OREGON SOLAR + STORAGE INDUSTRIES ASSOCIATION

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

April 29, 2024

RE: ADV 1600

Chair Decker, Commissioners Tawney, and Perkins,

OSSIA strongly opposes Idaho Power Company's ('Idaho Power") proposed Schedule 84 tariff changes that end their net metering program and move to a Net Billing program. Idaho Power only made one change to their proposal from their proposal last year, a change to the legacy date for their Oregon service territory. While Staff and Stakeholders identified issues with Idaho Power using ORS 757.300(9) and recommended refiling utilizing ORS 757.300(6), this filing does almost no analysis of the program under section 6. Nowhere in Idaho Power's proposal does it discuss the environmental and other public policy benefits of net metering systems. OSSIA recognizes that the Commission's treatment of Idaho Power's net billing proposal is a unique situation from other Oregon utilities as Idaho Power's Oregon service territory is very small, but the proposal does not present sufficient justification to severely restrict their Oregon customers' ability to install solar. The changes are unfair to 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.

OSSIA recommends that the Commission evaluate Idaho Power's proposal under ORS 757.300(6) and deny the proposed changes. Instead, the Commission should direct that Idaho Power continue to offer net metering as it would to its legacy customers, in line with the intent of the net metering statute. While Idaho Power offers their estimates on the costs to comply with ORS 757.300(6) under a new system, the Commission can waive many of the Oregon Administrative Rules applicable to Portland General Electric (PGE) and Pacific Power's net metering program, in order to limit Idaho Power's net metering obligations and reduce associated costs with operating such a program. For example, the Commission could waive the interconnection rules and allow the rules applicable in Idaho to govern net metering interconnection for Idaho Power's Oregon customers. This would enable Oregonians living in Idaho Power's service territory to continue to be able to utilize net metering. Solar installers serving Idaho Power's Oregon customers would appreciate this change and would not face any hardships if programs were different in Idaho versus Oregon. For years Idaho installers have faced a number of differences when installing solar in Oregon, but those differences are part of normal circumstances of doing business in different states. For example, Oregon's state building code has different requirements than Idaho's code for installing solar. The current net metering program is much simpler and will make it easier for solar installers to serve customers.

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

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Under ORS 757.300 (9), Idaho Power must demonstrate that it is offering "net metering services or a substantial equivalent offset against retail sales," in order to be exempt from the remainder of ORS 757.300. 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 initial 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 not substantially equivalent to net metering programs that are compliant with ORS 757.300, so their request should be examined through ORS 757.3000(6).

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 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 instantly, it will be difficult if not impossible 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 recent Department of Energy Solar for All grant – 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 households. Idaho Power has 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 more than 17,000 highly trained clean energy professionals, which is over 22% 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 NEM 2.0 projects there[4]. There is evidence from other states that this proposal would have negative impacts.

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 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

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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 12/19/23"
[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.

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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 than this docket can provide.

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.

While OSSIA is appreciative of Idaho Power's including changes to the legacy dates for their Oregon service territory in this filing, OSSIA opposes the date Idaho Power included in their filing. The legacy date should be set at the date of the Commission order on the filing. We are not concerned that there will be a rush on NEM in Idaho Power's Oregon service territory and at the workshop Idaho Power indicated that they have not seen an increase in interconnection requests in their Oregon service territory. As discussed during ADV 1539, 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. Additionally, it is good policy making to set the proposed date after the determination has been made on what the policy will be. Any future changes to net metering should be done on a basis that provides customers and rooftop installers a glidepath to smooth out the transition and allow for business to adjust to new markets rather than falling off a cliff. OSSIA urges the Commission to protect customers who made personal investments into their own homes and businesses and ensure that the effective date for legacy customers is after the date of the Commission order.

Idaho Power's proposal on legacy systems includes several criteria that would remove a system from receiving legacy status. Among these criteria is a condition that if a system is offline for more than six months then the legacy status is removed. Idaho Power states that this is included in line with the definition of "permanent removal or disablement." Idaho Power also includes reference to the 2018 International Building Code; Chowever the example is an inapplicable comparison, building code permits are relevant at the outset of a solar installation, but after the work is completed it is inapplicable. In the case of a system needing repairs, the original permit is relevant to the parameters of the originally approved system but would not prevent repairs of the system after the system was offline for 6 months. Additionally, the results of Idaho Power's new proposal will result in shrinking in the rooftop solar market in Idaho and there may be cuts and business closures as a result. Solar installers may not work on systems installed by other parties to avoid breaking the warranty on the installed system. Should a company that installed a project on a legacy customer's property go out of business it may be a more complicated issue to find a new contractor to repair the system. We won't know the full effects on the rooftop solar market in Idaho until more time has passed, but we can look to the California market after NEM 3.0 went into effect for some expectations. Significant job cuts to

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

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the rooftop solar industry and reductions in rooftop solar adoption are to be expected with any changes to NEM policy, this suggests that Idaho's rooftop solar market will see reductions throughout 2024. Additionally, the supply chain delays that have plagued the solar industry in recent years could also cause issues with acquiring replacement components. A customer who receives notice from Idaho Power that their system is offline may face considerable obstacles to acquiring maintenance or repairs that could extend longer than six months despite their best efforts, especially in rural areas.

Lastly, OSSIA appreciates the Commission taking additional time to consider Idaho Power's proposal in Oregon to fully understand the implications of implementing a new net Billing program in place of their previous net metering program. 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. During our outreach in 2024 OSSIA has heard from Idaho installers that the new program is extremely complicated for installers and customers alike. The new meters do not show how much energy a customer is using, and the customers do not have access to real time data. Without access to real time data there is no way to design a system to maximize the solar output during Idaho Power's peak times. There is also no way for customers to oversee how their export credits are being calculated because they cannot examine the meters to see how much their system has exported. Accordingly, installers are overbuilding solar systems so that customers receive the maximum benefits allowed under Idaho Power's new net billing program. Overbuilding a system increases the overall cost of the system unnecessarily, which is bad for businesses and customers.

In conclusion, OSSIA urges the Commission to deny Idaho Power's Net Billing proposal and direct the Company to continue offering net metering to its Oregon customers. The proposal 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.

Sincerely,

Jack Watson
Director of Policy and Regulatory Affairs

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