and future customers, overly complicated, rely on biased studies which were performed by Idaho Power which the Idaho commission recognized were potentially less accurate than third-party analyses[1], and will create barriers for low- and moderate-income ratepayers that want to go solar. We urge the Commission to take adequate time to review the proposal and decline their Net Billing proposal.

Under the statute ORS 757.300 (9), Idaho Power is required to offer "net metering services or a substantial equivalent offset against retail sales." Idaho Power's proposed program would no longer be a net metering program, and it is not substantial equivalent to Oregon's net metering program in many ways. The company acknowledges this in their filing, that they are moving to "Net Billing." The filing states that "…under Net Billing, banking of kWh within a billing cycle to offset future compensation does not occur - in fact credits are not granted in kWh terms at all."

In addition to no longer constituting a net metering program, the Idaho Power proposal is also not a substantially equivalent program in the following ways:

- Idaho Power does not have a yearly true-up of net metering credits as PGE and Pacific Power do.
- Idaho Power's proposal would create new peak and off-peak times of days and seasons of the year that PGE and Pacific Power's programs do not have.
- Idaho Power's proposal would reduce the export credit rate to 30% less than retail rate for the vast majority of the year, unlike PGE and Pacific Power's programs that have the retail rate for all times and seasons of the year.

Idaho Power's proposal is no longer a net metering program and is also substantially not equivalent to PGE and Pacific Power's programs, so their request should be denied.

Net Billing, especially when trued up by the hour instead of over the course of a monthly billing cycle or a year, does a big disservice to consumers. Solar customers expect that over the course of a year, if their energy generation matches their energy use, they are not charged for purchasing energy, they are only charged for other services the utility provides. Idaho Power's proposal would calculate energy

[1] Idaho Public Utilities Commission, Case No. IPC-E-22-22 Idaho Conservation League Initial Comments p. 2, 4

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used vs generated by the hour. That means if a customer generates 10 kWh per day and uses 10 kWh per day, they would still be charged for energy used if their morning energy use making coffee exceeds their morning energy generation, when the solar system had not yet reached maximum production. If net billing is calculated by the hour, it would be difficult for solar installers and customers to know how to size a solar system appropriately. Net Billing is also unfair to solar customers if incentives are not provided to promote battery adoption. With a paired solar and storage system, solar customers can store the energy they produce and use it during times of low solar production. If Idaho Power moves to Net Billing, they should also provide incentives for batteries, which would in turn benefit their grid infrastructure.

OSSIA has great concerns with the proposal's impact on low- and moderate-income (LMI) current and future solar customers. After years of hard work by the industry and advocates to improve and expand solar offerings, there are finally opportunities to expand access to solar. All Oregonians, regardless of their income level, should have the opportunity to save money on their energy bill by creating their own solar energy. New programs to offset the cost of solar for LMI ratepayers – like the Oregon Solar + Storage Rebate Program and the forthcoming Solar for All program – are opening doors to solar for LMI households. The Idaho Power proposal would firmly shut that door, making solar out of reach for most LMI and middle-income households. During the November 20, 2023, workshop, Idaho Power stated that they had not studied what the impact of this proposal would be on their LMI customers. The proposal would have dramatic impacts on the ability of LMI customers to be able to take advantage of federal and state incentives to generate their own clean energy, leaving federal dollars slated for LMI solar to go unused. The Commission should also look at this issue through the lens of the especially fragile economic experience of rural Oregonians, where the median average is below the state as a whole. The Commission should avoid any drastic decisions that remove tools for these Oregon households to control their costs.

In addition to essentially eliminating the choice to go solar for LMI customers, the proposal will also result in an overall decline in rooftop solar adoption. The majority of current solar customers in Oregon are middle income customers.[2] This proposal would result in a shift in solar customers, since only higher income Oregonians would be able to afford solar at this reduced rate. This would move Oregon in the wrong direction by decreasing clean energy equity. Similar policies in other states like California have resulted in a 38% decline[3] in rooftop solar adoption, although the decline is likely to increase dramatically after the full impacts of the program take effect. Additionally, the precipitous change to Net Billing in California has resulted in job losses of at least 17,000 highly trained clean energy professionals, which is over 20% of the solar workforce in CA. This job loss has occurred before the full impacts of the change are even being felt, as many contractors are still working through a backlog of NEM2 projects there[4]. There is evidence from other states that this proposal would have negative impacts.

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[2] Lawrence Berkely National Laboratories, "Residential Solar-Adopter Income and Demographic Trends: 2022 Update," March 2022.
[3] Wood Mackenzie and Solar Energy Industries Association, "US Solar Market Insight, Full Report, Q3 2023," September 2023.
[4] "State of the Industry CALSSA 11.30.23"

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Idaho Power's proposed export credit rate does not accomplish the goal it sets out to. If the goal is properly valuing and compensating distributed generation resources, then it is necessary for the export rate to compensate the environmental attributes. While the exact number may be difficult to calculate and subject to disagreement in inputs and assumptions, a third-party study in the Idaho case found the avoided energy cost of distributed generation to be well above the IPC estimate in its 20231 IRP forecast[5]. Disappointingly, in that Idaho Power VODER study the Utility did not study battery storage resources or even include the benefit of avoided carbon emissions[6], but instead introduced gas-fired turbines as the modelled replacement resources for DERs[7], which is surely not the path that Oregon should pursue. Instead, Idaho Power should assign an approximate numerical value to the environmental benefits of distributed generation resources consistent with the actual values and with the goal of displacing theoretical future gas-fired resources.

It is unclear why Idaho Power is moving forward with this proposal that would have negative impacts on Oregonians. Solar adoption is not nearly as high as Idaho Power is suggesting, the adoption levels in Idaho Power's service territory are nowhere near a level where a potential cost shift might occur. Additionally, the cost shift study that set the basis for the non-peak export rate credit set the compensation too low by excluding benefits that distributed generation provides to the system. An independent study on the actual contributions of solar recommended a valuation of 18 cents per kW and found no cost shift.[8] Instead, this proposal credits exports at about 6.18 cents annually. Such a big discrepancy deserves further scrutiny and more time to fully examine what the correct rate for Oregon customers would be.

In addition to undervaluing solar, Idaho Power's new proposal is a substantial shift away from the simplicity of net metering. Net metering is easy for customers to understand; the rate they will receive is very clear at the outset. Idaho Power's proposal trades a straightforward and easy to understand design for a complex export rate that will fluctuate annually, seasonally, and hourly. This could also have further implications for LMI customers – for example, such a complicated and uncertain export rate will make it more difficult for underwriters to finance solar and battery systems, which the majority of LMI customers rely on as they do not have the upfront money to invest in a system.

OSSIA also opposes the concept that the proposed changes would be retroactive on new solar customers after 2019. Regular people in Idaho Power's Oregon territory have not been aware of the ongoing work that Idaho Power has been doing regarding net metering. These customers have had little notice that these changes might be coming, and that notice was one-sided, from Idaho Power. These Oregonians made a personal financial investment based on their original contract; they could not have predicted how low the new rate would be and should not be penalized. OSSIA urges the Commission to protect these consumers and ensure that any proposal approved does not include retroactive provisions.

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[5] Crossborder Energy report commissioned by Idaho League of Conservation Voters, Idaho Power VODER study 2021, p. 41

[6] Idaho Power 2021 IRP, 27

[7] *Id* at 50, Table 4.4.

[8] Crossborder Energy, "Independent Review of the Idaho Power Company's Value of Distributed Energy Resources Study." September 20, 2021.

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Idaho Power's proposal would have a negative impact on Oregon's climate goals. Idaho Power is already exempt from some of the state's other climate programs; the Commission should not add yet another exemption, especially one that allows customers to save on their utility bills, when inflation continues to be high. Additionally, Idaho Power has committed to providing customers with 100% clean energy by 2045, this proposed Net Billing proposal would weaken the utilities' ability to meet its own corporate goal.

Lastly, Oregon should have a longer process to consider a brand-new Net Billing program that would replace their net metering program. Three months is not adequate time for Oregonians to weigh in on ending an important program like net metering. Most solar companies that install solar in Idaho Power's territory are Idaho companies that OSSIA was unfamiliar with. It has been very difficult to reach these companies, inform them of the Oregon process, and help them inform their Oregon customers in three months. Not all Oregon solar customers that would be affected have not been contacted by anyone other than Idaho Power. Potential future solar customers in Idaho Power's Oregon territory have also not had adequate outreach and notice. To protect these consumers, more time and process is required.

In conclusion, OSSIA urges the Commission to deny Idaho Power's Net Billing proposal. The program is no longer a net metering program and is not substantially equivalent to Oregon's program in a number of key ways. Accepting Idaho's proposal would set a dangerous precedent both for any other programs Idaho Power puts forward and for all of Oregon's net metering programs. Any changes to Idaho Power's program should be considered in a longer investigation and concurrently with PGE and Pacific Power's net metering programs, rather than in a rushed proceeding that would set precedent and hinder the Commission's ability to fully evaluate net metering proposals. The proposal would have negative impacts on Oregon ratepayers and would deny LMI Oregonians the chance to take advantage of new federal and state programs to go solar. The proposal moves Oregon ratepayers toward less equity instead of more, decreasing access to those who are only now getting the chance to create their own clean energy.

Thank you for your consideration of these important issues. We urge you to decline Idaho Power's proposal.

Sincerely,

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Executive Director

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