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February 29, 2024

VIA ELECTRONIC FILING

puc.FilingCenter@puc.oregon.gov

Re: Oregon Tariff Advice No. 24-01
Schedule 84 – Customer Energy Production Net Metering
Docket No. UE 431

Attention Filing Center:

Pursuant to ORS 757.205 and 757.220, Idaho Power Company ("Idaho Power" or "Company") transmits for filing to the Public Utility Commission of Oregon ("Commission") this renewed tariff filing as directed by the Commission in Order No. 23-479 and respectfully requests the Commission approve the following proposed modifications to Oregon Schedule 84, Customer Energy Production Net Metering ("Oregon Schedule 84"), to become effective June 1, 2024. In this advice filing, the Company seeks Commission approval to offer net metering services to its non-legacy Oregon customers in accordance with its recently modified on-site generation tariff schedules in effect in Idaho, under a legacy framework specific to Idaho Power's Oregon service area based on the date of this filing.

Second Revised Sheet No. 84-1	Canceling	First Revised Sheet No. 84-1
First Revised Sheet No. 84-2	Canceling	Original Sheet No. 84-2
First Revised Sheet No. 84-3	Canceling	Original Sheet No. 84-3
First Revised Sheet No. 84-4	Canceling	Original Sheet No. 84-4
First Revised Sheet No. 84-5	Canceling	Original Sheet No. 84-5
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I. INTRODUCTION

Until recently, Idaho Power has offered net metering services consistently between its Oregon and Idaho jurisdictions pursuant to its Idaho tariffs, schedules, and regulations as contemplated by Oregon's net metering law, codified at ORS 757.300.[1] As such, Oregon Schedule 84 simply stated that the Company offered net metering services to its Oregon customers in accordance with Idaho Schedule 84, Customer Energy Production Net Metering ("Idaho Schedule 84"), and also provided a link to Idaho Power's website where customers could review net metering rates, terms, and other conditions.

Effective January 1, 2024, however, Oregon Schedule 84 was revised as an interim tariff schedule in order to maintain the status quo pending further consideration by the Commission in light of changes anticipated to be implemented to Idaho Schedule 84.[2] Both the interim and the instant tariff advice filing stem from the Commission's decision, set forth in Order No. 23-479, to permanently suspend the Company's September 15, 2023, Oregon Tariff Advice No. 23-09/ADV 1539, which sought to update Oregon Schedule 84 to reference all applicable tariff schedules that detail the on-site generation service offerings in Idaho.[3] Now that the Idaho Public Utilities Commission ("IPUC") has issued a decision authorizing changes to the Company's on-site generation customer offerings,[4] the Company is making this renewed filing as directed by the Commission in Order No. 23-479, which is being submitted as a tariff advice based on consultation with Staff regarding the proper procedural avenue. If, however, the Commission prefers a different approach the Company respectfully requests the Commission direct as much.

As more fully discussed herein, the modifications to Oregon Schedule 84 proposed by the Company in this renewed tariff advice filing are intended to enable the Company to offer net metering services in Oregon to new on-site generation customers in accordance with the Company's modified on-site generation tariff schedules recently implemented in Idaho.

II. BACKGROUND

Given that the vast majority of Idaho Power's customers are in Idaho, with just over 3 percent residing in Oregon, both the Oregon Legislature and the Commission have recognized that, under certain circumstances, the interests of customer understandability (enhanced by consistency between the jurisdictions) and administrative efficiency warrant aligning the policies

[1] *See also* Oregon Administrative Rules, Public Utility Commission, Chapter 860, Division 39.
[2] *See* Order No. 23-501 dated December 29, 2023.
[3] Idaho Schedule 6, Residential Service On-Site Generation ("Idaho Schedule 6"), Idaho Schedule 8, Small General Service On-Site Generation ("Idaho Schedule 8"), and Idaho Schedule 68, Interconnections to Customer Distributed Energy Resources ("Idaho Schedule 68").
[4] In the Matter of Idaho Power Company's Application for Authority to Implement Changes to the Compensation Structure Applicable to Customer On-Site Generation Under Schedules 6, 8, and 84 and to Establish an Export Credit Rate, Case No. IPC-E-23-14, Order No 36048 (Dec. 29, 2023).

and requirements of the two states.[5] In addition to allowing for more efficient administration, consistency in program offerings between Oregon and Idaho in the Company's service area eliminates the opportunity for regulatory arbitrage between jurisdictions and ensures fairness among similarly situated customers. Such was the approach taken by the Oregon Legislature when it passed Oregon's net metering law in 1999; in recognition of Idaho Power's unique circumstances, the legislature included the following provision:

> Notwithstanding subsections (2) to (8) of this section, an electric utility serving fewer than 25,000 customers in Oregon that has its headquarters located in another state and offers net metering services or a substantial equivalent offset against retail sales in that state shall be deemed to be in compliance with this section if the electric utility offers net metering services to its customers in Oregon in accordance with tariffs, schedules and other regulations promulgated by the appropriate authority in the state where the electric utility's headquarters are located.[6]

Through a series of successive offerings over the last forty years, Idaho Power has provided retail customers the ability to generate their own electricity to offset all or a portion of their energy usage and has allowed for the export of excess generation to Idaho Power's grid. As such, following Oregon's enactment of its net metering statute, Idaho Power has operated pursuant to the allowance set forth in ORS 757.300(9) and offered net metering services to its Oregon customers under the rules adopted by the IPUC. Initially, the details of Idaho Power's net metering offering in Oregon were set forth in a document, kept on file with the Oregon Commission, describing the Company's net metering provisions approved by the IPUC. In 2005, however, responding to Staff's request for the Company to make a formal filing to ensure transparency for Oregon customers, Idaho Power added a tariff schedule, Oregon Schedule 84, which pointed to Idaho Schedule 84.[7]

The Company's need to modernize the on-site generation compensation structure is well established, and, with guidance from the IPUC, it has laid the groundwork for the same in a long series of customer-self generation dockets in Idaho.[8] A review of the regulatory history set forth

[5] UE 316, Order No. 17-235 at 8: "Given Idaho Power's small Oregon service area compared to its Idaho service area, we are frequently willing to make limited exceptions for Idaho Power to ensure consistency of regulatory oversight and minimize administrative and regulatory costs."

[6] ORS 757.300(9).

[7] *See* Idaho Power Company Advice No. 05-12 (adding net metering provisions to the Oregon tariff).

[8] See, e.g., In the Matter of Idaho Power Company's Application for Authority to Establish New Schedules for Residential and Small General Service Customers with On-Site Generation, Case No. IPC-E-17-13, Order No. 34046 (May 9, 2018); In the Matter of the Application of Idaho Power Company to Study the Costs, Benefits, and Compensation of Net Excess Energy Supplied by Customer On-Site Generation, Case No. IPC-E-18-15, Order No. 34509 (Dec. 20, 2019); In the Matter of Idaho Power Company's Application to Initiate a Multi-Phase Collaborative Process for the Study of Costs, Benefits, and Compensation of Net Excess Energy Associated with Customer On-Site Generation, Case No. IPC-E-21-21, Order No. 35284 (Dec. 30, 2021); In the Matter of Idaho Power Company's Application to Complete the Study Review Phase of the Comprehensive Study of Costs and Benefits of On-Site Customer Generation & for Authority to Implement Changes to Schedules 6, 8, and 84, Case No. IPC-E-22-22, Order No. 35631 (Dec. 19, 2022).

below reflects a longstanding recognition that the simplified compensation structure that was established in 2002, which credited[9] excess on-site generation at the full retail rate, overvalues exports from on-site generation and results in cost shifting between participants and non-participants. As it gained experience, the Company has undertaken steps to prepare for eventually updating the compensation structure applied to on-site generation and has also proposed and implemented modifications to make it easier for customers to take net metering service. Building on the foundation laid in the preceding cases, the final step in the progression of the Company's net metering service offering was the IPUC's approval of the updated offering in IPUC Case No. IPC-E-23-14.

The changes to the Company's Idaho offering precipitated this tariff advice filing, the outcome of which hinges on the interpretation and applicability of Oregon's net metering law vis-a-vis Idaho Power's updated program. The specific issue before the Commission is whether the modifications to the compensation structure recently implemented in Idaho change the nature of the Idaho program such that it no longer qualifies as "net metering services or a substantial equivalent offset against retail sales," in which case the Company may not be able to employ a uniform approach across its Oregon and Idaho service areas. As more fully set forth below, the Company believes it will remain in compliance with Oregon's net metering law by continuing to offer such services to Oregon and Idaho customers alike under its updated program pursuant to ORS 757.300(9). This result is supported by the plain language of the statute and the intent of the Oregon Legislature in enacting it and is consistent with the public interest.

In the event, however, that the Commission does not believe this renewed tariff filing is justified under ORS 757.300(9), the Commission can review the Company's modified net metering program under ORS 757.300(6), which allows the Commission to limit new customer-generators in order to balance the interests of retail customers once Idaho Power's cumulative customer-generating capacity reaches one-half of one percent of the Company's single-hour peak load. To the extent the Commission believes this to be the more judicious approach, the Company believes the same policy considerations that justify the Company's different treatment under subsection (9) support using the same program in both Idaho and Oregon in order to balance the interests of the Company's retail customers under subsection (6).

III. THE PROGRESSION OF IDAHO POWER'S NET METERING SERVICE

IPUC Case Nos. U-1006-200 and IPC-E-95-15

Idaho Power has voluntarily provided retail customers the ability to generate their own electricity to offset all or a portion of their energy usage since the 1980s, well before there was any significant customer interest in doing so. For many years, the Company had only a single customer with on-site generation that elected to interconnect with Idaho Power's system. The Company's initial net metering service offering was provided as an option under Schedule 86, Cogeneration and Small Power Production Non-Firm Energy ("Schedule 86") and allowed customers

[9] Prior to January 2014, net metering customers were compensated through financial credits. This changed in 2014 with the implementation of kilowatt hour crediting for excess net energy authorized by the IPUC in Case No. IPC-E-12-27, Order Nos. 32846 and 32872.

to utilize the power they generated to reduce the amount of energy they took from Idaho Power.[10] In 1997, the IPUC instructed the Company to maintain an option for customers interested in eliminating some or all of their load through their own generation. In that construct, over the course of the month usage was measured when the meter ran "forward" and reduced when the meter ran "backward." At the end of the billing period, the customer was charged at the rate consistent with its class of service for positive kilowatt hour ("kWh") and was compensated in the form of financial credits based on an avoided cost rate for negative kWh.[11]

IPUC Case Nos. IPC-E-01-39 and IPC-E-02-04

The iteration of the Company's net metering offering implemented in 1997 was in place for the next several years though there continued to be only a single customer taking service under this option. However, when two more customers requested net metering service in 2001 and others began expressing interest, it became apparent that the net metering provisions of Schedule 86 would ultimately become too cumbersome for the Company to implement and administer, which in the Company's view at the time could have led to customer frustration.

Desiring to make net metering service more accessible to customers, in 2001 the Company requested that the IPUC authorize a simplified approach that would be available to residential and small general service customers. The result of this effort was the creation of a schedule specific to net metering service in 2002, Idaho Schedule 84, Customer Energy Production Net Metering, which charged participating customers the full retail rate for net energy consumed and credited the full retail rate for net generation delivered to the Company, allowing the Company to use its existing billing system and a single meter for each customer.[12] Though the offering was initially limited to residential and small general service customers, the IPUC instructed the Company to follow-up with a proposal for the Company's other customer classes as well as specific proposals for "monitoring program cost, cost recovery and related issues of subsidization."[13]

Though the IPUC approved the simplified net metering option under Idaho Schedule 84, in doing so it acknowledged the inherent shortcomings of crediting excess self-generation at the full retail rate, namely: (1) that crediting customer generators at the full retail rate will pay customers more than the actual value of the generation insofar as it does not reflect the full cost of providing service, is not based on the avoided cost of generation and transmission, and does not account for the difference in value of firm versus non-firm energy; and (2) that costs to serve net metering customers will be subsidized by other customers.[14] Despite these concerns, the IPUC was

[10] *See* In the Matter of the Application of Idaho Power Company for Approval of Revised Rates to be Paid for Power and Energy Sold to Idaho Power Pursuant to Section 210 of the Public Utility Regulatory Policies Act of 1978, Case No. U-1006-200, Order No. 18358 (Oct. 20, 1983) and In the Matter of the Application of Idaho Power Company for An Order Revising the Rates, Terms and Conditions Under Which Idaho Power Purchases Non-Firm Energy from Qualifying Facilities, Case No. IPC-E-95-15, Order No. 26750 at 9-11 (Jan. 17, 1997).

[11] Case No. IPC-E-95-15, Order No. 26750 at 9-11.

[12] In the Matter of the Application of Idaho Power Company for Approval of a New Schedule 84—Net Metering Tariff, Case No. IPC-E-01-39, Order No. 28951 at 2, 10-12 (Feb. 13, 2002).

[13] *Id.* at 12.

[14] *Id.* at 5-6, 12.

amenable to this valuation approach at that time given the limits on size and participation[15] and its mandate for future monitoring and assessment of the new service offering.[16]

Subsequently, in compliance with the IPUC's mandate to expand Schedule 84 net metering to all its customers, the Company presented a proposal for the Company's other customer classes that included, in pertinent part, providing a financial credit for customers' monthly excess generation at a rate per kWh equal to 85% of the Mid-C market price for non-firm energy.[17] In approving the Company's proposal, the IPUC noted that the revised Schedule 84 was a new program that could be modified as experience was gained.[18]

As part of the continual reassessment of the Company's net metering offering, the IPUC instructed the Company to notify it when the 2.9 megawatts ("MW") cumulative installed net metering generation capacity limit was reached, at which point it planned to evaluate the cap to "determine whether it continue[d] to be reasonable or if there is a better measure of what's appropriate or if there is a need for a cap at all."[19] In the years following the IPUC's Order, installed net metering capacity steadily increased, from 39 kilowatts in 2002 to just under 1,000 kilowatt ("kW") in 2010, followed by short period of dramatic growth; by November 2012, installed generation capacity of interconnected and pending net metering systems was nearing the 2.9 MW cap.

IPUC Case No. IPC-E-12-27

In light of this and considering the growth trends, in 2012 the Company filed a case with the IPUC making a number of proposals to modify the net metering service, which were granted in part and denied in part.[20] The IPUC agreed with the Company's request to modify the method for billing excess energy using a kilowatt hour credit instead of a financial credit or payment, which it found was consistent with "the primary thrust of net metering . . . to provide customers the opportunity *to offset their own load and energy requirements*."[21] The IPUC denied the Company's request to increase the existing net metering aggregate capacity cap. Instead, it discontinued the cap and instructed the Company to provide an annual appraisal of the net metering service's status and impact on the reliability of the Company's system.[22]

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[15] Net metering service under Idaho Schedule 84 was limited to small generators (25 kW or less) and made available on a first-come, first-served basis until the cumulative generation nameplate capacity of net metering systems connected to the Company's system equaled 2.9 MW. Case No. IPC-E-01-39, Order No. 28951 at 11-12. Given that the Company only had three net metering customers, restricting levels of participation was purely conceptual though it did serve as a guidepost.

[16] *Id*.

[17] In the Matter of the Application of Idaho Power Company for Amendments to Schedule 84—Net Metering, Case No. IPC-E-02-04, Order No. 29094 at 4-7 (Aug. 21, 2002).

[18] *Id.* at 7.

[19] *Id*.

[20] In the Matter Idaho Power Company's Application for Authority to Modify Its Net Metering Service and to Increase the Generation Capacity Limit, Case No. IPC-E-12-27, Order No. 32846 at 19 (Jul. 3, 2013).

[21] Case No. IPC-E-12-27 Order No. 32880 at 3 (Aug. 14, 2013) (emphasis in original).

[22] Case No. IPC-E-12-27, Order No. 32846 at 19.

While the IPUC agreed that the existing pricing structure applied to billed consumption for residential and small general service customers raised cost recovery concerns, it declined, at that time, to change the rates applicable to only those customers with on-site generation systems.[23] Rather, the IPUC believed the issue of establishing rates for grid consumption required a more comprehensive approach stating: "We agree with the Company that net metering customers do escape a portion of the fixed costs and shift the cost burden to other customers in their class. However, we find that more work needs to be done to establish the correct customer charge for those who net meter."[24]

IPUC Tariff Advice No. 16-05

Prior to 2016, commercial, industrial, and irrigation ("CI&I") customers that desired to connect a generating resource to the Company's system to offset all or part of their electric consumption under Schedule 84 were required to install a second meter adjacent to the load meter. This metering configuration allowed CI&I customers to offset any energy charges with the production from their on-site generation system and enabled collection of demand and basic load capacity charges based on the customer's gross demand, measured independent of the on-site generation. In 2016, however, Idaho Power proposed a change to Schedule 84 metering requirements in IPUC Advice No. 16-05 to reduce participation barriers for primary service-level customers who desired to install on-site generation by modifying the second meter's location and voltage requirements. The Company initiated the change based on feedback from customers who wanted to install net metering systems but found compliance with the existing metering requirement to be cost prohibitive. The proposed tariff changes made it easier and less costly for certain CI&I customers to install systems by allowing the Company the discretion in determining whether the second meter would be located adjacent to, or on the customer's side of, the Point of Delivery.

IPUC Case No. IPC-E-17-13

The dramatic growth trend noted by the Company in 2012 continued over the next several years and by 2017, the generating capacity of installed and pending net metering systems was over 11 MW. As the number of customers installing on-site generation increased so too did the inequities between customers with and without on-site generation. In addition, the Company became concerned that customers installing on-site generation were doing so under the presumption of the continuation of the status quo despite IPUC orders indicating that the net metering tariffs were subject to change.[25]

As a result, the Company initiated another case in 2017 to lay the groundwork, in line with the electric utility industry nationwide, to reassess the appropriateness of net metering policies established decades prior, when nearly all Idaho Power customers received one-way power service. Understanding the IPUC wanted to ensure changes to the net metering pricing structure were fully vetted, the Company did not request any modifications to pricing or compensation structure at that time. Rather, it sought authorization to undertake certain preliminary measures

[23] *Id*.
[24] *Id.* at 13.
[25] Case No. IPC-E-17-13, Application at 6 (Jul. 27, 2017).

that would lay the foundation for pricing structure changes and provide transparency of the same to customers.

The result of that case was the removal of residential and small general service ("R&SGS") with exporting systems from Schedule 84 and the creation of two new tariff schedules: Schedule 6, Residential Service On-Site Generation ("Schedule 6") and Schedule 8, Small General Service On-Site Generation ("Schedule 8").[26] Schedule 84 continued to define the terms for the Company's CI&I customers with exporting systems, as well as the terms applicable to the Company's Oregon on-site generation customers. The creation of separate customer classes under Schedules 6 and 8 did not entail any pricing changes at that time. Rather, the new schedules would mirror the structure and rates for residential and small general customers without on-site generation under Schedules 1 and 7 until the IPUC determined the proper rate design and/or compensation structure in a future proceeding.[27]

In order to more accurately assign the appropriate share of fixed costs and unquantified benefits of on-site customer generation, the IPUC also directed the Company to "initiate a docket to comprehensively study the costs and benefits of on-site generation on Idaho Power's system, as well as proper rates and rate design, transitional rates, and related issues of compensation for net excess energy provided as a resource to the Company."[28] Separately, the IPUC also directed the Company to undertake a comprehensive customer fixed-cost analysis to determine the proper methodology and "spread" of fixed costs as they relate to the Company's customers. That is, the Company was to separately study issues of cost allocation and rate design from the evaluation of measurement and valuation of exported energy.[29]

IPUC Case No. IPC-E-18-15

Pursuant to the IPUC's directive, in 2018 Idaho Power initiated a case to study the costs, benefits, and compensation of net excess energy supplied by on-site customer generation.[30] In that case, the Company, Staff, and various stakeholders undertook a thorough, data-driven evaluation of the Company's on-site generation offering through a number of meetings and settlement negotiations. Notably, the Company did not submit a proposal with its initial filing to open the case, however through this collaborative process, the parties were able to reach a compromise on a significant number of critical elements to the Company's on-site generation offering ("Settlement Agreement"). However, the IPUC ultimately rejected the proposed Settlement Agreement because the record had not been developed in a manner to satisfy the requirements that it previously directed.[31]

As a result, the IPUC stated that no changes to the Company's net metering offering would be considered until Idaho Power prepared and filed a "credible and fair study" of the costs and benefits of distributed on-site generation meeting the following criteria: (1) the study must use the

[26] Case No. IPC-E-17-13, Order No. 34046 at 30-31.
[27] *Id.* at 16.
[28] *Id*. at 31.
[29] *Id*. at 23.
[30] Case No. IPC-E-18-15, Petition to Initiate a Docket (Oct. 19, 2018).
[31] Case No. IPC-E-18-15, Order No. 34509 at 6.

most current data possible and must be readily available to the public, and in the IPUC's decision-making record; (2) the Company must design the study in coordination with the parties and the public, and the IPUC will determine the final scope of the study; and (3) Idaho Power must write the study, so it is understandable to an average customer, but its analysis must be able to withstand expert scrutiny.[32] The IPUC also outlined a "study design" phase and a "study review" phase that would be undertaken prior to a Commission determination being issued on the benefits and costs of on-site generation on Idaho Power's system.

While the IPUC did not change the Company's net metering service offering at that time, it did establish criteria to define legacy treatment for existing systems under Schedule 6 and Schedule 8, as more fully explained in Section VI below, distinguishing between existing and new customers based on the customers' reasonable expectations when making significant personal investments in on-site generation systems. Before the IPUC's pronouncement in that docket, the IPUC determined it would have been reasonable for customers to assume the net-metering program fundamentals would not change. From that point on, however, the IPUC stated it would no longer be reasonable for a customer to expect the net-metering program fundamentals would remain the same over the expected payback period of their investment based on efforts by the Company, the IPUC, and stakeholders to warn potential customers that tariffs are subject to change.[33]

IPUC Case Nos. IPC-E-19-15, IPC-E-20-26, and IPC-E-20-30

In 2019[34] and 2020[35], the Company undertook similar efforts to address concerns that CI&I customers were also relying on the expectation of the ongoing application of the existing compensation structure. Like with R&SGS customers, CI&I customers were reminded, generally, that tariffs are subject to change and, specifically, that given the ongoing evaluation of the net metering offerings, program fundamentals were likely to change in the not too distant future.[36] In addition, preliminary measures were implemented for CI&I customers in preparation for anticipated future changes to the net metering service offering, including establishing criteria similar to that for R&SGS customers, defining legacy treatment for existing Schedule 84 systems.[37]

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[32] Case No. IPC-E-18-15, Order No. 34509 at 9.

[33] *Id*. at 12-13.

[34] *See* In the Matter of Idaho Power Company's Application for Authority to Study the Measurement Interval, Compensation Structure, and Value of Net Excess Energy for On-Site Generation Under Schedule 84 and to Temporarily Suspend Schedule 84 Net Metering Service to New Idaho Applicants, Case No. IPC-E-19-15, Application at 5 (Apr. 5, 2019). That case was initiated while the issues in Case No. IPC-E-18-15 were still under review. Subsequent to the Commission rejecting the Settlement Agreement in Case No. IPC-E-18-15, Idaho Power withdrew its application in Case No. IPC-E-19-15, indicating the matters related to compensation structure and export credit rate for Schedule 84 would be appropriately considered in the new future comprehensive study docket as prescribed in Case Nos. IPC-E-17-13 and IPC-E-18-15.

[35] In the Matter of Idaho Power Company's Application for Authority to Modify Schedule 84's Metering Requirement and to Grandfather Existing Customers with Two Meters, Case No. IPC-E-20-26.

[36] Case No. IPC-E-20-26, Order No. 34854 at 11 (Dec. 1, 2020).

[37] *Id*., Order No. 34854 at 12-13 and Order No. 34892 at 9 (Jan. 14, 2021).

The Company also undertook an additional effort to improve the customer generation service offering to ease impacts on customers by requesting the IPUC modify the metering requirement under Idaho Schedule 84 from a two-meter to single-meter requirement. The request to remove the two-meter requirement for new Idaho Schedule 84 customers was based on concerns voiced by customers, installers, and stakeholders, of the incremental costs and complexities that exist as a result of the two-meter requirement.[38] In addition, the Company sought to implement a non-export option for customer-generators who wish to interconnect a non-exporting system and remain on their current rate schedule.[39] Notably, with respect to CI&I customers with non-exporting systems, the Company requested that there be no limit on total nameplate capacity, which enabled CI&I customers greater flexibility to install systems where they can consume all generation on-site.

IPUC Case Nos. IPC-E-21-21 and IPC-E-22-22

The series of cases that followed represented incremental steps towards fulfilling the IPUC's ultimate objective: "The Company's future net-metering programs will be based on a credible and fair study, developed with public input, and will reasonably balance the interests of customers with net metering, and customers without net metering."[40] In 2021, the Company requested that the IPUC initiate the multi-phase process for the comprehensive study of the costs and benefits of on-site generation. Concluding the "study design" phase of the process, the Commission approved the Company's proposed Study Framework and ordered the Company to "complete the study in 2022 as soon as feasible."[41]

The Company initiated the "study review" phase of the process in 2022, completing the Value Of Distributed Energy Resources ("VODER") Study in accordance with the foundational principles outlined by the IPUC and initiating a case to allow for public, stakeholder, and IPUC review of the Study. The Company filed an initial study in June 2022, and in response to stakeholder and public comments, the Company later submitted a revised VODER Study in October 2022 for the IPUC's consideration. Ultimately, the IPUC found "the October VODER Study complies with its previous directives and should serve as a basis for the Company's implementation recommendations in a subsequent case."[42]

IPUC Case No. IPC-E-23-14

In 2023, having completed the process established by the IPUC to prepare for changes to its on-site generation offering, the Company initiated a docket to establish the updated offering.[43] The recommendations proposed by the Company in this case were informed by the October 2022 VODER Study and guided by the following objectives: recommend a compensation structure that will accurately measure a customer-generator's use of the system – both in recording exported

[38] Case No. IPC-E-20-26, Application (Jun. 19, 2020).
[39] In the Matter of Idaho Power Company's Application for Authority to Establish Tariff Schedule 68, Interconnections to Customer Distributed Energy Resources, Case No. IPC-E-20-30, Application (Jul. 20, 2020).
[40] Case No. IPC-E-18-15, Order No. 34509 at 15.
[41] Case No. IPC-E-21-21, Order No. 35284 at 32-33.
[42] Case No. IPC-E-22-22, Order No. 35631 at 28.
[43] Case No. IPC-E-23-14.

energy and usage; apply methods that will result in a fair and accurate valuation of customers' exported energy; implement a repeatable method for updating the Export Credit Rate ("ECR") that will ensure timely recognition of changing conditions on Idaho Power's system and the broader power markets which may warrant changes to the ECR; and balance accuracy with customer understandability.

Based on the application of these principles, the Company proposed:

- Modifications to the compensation structure for on-site generators to more accurately measure, record, and value excess energy, and
- A change in how the project eligibility cap is defined for Schedule 84 customers.

The Company's recommended changes to the compensation structure for on-site generators, consisted of the following proposals related to the interval applied for measuring energy and valuation of the ECR, and administrative items related to the implementation of an avoided cost-based ECR.

- ***Measurement Interval***

The net metering construct reflected the limited capabilities of the Company's meters at the time it was established, calculating a single measurement at the end of a billing period. If the customer consumed more energy than they export, they were billed and compensated at the rates included in the applicable rate schedule. If, however, the customer exported more energy than they consumed, they received a kWh credit for all excess energy that could be carried forward to other billing periods.

The lack of granularity resulted in the under-measurement of both the amount of kWh consumed and the kWh exported by the customer. That is, throughout each day a customer may export kWh at certain times (when their on-site generation system produced more than their energy needs) and consume from the grid at other times (when the customer's energy needs exceed their system production); however, at the end of the billing period both the number of consumed kWh and the number of exported kWh were understated. This undermeasurement led to the under-recovery of costs associated with utility-provided service and the overcompensation of exported energy. As a result, and potentially most impactful, it sent an incorrect price signal to potential on-site generation customers.

In order to more accurately represent the real value of energy, the Company proposed a more refined method: real-time net billing with an avoided cost-based financial credit rate for exported energy. Under a real-time net billing structure, the meter separately measures and records all grid usage (energy in-flows) on one channel and separately measures and records all exports (energy out-flows) on a different channel. The customer-generator first consumes any of their generation on-site, and any generation they do not consume will be metered and exported to the grid at a defined ECR. The customer receives a financial credit, based on the product of measured exported energy and the ECR, that can be monetized to offset current or future monthly charges associated with utility-provided service.

- ***Export Credit Rate***

In conjunction with changes to the measurement interval, the Company proposed to modify compensation for exported energy, which was tied to the retail rate of the customer generator's standard service schedule and was not reflective of the value of that energy. The retail rate is designed to collect the Company's IPUC-approved revenue requirement and includes both fixed and variable related costs of providing service. The product that customer-generators export to Idaho Power's system is inherently different than the service Idaho Power provides to its customers.

In developing its recommendations related to the ECR, the Company sought to identify and apply methods that result in a fair and accurate valuation of customers' exported energy while balancing customer understandability. The Company also prioritized relying on recent data and implementing a repeatable method for updating the ECR that will ensure timely recognition of changing conditions on Idaho Power's system and the broader power markets. As a result, the Company proposed a seasonal and time-variant ECR to compensate for energy, avoided capacity, line losses, and integration costs. The Company also proposed an update cycle for the ECR as well as the source that will be relied on for each of the respective components of the ECR.

IV. IDAHO POWER'S UPDATED ON-SITE GENERATION SERVICE OFFERING

On December 29, 2023, the IPUC issued its Order in IPC-E-23-14 establishing the Company's updated net metering service offering summarized in the following section. In authorizing changes to the Company's on-site generation offering, the IPUC emphasized that the fundamental purpose of on-site generation is to offset a customer's own usage, that on-site generation should not create cost shifting between generators and non-generators, and that on-site generators should be given a fair value for their exported energy.[44] Ultimately, the IPUC approved changes to the Idaho Schedules 6, 8, and 84 service offerings as follows:

- Implement, effective January 1, 2024, real-time net billing that measures and charges customers for all kWh consumed from the grid at the retail rate, and measures and compensates customers for all kWh exported to the grid at a time-differentiated ECR. The customer first uses all energy generated from their system to offset their own energy needs valued at the applicable full retail rate, which reduces the amount of energy they consume from the grid and receives a financial bill credit for any exports to the grid. Depending on the time of day the energy is sent to Idaho Power's electrical grid, the financial bill credit for energy exports ranges from approximately 4.8 to 17 cents per kWh. The ECR value will be updated annually beginning in the spring of 2025.

- Maintain the current eligibility caps for residential and small general service customers and modify the eligibility cap for CI&I customers to the greater of 100 kilowatts or 100 percent of that customer's demand. The energy storage capacity will be excluded from the determination of a project size cap for all customers.

[44] Case No. IPC-E-23-14, Order 36048 at 5-6.

- With respect to transferability of accumulated financial credits:
    - Non-legacy customers are allowed to transfer financial credits to other accounts held in their name for their own usage and financial credits may be applied to all billing components.
    - Any accumulated financial credits may be transferred when a customer relocates within the Company's service area.
    - If a customer completely discontinues service with the Company, any accumulated unused financial credits shall be paid out to the customer.

Consistent with the IPUC's prior directives, the changes to the on-site generation service offerings would only apply to non-legacy customers taking service under Schedules 6, 8, and 84, as appropriate; customers with legacy systems[45] will continue to take service under the rules of monthly net energy metering until legacy status terminates.[46]

V. INTERPRETATION OF OREGON'S NET METERING LAW

In order to address the Company's request for approval of modifications to Oregon Schedule 84, the Commission must determine, as a foundational matter, the meaning of the relevant statutory provisions in order to properly apply them. In interpreting a statute, the goal is to "ascertain the meaning of the statute most likely intended by the legislature," which is done by examining the text of the statute in its context, along with relevant legislative history, and, if necessary, canons of construction." *Matter of Jondle*, 317 Or. App. 303, 307, 506 P.3d 480, 483 (2022) (internal citations omitted).

When Oregon's net metering law was enacted in 1999, one of the driving forces behind it was the lack of clear procedures or standards in Oregon for homeowners that wanted to interconnect to the electrical grid, leading to inefficiencies and creating safety and reliability concerns. House Bill 3219 ("HB 3219"), which was ultimately adopted into law as ORS 757.300, was introduced to help streamline and simplify the net metering and interconnection process by establishing uniform standards in Oregon that would also ensure safety, reliability, and system power quality and support customer choice in renewable energy resources.[47] In addition to considering the plain language of the statute, the legislative history forms a crucial part of the statutory context that can help ascertain the original legislative intent of the net metering law.

ORS 757.300(9)

While the Oregon net metering legislation was prompted by the lack of clear procedures or standards in Oregon for homeowners that wanted to interconnect to the electrical grid, Idaho Power was differently situated insofar as it already had a set process in place to enable customer self-generation. Because HB 3219 was intended to fill a gap in Oregon that did not exist in Idaho

[45] Also described in prior IPUC orders as "grandfathered" systems.
[46] Case No. IPC-E-18-15, Order No. 34546 at 9; Case No. IPC-E-20-26. Order No. 34892 at 9.
[47] Pertinent excerpts of the legislative history for House Bill 3219 are included as Attachment 1.

and considering the other characteristics of the Company's small Oregon service area, the Oregon Legislature was willing to accept the existing Idaho program in lieu of imposing different or additional requirements in Oregon. This approach was particularly apt in the context of onsite generation considering the unique characteristics of the Company's small Oregon service area, which spans some of the most remote landscape across eastern Oregon and encompasses 4,744 square miles largely comprised of rural communities.

In addition, Idaho Power's service area, which straddles the border of western Idaho and eastern Oregon, encompasses communities linked by strong economic and social ties notwithstanding state lines; in fact, Idaho Power has over 650 customers that have accounts in both Idaho and Oregon. There is also significant overlap in trade, industry, and media between the two states. In the specific context of net metering, this dynamic might manifest in a number of ways; consider, for example, that at least seven major solar installers work in both states; the cross-border participation and attendance that occurs at solar trade shows and home show events involving solar installers held in either state; and the coincidence and overlap of local media outlets targeted at and consumed by residents of western Idaho and eastern Oregon.

The special regulatory treatment afforded by ORS 757.300(9) reflects cognizance of the considerations specific to eastern Oregon. Having separate offerings in the Company's Idaho and Oregon jurisdictions would create administrative inefficiencies and increased costs associated with creation of new processes, additional employee training, development of two sets of customer self-service tools and materials, separate customer communications, and so forth. While unknown, these costs could be significant as they may involve added personnel and/or systems, which the Company would expect would be entirely assigned to its Oregon jurisdiction given it would be driving the need. Considering the small number of Oregon customers, such increased costs would be particularly impactful. Subsection (9) helped to address the disparate impact, inefficiencies, and unnecessary burdens and costs that would result if the Company was required to have two sets of rules for net metering. In addition, having the same offering in both states alleviates customer and installer confusion and misinformation attendant to having different sets of rules across the same broader community.

At the same time, ORS 757.300(9) satisfied the intent of HB 3219 by providing Idaho Power's Oregon customers the ability to offset their energy bills through on-site self-generation and helping reduce demand on the grid under a clear process facilitating safety, energy reliability, and power quality. The legislative history described below makes clear that the Oregon Legislature did not intend for the exemption in ORS 757.300(9) to be narrowly construed or for it to apply only to offerings that correspond with Oregon's net metering program. Such an interpretation would render the carveout largely superfluous, which could not be what lawmakers' intended. That the Oregon Legislature did not appear to focus on the substance of Idaho's offering and summarily accepted Idaho Power's suggestion to add language broadening the scope of the exemption, as set forth below, reflects that the Oregon Legislature was willing to allow Idaho Power to rely on the interconnection and net metering specifics as authorized by the IPUC because of the unique circumstances faced by Idaho Power in Oregon.

Though Idaho Power did not establish a specific net metering service schedule until 2002, it had long provided customers the ability to eliminate some or all of their load through their own

generation through various iterations over the years, offering such services consistently between its Oregon and Idaho jurisdictions in accordance with ORS 757.300(9). Though the net metering offering has changed numerous times since its inception, under the version currently in place in Oregon, the rates charged to net metering customers do not reflect the value of the service being provided to them. These inaccuracies result in cost shifting between customers who choose to install on-site generation and those who do not, the latter of which comprises the vast majority of the Company's Oregon customers.

It is also important to consider that a sizeable number of Idaho Power's Oregon customers live below or near the poverty line. This context is critical to understanding that Idaho Power's Oregon customers often have different concerns or priorities than customers in other parts of the state and are particularly sensitive to cost shifting. While a primary consideration is aligning the Oregon offering with Idaho in the interest of efficiency and consistency, updating the service offering for future customers will ensure that non-self-generating customers are not subsidizing the rates for self-generation customers. The Company's updated program establishes a compensation structure that more precisely measures an on-site generator's use of the electrical grid and fairly and accurately reflects the value of exported energy on Idaho Power's system. Importantly, regardless of changes, the Company's offering enables customers to offset their usage and reduce or eliminate the volume of energy they consume, and the modified program continues to satisfy the exemption in ORS 757.300(9) as "net metering services or a substantial equivalent offset to retail sales" as more fully explained below. It is important to remember, however, that this language does not exist in a vacuum and must be considered within the statutory context; that is to say findings made within this framework should not be applied outside of it.

- ***Net Metering Services***

Though ORS 757.300 does not include a definition of "net metering services," ORS 757.300(1)(c) defines "net metering" as "measuring the difference between the electricity supplied by an electric utility and the electricity generated by a customer-generator and fed back to the electric utility over the applicable billing period." Notwithstanding the changes to the compensation structure applicable to non-legacy on-site generators, the Company's Idaho program continues to meet that definition because the modified offering still measures "the difference between the electricity supplied by an electric utility and the electricity generated by a customer-generator and fed back to the electric utility over the applicable billing period," albeit the difference is measured on a more granular basis than previous offerings as a result of advancements in technology that allow for this more nuanced approach.

Idaho Power understands that Staff interprets "net metering services" referred to in ORS 757.300(9) to mean the net metering services described in ORS 757.300, and specifically, ORS 757.300(3), which specifies that all of a customer's usage and generation over a monthly billing period are offset for purposes of billing, and a customer is charged for the net usage or credited for excess generation. Staff's narrow interpretation of ORS 757.300(9), however, is at odds with the text of the ORS 757.300(9), which does not impose such a requirement, though language used elsewhere in the statue demonstrates that if the legislature wanted to include that limitation

it would have explicitly done so. For example, subsection ORS 757.300(5) refers to "net metering services *described in this section*." (Emphasis added.) Moreover, if the carve out in ORS 757.300(9) only applied if the utility was providing net metering that precisely matched the program outlined elsewhere in ORS 757.300, then the carve out would be meaningless.

- ***Substantial Equivalent***

Even if one assumes, *arguendo*, that the program as modified no longer meets the statute's definition of "net metering services," as Staff has defined the term, it clearly qualifies as a "substantial equivalent offset against retail sales." Crucially, it continues to satisfy one of the primary objectives of the net metering law by enabling customers to connect a "net metering facility" to the grid, which is defined, in pertinent part, as a facility that (1) generates electricity using specified renewable energy resources; (2) is located on the customer-generator's premises; (3) can operate in parallel with an electric utility's existing transmission and distribution facilities; and (4) is intended primarily to offset part or all of the customer-generator's requirements for electricity. ORS 757.300(1)(d). Moreover, much like the previous offering, under the modified program customers are able to offset their usage, reduce or eliminate the volume of energy they consume, and be credited for any net excess energy they export.

In its December 7, 2023 memo, Staff, relying on a description of the term from patent law, concluded that the Company's modified program is not a "substantial equivalent," again based on a comparison with Oregon's net metering law:

> Idaho Power's proposed net metering program does *not work substantially the same* way because all of a customer's generation that is netted by consumption over the monthly billing period *will not be credited at the retail rate*. The proposed net metering program does not accomplish substantially the same result in that the value of generation to the net metering customer will be less under the Idaho program. (Emphasis added.)[48]

However, nothing in the record suggests that the legislature expected for excess generation to be credited at the retail rate in order to qualify as "net metering services or a substantial equivalent offset" under the statute. To the contrary, the circumstances demonstrate that the legislature was amenable to a compensation framework that values energy exports differently considering the limited applicability of the exemption.

Moreover, a review of the actual context and contemporaneous discussion and exchange that led to the adoption of ORS 757.300(9) demonstrates that the legislature did not intend to limit the exemption to programs that mirrored Oregon's requirements. The discourse surrounding the passage of HB 3219 discredits the contention that a "net billing" program cannot qualify for the exemption,[49] considering that the "substantial equivalent offset" language was actually proposed

[48] ADV 1539/Advice No. 23-09 at 11.
[49] OPUC ADV 1539, OSSIA Comments filed on Nov. 30, 2023.

by Idaho Power "**as an alternative to net metering**," to ensure the exemption would cover its program described at the public hearing as a "**net billing tariff**".[50] (Emphasis added.)

Another potent indicator that the Oregon Legislature understood and even expected that ORS 757.300(9) would apply to a compensation framework that does not credit excess energy at the retail rate is the fact that, at the time HB 3219 was enacted, Idaho Power's offering did not value all excess energy at the retail rate. The meeting minutes from the public hearings describe the testimony offered by Idaho Power's representative as follows: "[T]the tariff includes an **additional charge** to customers who use **net billing**, which **reduces revenue losses to Idaho Power**. Comments that customers of Idaho Power can generate their own electricity, reduce their consumption, purchase backup service, or sell the output of their generating facilities at **market base prices**." [51] (Emphasis added.)

As previously described, Idaho Power's net metering service offering has long been a work in progress and the iteration in place in 1999 was markedly different than the version of late. In addition to not valuing all excess generation at the retail rate, other notable distinctions include compensating exports with financial credits instead of kWh credits and limiting the offering to residential and small general service customers. Given this context, it simply cannot be reasonably concluded that changing the compensation structure of the Company's net metering offering is incongruous with the carve out in Oregon's net metering law.

ORS 757.300(6)

While Idaho Power believes its on-site generation offering continues to qualify as "net metering services or a substantial equivalent offset to retail sales" pursuant to ORS 757.300(9) for the reasons explained above, it appreciates Staff's careful consideration of the issues and proposal of an alternative path under ORS 757.300(6), which provides in pertinent part:

> The commission, for a public utility. . . may not limit the cumulative generating capacity of solar, wind, geothermal, renewable marine, fuel cell and microhydroelectric net metering systems to less than one-half of one percent of a utility's . . . historic single-hour peak load. After a cumulative limit of one-half of one percent has been reached, the obligation of a public utility, municipal electric utility, electric cooperative or people's utility district to offer net metering to a new customer-generator may be limited by the commission or governing body in order to balance the interests of retail customers. When limiting net metering obligations under this subsection, the commission or the governing body shall consider the environmental and other public policy benefits of net metering systems. The commission may limit net metering obligations under this subsection only following notice and opportunity for public comment . . .

[50] *See* HB 3219 -- Public Hearing Before the House Commerce - Subcomm. On Regulations, Meeting Minutes at 6 (Mar. 31, 1999) (Comments of John Brenneman (Lobbyist, Idaho Power)) and HB 3219-A -- Public Hearing Before the Senate Public Affairs Comm., Meeting Minutes at 2 (Jun. 30, 1999) (Comments of John Brenneman).

[51] *See* HB 3219 -- Public Hearing Before the House Commerce - Subcomm. On Regulations, Meeting Minutes at 6 (Mar. 31, 1999) (Comments of John Brenneman).

The Company agrees with Staff that the cumulative generating capacity of net metering systems in its Oregon service area exceeds a cumulative limit of one-half of one percent of its historic single-hour peak load. Though it meets the threshold set forth in subsection (6), the Company did not initially present its request under this provision primarily because it had historically relied on subsection (9) to comply with ORS 757.300, which by its own terms applies "[n]otwithstanding subsections (2) to (8) of this section."

In addition, the Company does not view the use of its Idaho net metering program modifications in Oregon as a limitation on net metering as contemplated by ORS 757.300(6). The extensive history of the Company's net metering service offering demonstrates an on-going and incremental effort by the Company to lay the foundation for modernizing its on-site generation offering to support the continuing development of renewable energy resources and advances in energy generation technology while ensuring equity among all customers moving forward. The Company believes that updating the program so that it is better aligned with current circumstances, economically supportable, and fair to all customers, is necessary to ensure on-site generation can continue to thrive. In fact, the Company is concerned that pursing an approach focused on short-term financial interests instead of an enduring economically supportable analysis will ultimately harm the long-term viability of solar energy.

Regardless, the Commission has requested that the Company justify the instant tariff filing, in part, based on subsection (6), noting that that provision could be an "alternative path forward" that may provide the Commission more flexibility to consider relevant policy issues. The Company understands that net metering involves consideration of several important, and at times competing, public policy objectives. Idaho Power appreciates that some customers desire to offset their energy bills through on-site self-generation and help reduce demand on the Company's system; goals that are consistent with the underlying intent of the Company's on-site generation offerings: to provide customers the opportunity to serve some of their load through their own generation. These objectives, however, cannot be achieved with a blind eye to the cost and effects on non-participants nor can the business or personal interests of solar contractors and customers be pursued at the expense of non-participating customers, which includes most of Idaho Power's Oregon customers.

As a publicly regulated utility, Idaho Power is differently situated than a private seller or installer; it is accountable to the Commission and legally obligated to consider the collective interests of all its customers and to recommend rates that are just, reasonable, and non-preferential. Moreover, the Company is differently situated than other Oregon utilities given its small presence in Oregon and the particular characteristics of its Oregon service area and customer base. The Company's unique circumstances implicate special considerations, which have at times resulted in the Company being afforded particularized treatment such as the exemption in Oregon's net metering law, ORS 757.300(9), discussed more fully above, and the exemption from direct access requirements set forth in ORS 757.601(3). Similarly, the Commission has often noted an inclination for Idaho Power to follow a single approach; consistency across jurisdictions supports administrative and economic efficiencies and ensures equity among customers residing in a continuous economic and media area (regardless of state boundaries). This is of particular significance when one considers the distinctive characteristics of the Company's eastern Oregon customer-base -- small, largely rural, and disproportionately

energy burdened – which underscore the imprudence of subjecting these customers to higher administrative costs associated with implementing an Oregon specific net metering option that most will choose not to utilize.

The Company agrees with the Commission that the value placed on the unique characteristics of Idaho Power's small Oregon service area is highly relevant to the instant analysis. It is evident that the Oregon Legislature also placed a high value on this fact under these circumstances, as the decision to include subsection (9) to account for the different circumstances faced by Idaho Power in Oregon would necessarily involve consideration and balancing of policy issues. In other words, the very fact of the exemption reflects the careful balancing of various policy interests achieved over the course of the legislative process. Not only does this approach serve to streamline certain matters for the Commission, but it also relieves the Commission from having to undertake this analysis and make exceptions on an ad hoc basis, which could have precedential impact on other differently situated utilities. In those situations where the legislature has determined that the unique characteristics of Idaho Power's small Oregon service area justify different regulatory treatment, these extenuating circumstances undermine any precedential value for utilities outside the scope of the exemption.

However, to the extent the Commission believes that consideration of the Company's request is more appropriately within the scope of ORS 757.300(6), and that Idaho Power is eligible for treatment under that provision, the policy considerations underlying the statutory exemption would be equally applicable to an analysis of public policy issues under subsection (6). An independent evaluation and balancing of these policy considerations demonstrates that the Company's updated program strikes a reasonable balance between the interests of all retail customers. Though the Company believes the policy considerations are the same regardless of what path is pursued (subsection (6) or (9)), it is concerned that they do not end up in the same place.

While subsection (9) creates a systematic method for the Company to continue to offer net metering services in Oregon consistent with its Idaho offering, that is not the effect of subsection (6). Rather, as discussed above this provision allows the Commission to limit a utility's obligation to offer net metering to a new customer-generator. Assuming arguendo the provision is apposite under the circumstances, it is not clear to the Company what is subsumed within the Commission's ability to "limit" net metering obligations, though Staff appears to interpret the provision as allowing the Commission to relieve a utility from some or all of the other requirements of Oregon's net metering law. Presumably this would entail parsing through the substance of the Company's Idaho offering following notice and opportunity for public comment and determining whether those elements that deviate from Oregon's requirement will be authorized nonetheless. The result of this time intensive activity and piecemeal approach could very well be a program that differs, in whole or in part, from the Company's Idaho program, negating intended efficiencies and rendering the entire endeavor largely superfluous. In the event the Commission believes subsection (6) is the proper path forward regardless, the Company notes that it is seeking to implement the Idaho offering in its entirety and is not in a position to make a hybrid offering.

VI. LEGACY CONSIDERATIONS

In directing the Company to make this renewed filing in Order No. 23-479, the Commission highlighted "the difficulty and importance of the issue of 'legacy' status." Under the legacy framework in place in Idaho, those on-site generation systems that qualify for legacy treatment continue to be entitled to monthly one-for-one kWh credit compensation for excess energy, regardless of program changes through 2045, while those systems deemed non-legacy are subject to the new Idaho crediting structure. This delineation stems from the IPUC's finding in Case No. IPC-E-18-15, Order No. 34509, that it was "prudent and justifiable" to distinguish between existing and new customers, as of the service date of its order (December 20, 2019), based on customers' reasonable expectations when making significant personal investments in on-site generation systems. The IPUC recognized that, prior to its order, customers could have reasonably assumed the net-metering program fundamentals would not change due to representations made by both solar developers and the Company, whether explicit or implied. Moving forward, however, the IPUC found it would no longer be reasonable for a customer to assume the net-metering program fundamentals would remain the same over the expected payback period of their investment. Noting the Company's previous efforts to notify customers that rates are subject to change, the IPUC stated: "We encourage the Company to continue conveying to potential on-site generation customers that rates and program structure are subject to change, either of which can profoundly affect the projected repayment period of the customer's investment."[52]

Over the course of the series of self-generation dockets that followed, the IPUC has repeatedly affirmed its treatment of legacy systems, as summarized in Case No. IPC-E-22-22:

> [W]e want to reiterate here that the purpose of establishing a NEM rate is *not* to ensure that customers who have installed self-generation facilities are able to recoup their investment or earn a return on investment, it is to ensure that customers are paid fair, just, and reasonable rates for their exports and non-self-generating customers are not subsidizing the rates for self-generating customers.
>
> . . .
>
> As we cautioned many times before, tariffs are not contracts and are subject to change. It should come as no surprise to anyone who invested in an on-site generation solar system after December 20, 2019, that the Company may be authorized by the Commission to change fundamental aspects of its NEM program—including the imposition of an ECR—which can affect the payback period for customers. . . We reiterate that a 'reputable seller of onsite generation systems would not and will not represent that the program will never change.'.[53]

As a result, in recently approving the Company's successor net metering program, the IPUC maintained the same legacy treatment (aka "grandfathering") for on-site generation customers as established in prior orders.

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[52] *Id*. at 13.

[53] Case No. IPC-E-22-22, Order No. 35631 at 28, 30 (internal citations omitted)(emphasis in original).

Over the years, the Company has continued to follow the IPUCs recommendation for it to convey to potential and existing on-site generation customers that rates and program structure are subject to change. To this end it has undertaken extensive efforts – including numerous direct mailings – to communicate with both customer-generators and non-participating customers regarding the net metering service offering and regulatory proceedings related to potential changes including providing information on opportunities to offer input and participate in the proceedings. Idaho Power has also continually updated its website and communication materials to indicate pricing and compensation structure can change as a result of regulatory approval. Moreover, since January 2020, the Company's Customer Generation Application has required applicants to acknowledge that they "understand the net metering program design is subject to change including but not limited to, the interval length over which netting occurs, compensation for excess generation and the interconnection requirements for on-site generation systems." Customers who submit an on-site generation application also receive an email which includes information on any current dockets and reiterates that tariffs are subject to change.

In addition to its efforts to communicate with customers in both Idaho and Oregon, given Oregon Schedule 84's reliance on Idaho tariffs, the Company has also endeavored to keep Oregon Commission Staff apprised of activities that could ultimately impact customers in the Company's Oregon service area, including providing notice and explanation both prior and subsequent to its 2023 customer self-generation docket in Idaho. In its communications to Commission Staff, the Company indicated that it believed the changes it had proposed to its Idaho offering would be equally applicable in its Oregon jurisdiction and that, under the legacy framework in place in Idaho, they would impact existing Oregon on-site generation customers who are "non-legacy," of which there are presently around 150, as well as future customers interconnecting an onsite generation system.[54]

The Company has, and continues to be, committed to clearly and transparently notifying customers of proposed changes to its on-site generation service programs and believes its efforts to educate customers and other stakeholders have been largely successful. The Company understands, however, that both the Commission and Commission Staff had questions over the overall efficacy of these efforts in Oregon; while Staff believes the Company's outreach to Oregon customers gave sufficient notice that changes to the on-site generation program should be expected, it found "that the structure of the Company's Oregon Schedule 84 could have caused confusion that may have unfairly given Oregon customers the impression that they were exempt from these changes."[55]

[54] *See* ADV 1539/Advice No. 23-09, Idaho Power Company's Response to Staff's Information Request No. 1, Attachments 1-5.

[55] UE 431, Order No. 23-479, Appendix A (Staff Memo) at 8.

The Company is sensitive to this concern and, recognizing the importance of ensuring clarity, transparency, and fairness, will defer to Staff's finding in this regard.[56] As a result, the Company has reevaluated the legacy billing construct for existing Oregon customers and is proposing, as part of its request for approval of modified Oregon Schedule 84, that the Commission establish a legacy framework specific to Idaho Power's Oregon service area based on the date of this filing. More specifically, the Company proposes that Oregon Legacy treatment be afforded to "existing" Oregon Schedule 84 onsite generation systems, defined as systems interconnected with Idaho Power's system as of today's date, February 29, 2024, or customers that have submitted[57] a Customer Generator Application as of today's date and proceed to interconnect their system pursuant to the Company's interconnection process set forth in Idaho Schedule 68. Under this framework, the Company's modified Oregon Schedule 84, if approved as proposed in this tariff advice filing, will impact Oregon customers that apply to interconnect an on-site generation system under Oregon Schedule 84 after today's date.

Aside from the different cut-off dates, the Company proposes the Commission follow the IPUC in bestowing Oregon Legacy status based on the system site, as opposed to the customer, and apply the following criteria, which the Company proposes be included in Oregon Schedule 84:[58]

> (1) A customer who moves into a property with an Oregon Legacy system gets to "inherit" the legacy status of the system. Likewise, when a customer moves from a property with an Oregon Legacy system, that customer does not get to take the legacy status of the system with them to their next property;
>
> (2) If a system is offline for more than six months, or is moved to another site, the Oregon Legacy status of the system is forfeited;
>
> (3) To allow for the replacement of degraded or broken panels, the customer may increase the capacity of an Oregon Legacy system by no more than 10% of the originally installed nameplate capacity or 1 kW, whichever is greater; and
>
> (4) Oregon Legacy status terminates on December 1, 2045.[59]

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[56] In adopting this position the Company also considered that IPUC's relied, at least in part, on an Idaho statute to help distinguish the reasonable expectations of new customers compared to existing customers. More specifically, as of October 1, 2019, the Residential Solar Energy System Disclosure Act, Idaho Code §§ 48-1801-§48-1809, requires a written statement, in capital letters, be provided to potential customers conveying, among other warnings, that rates and program structure are subject to change, either of which can profoundly affect the projected repayment period of the customer's investment. *See* Idaho Code §48-1804(c)(ii). The IPUC found that "[t]his clear warning to potential customers, combined with the statements made in this Order regarding the likelihood of future program changes, is enough to differentiate existing customers with on-site generation from new customers with on-site generation because existing customers reasonably expected program stability whereas new customers will not." *See* Case No. IPC-E-18-15, Order NO. 34509 at 13.

[57] An application sent by electronic means is deemed to be submitted at the time it is received as recorded by the Company's system. An application sent by mail will be deemed timely submitted if the envelope is properly addressed, has enough postage, and is postmarked and deposited in the mail on or before February 29, 2024.

[58] *See* Case No. IPC-E-18-15, Order No. 34546 at 9.

[59] This period is consistent with Idaho Schedule 84.

If the Commission approves the Company's proposals, the changes would impact new customers that apply to interconnect an on-site generation system under Oregon Schedule 84 after today's date. The Company believes that aligning the operative date for Oregon Legacy treatment with today's filing date prevents a "run on the bank" scenario while balancing the interests of existing customers that may not have understood the "legacy" provisions of Idaho Schedule 84 applied to them when they interconnected their systems.

VII. CUSTOMER OUTREACH

The Company understands and appreciates the intense interest in the issues in this case and has endeavored to ensure its customers and other stakeholders have notice of this filing and are aware of the Company's proposals related to modifying the on-site generation offering and the potential impacts. To this end it has pursued a variety of methods to communicate and educate customers and other stakeholders and to clearly and transparently notify all of its customers of proposed changes to its on-site generation service programs.

The Company will continue to communicate with all current Oregon onsite generation customers and Oregon customers that have applied for onsite generation about this filing, including by sending direct-mail letters to all existing and pending on-site generation customers notifying them of the Company's proposed modifications to Oregon Schedule 84. This communication will inform existing on-site generation customers as of February 29, 2024,[60] that the Company is requesting that their systems receive Oregon Legacy status, as well as the proposed criteria for legacy systems and how legacy status may be forfeited. The letter will also describe the changes proposed for non-legacy systems. Customers who apply for onsite generation after the date of this filing will be sent an email informing them of the updates the Company has proposed and explaining to them that, if approved, these updates would apply to their system. This email will direct them to Idaho Power's website to learn more about these proposed updates as they are already in effect in its Idaho jurisdiction.

VIII. CONCLUSION

Similar to the Company's experience in Idaho, the stakeholders and members of the public that have chosen to comment on this issue in Oregon generally disfavor changes to Idaho Power's net metering practice, conflating them as intended to discourage customer self-generation. To the contrary, as reflected in the regulatory history, the changes to the program have been a long time in the making driven by the Company's desire to ensure a sustainable offering that is economically supportable and fair to all customers.

[60] As described in Section VI, above, the Company considers "existing" Oregon Schedule 84 onsite generation customers as those with systems interconnected with Idaho Power's system as of today's date or customers that have submitted a Customer Generator Application as of today's date and proceed to interconnect their system pursuant to the Company's interconnection process set for in Idaho Schedule 68.

The situation and issues confronting the Commission are not dissimilar to those that have, are, or will be faced by numerous state regulatory commissions nationwide. Throughout the country, regulators have been compelled in recent years to revisit and reform net metering rules and regulations that were established decades ago under vastly different circumstances. Like Idaho and Oregon, most states historically employed a relatively straightforward and administratively simple approach at "netting" and valuing on-site generation and consumption and were able to overlook program design inefficiencies and resulting implications for other customers when behind-the-meter systems were few in number. And similar to what has occurred in Idaho, rapid growth of on-site generation systems and a changing energy landscape have exacerbated the regulatory and policy concerns prompting many regulators to reevaluate net energy metering policies to better align with sound regulatory principles. Though each jurisdiction has its own set of stakeholders, cost studies, rate designs, average retail rates, and approaches to updated net metering service offerings, net metering policy generally is in a period of transition across the nation.[61]

The Company understands and appreciates the difficult issues facing regulatory bodies and other decision makers throughout the country as they grapple with the challenges presented by the changing energy environment. For its part, the IPUC prepared for the inevitable transition by ensuring that changes to the Company's on-site generation service offering were well-reasoned and data driven. In approving the Company's updated program, the IPUC endeavored to accurately assign the appropriate share of fixed costs and unquantified benefits of on-site customer generation, and to provide a reasonable balance between the interests of customers with on-site generation, and customers without. The Company knows this Commission faces the same conundrum and appreciates that net metering requires consideration of public policy outcomes and a careful balance between participating and non-participating customers. With respect to Idaho Power specifically, the Oregon Legislature eased some of the burden by providing the Commission a particularized framework for addressing the Company's unique circumstances without impacting its ability to continue the conversation on a larger scale.

Therefore, Idaho Power respectfully requests the Commission approve the modifications to Oregon Schedule 84 proposed in this tariff advice filing effective June 1, 2024, pursuant to which the Company will offer net metering services in accordance with the updated program recently implemented in Idaho to its non-legacy customers in Oregon, starting with their June 2024 billing cycle as applicable and continuing forward. Aside from the different cut-off dates for Oregon Legacy treatment set forth above, the Company is seeking to apply the Idaho offering consistently between its Idaho and Oregon jurisdictions. Under the construct adopted by the

[61] According to the NC Clean Energy Technology Center's ("NCCETC") annual review and Q4 2022 update report, nearly every state in the country took some type of distributed solar policy action during 2022," a trend which has continued over the past several years and is likely to continue through 2023 and beyond." The top solar distributed policy trends of 2022 identified in the report include states moving away from traditional net metering; net billing becoming the dominant successor tariff structure; growing use of time-varying compensation rates for distributed generation; and distributed generation programs increasing in complexity, with more granular credit rate structures and intricate program designs being adopted. Apadula, E., et al. *The 50 States of Solar: Q4 2022 & Annual Review Executive Summary* at 9-10, NC Clean Energy Technology Center, Jan. 2023.
Available at: https://nccleantech.ncsu.edu/wp-content/uploads/2023/01/Q4-22-Solar-Exec-Summary-Final.pdf.

Oregon Legislature, the Commission is able to defer to the tariffs, schedules and other regulations promulgated by the IPUC without endorsing their substance and without establishing precedent, practice, or pattern in subsequent dockets, and the Company believes that by approving the modifications to Oregon Schedule 84 as requested herein, the Commission will better position itself to engage in a holistic balancing based on more representative circumstances moving forward.

Sincerely,

Megan Goicoechea Allen

MGA:sg
Enclosures

SCHEDULE 84
CUSTOMER ENERGY PRODUCTION NET METERING

(D) (N)
(N)

AVAILABILITY

In compliance with ORS 757.300, the Company offers net metering services to its customers in Oregon in accordance with the tariff, schedules and other regulations which are in effect in its Idaho service area. For its Idaho service area, the Company's Schedule 6, Residential Service On-Site Generation, Schedule 8, Small General Service On-Site Generation, Schedule 68, Interconnections to Customer Distributed Energy Resources, and Schedule 84, Large General, Large Power, and Irrigation On-Site Generation Service, set forth the provisions which govern its net metering service offerings. Idaho tariff schedules are available on the Company's Web site at www.idahopower.com.

For customers taking service under this schedule, Monthly Charges in Idaho Schedule 6 and Schedule 8 will not apply. All Monthly Charges and provisions for service related to Idaho Power supplied energy are defined in the Company's applicable Oregon tariff schedules.

DEFINITIONS

All terms associated with the on-site generation service offering are found in the relevant Idaho tariff schedules, as set forth above, except for the definition for Oregon Legacy System, which is provided for below.

Oregon Legacy System means any Oregon Exporting System that was interconnected as of February 29, 2024, had submitted an application on or before February 29, 2024, and proceeds to interconnect their system pursuant to the Company's interconnection process set forth in Idaho Schedule 68.

CONITNUED ELIGABILITY FOR LEGACY STATUS

1. Legacy Status for eligible Exporting Systems will terminate on December 1, 2045.

2. The Legacy Status of the Exporting System is transferable to a subsequent Customer at the premises for which a valid on-site generation service is in effect. Each Customer of a Legacy System will be responsible for complying with the terms and conditions of the on-site generation service in effect for that premises.

3. A Legacy System that is offline for over six (6) months or that is moved to a different site shall forfeit Legacy Status of the Exporting System.

4. To remain eligible for Legacy Status, a Customer may increase the capacity of a Legacy System by no more than 10 percent of the originally installed nameplate capacity, or 1 kW, whichever is greater, to allow for the replacement of broken or degraded components. If a Customer expands a Legacy System beyond these limits and seeks to maintain Legacy Status for the existing Legacy System, the new portion of the DER shall be separately metered and would not qualify for Legacy Status.

5. A Customer that modifies a two-meter Generation Facility to a single-meter forfeits the Legacy Status of the Generation Facility. (N)

SCHEDULE 84
CUSTOMER ENERGY
PRODUCTION NET METERING
(Contnued)

(D)

DELETED

(D)

SCHEDULE 84
CUSTOMER ENERGY
PRODUCTION NET METERING
(Continued)

(D)

DELETED

(D)

SCHEDULE 84
CUSTOMER ENERGY
PRODUCTION NET METERING
(Continued)

(D)

DELETED

(D)

SCHEDULE 84
CUSTOMER ENERGY
PRODUCTION NET METERING
(Continued)

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SCHEDULE 84
CUSTOMER ENERGY
PRODUCTION NET METERING
(Continued)

(D)

DELETED

(D)

SCHEDULE 84
CUSTOMER ENERGY
PRODUCTION NET METERING
(Continued)

(D)

DELETED

(D)

ATTACHMENT 1

TAPE 24, A

		Attorney General. States that HB 2827 would address this issue.
094	Nathan Philips	Owner, Philips Electric in Eugene; member, Oregon State Electrical and Elevator Board. Testifies in support of HB 2827. Explains that since there are two boards interpreting the Electrical Code, there is some inconsistency. Notes HB 2827 would create a better situation.
115	Shawn Miller	Lobbyist, Independent Electrical Contractors of Oregon. Testifies in support of HB 2827. Notes that HB 2827 puts authority in the hands of the experts—the Electrical and Elevator Board. Explains the process of code changes.
132	Fred VanNatta	Lobbyist, Oregon Building Industry Association (OBIA). Testifies in opposition to HB 2827. Remarks that OBIA concurs with the thrust of the issue, but indicates HB 2827 needs some amendments. Notes if this is done, OBIA will withdraw their opposition.
146	Chair Witt	Asks Gervais if he will be talking with VanNatta about HB 2827 and the proposed changes.
150	Gervais	Responds yes.
156	Chair Witt	Closes public hearing on HB 2827 and opens public hearing on HB 3219.

HB 3219 – PUBLIC HEARING

167	Richard Perez	Home Power Magazine, Ashland. Testifies in support of HB 3219. States HB 3219 is good for Oregon because the energy and energy systems derived from renewable resources are sold and installed by Oregon businesses. Adds that net metering allows making energy in the summer, sharing it with other people, and then retrieving it for use in the winter. Notes this energy is more expensive than energy purchased from the local utility. Points out the reasons Oregonians would invest in clean energy resources: • To ensure the environmental consequences of the electricity. • Uninterrupted service. • Power quality.
201	Perez	States Oregonians want to cache energy with the utility when it is readily available and then retrieve it at the same price they sold it to the utility. Adds any surplus would return to Oregon, and the systems owner is not compensated. Comments this is not a money-making venture. Relates that, if HB 3219 passes, businesses will grow and new ones will arise to service the new market.
235	Chair Witt	Asks Perez if the majority of renewable energy systems identified by Perez are on the grid.
243	Perez	Answers no, and adds that less than 10% are on-grid. Notes no subsidy is needed for the off-grid systems.
260	Chair Witt	Asks if HB 3219 would be an incentive for other individuals to begin using renewable energy devices.
264	Perez	Answers yes.
266	Joseph Schwartz	Joseph Schwartz, tests home power equipment. Testifies in support of HB 3219. States he is attempting to install wind generating equipment

		on his property. Adds they have gone through the process to obtain a permit without problems. Explains the next step is reaching an individual agreement with the power company regarding interconnection requirements. Comments this is an inefficient process for the homeowner and the utility because it is done on a case-by-case basis. Reports that net metering is attempting to streamline the process.
299	Rep. Jim Welsh	District 43. Testifies in support of HB 3219. Comments that consumers want choice in methods of energy. Notes that net metering allows the individual this choice for his own home. Reports HB 3219 creates standardized protocols for consumers to connect to many forms of energy. Adds HB 3219 creates uniform standards for renewable energy systems that ensure safety, reliability, and system power quality. Notes involvement of utilities and safety standards must be considered carefully.
350	Rep. Welsh	Notes the uniform standards created by HB 3219 will help to lower costs for consumers and encourage market growth. Adds that market expansion should lower costs and lead to more growth in renewable resources. Comments that net metering will allow consumers to return excess power into the electricity grid for use by others and gives them credit against the next month's bill.
393	Tom Novick	Lobbyist, Renewable Northwest Project. Testifies in support of HB 3219 and presents **(EXHIBIT B)**.
TAPE 25, A		
010	Peter West	Lobbyist, Renewable Northwest Project. Presents testimony in support of HB 3219 **(EXHIBIT C)**. Explains there are no standards in Oregon on how to hook up energy sources. Remarks that this and the administrative hurdles restrict lower energy costs of energy or market growth. Notes that HB 3219 creates high standards relating to safety, energy reliability, and power quality. Adds that net metering involves solving problems and breaking down barriers in order to bring other people on board.
041	Cody	Explains the amendments from Novick have not been prepared by the Legislative Counsel.
046	Novick	Explains they hope to come back to the committee for a work session with a consensus from all affected parties.
051	West	Mentions that the City of Ashland sent a letter of support for HB 3219 **(EXHIBIT B)**.
056	Rep. King	Asks if there has been any opposition.
058	West	Answers they are still talking to some parties, but no one has spoken in opposition to HB 3219.
060	Chair Witt	Notes people have signed up both in support and in opposition to HB 3219, and they should be heard today.
061	Frank Vignolia	President, Oregon Solar Energy Industries Association. Testifies in support of HB 3219. Explains the world is approaching the peak of oil production, so there is a need to find other energy sources. Notes there is a lack of clear procedures to allow the homeowner to interconnect to the electrical grid.

087	Vignolia	Reports that HB 3219 is the result of efforts to provide a solution for net metering and to ensure safety of installation and quality of power produced. Explains that the passage of HB 3219 will open the door in Oregon to those who are willing to invest in renewable energy. Clarifies that there is solar energy in Oregon.
100	Chair Witt	Inquires if any of the witnesses have information regarding the rate of increase of property owners putting renewable energy sources on their property.
108	Vignolia	Responds there are about 10-20 in Portland people doing this, but the process is slow. Explains the utilities are just learning about this process in Oregon.
115	Novick	Explains the 10-20 people Vignolia mentioned are actually going through the administrative hurdles to do net metering.
117	Chair Witt	Clarifies this number does not include everyone who is installing a renewable energy system.
119	Vignolia	Answers no. Explains they want the process to be done safely and correctly.
126	Novick	Notes that **(EXHIBIT B)** emphasizes that Ashland adopted a renewable energy policy three years ago and proved it is not a difficult task to accomplish.
134	Chair Witt	Asks what the typical cost is for a residential homeowner to install a renewable energy system in their home.
138	Vignolia	Responds the cost is approximately $10,000 for a one kilowatt system.
140	Rep. King	Reports that the $10,000 is on the upper end of the price range.
144	West	Comments this is true but, in order to meet safety requirements of HB 3219, UL-tested equipment must be used and that the installation is done right.
152	Rep. King	Asks if there is market acceptance in the future, what might the price decline be.
155	West	Answers that solar power has dropped 80% in cost over the last 10 years.
160	Rep. King	Asks if the drop in cost will raise demand and increase volume.
163	West	Responds they hope to leverage this so the consumers can drive market demand and bring renewable energy prices down.
172	Vignolia	States they hope to start out small and, as the volume increases, they will be able to reduce the costs. Adds there is a large potential for cost reductions. Comments there is a need for a market to get industries started.
190	Richard Perez	Notes that Pacific Gas and Electric (PGE) did a survey of the market in their area (Northern California). Comments there was a 32% per year market increase in the use of solar panels.
214	Alan Zelenka	Power Manager, Emerald People's Utility District in. Presents and reads from testimony in support of HB 3219 **(EXHIBIT D)**. Notes as Oregon grows and more electricity is needed from resources, there will be a need to meet that load. Comments that the renewable resources in

		HB 3219 are reliable. Explains that renewable resources have become much more affordable. Adds there is a need for a statewide interconnection standard which establishes uniformity and simplicity of installations.
247	Zelenka	States that HB 3219 also creates a standard for safety to protect utility employees and the public. Adds that there should be a statewide standard for how small renewable resources are metered. Notes that HB 3219 offers flexibility for utilities.
265	James Whitty	Lobbyist, Eugene Water and Electric Board (EWEB). Testifies in support of HB 3219. Explains EWEB has been encouraging local customers to try small scale renewable generation. Indicates HB 3219 will allow publicly elected boards to have local control over setting rates and electrical hookup standards.
284	Roger Hamilton	Commissioner, Public Utility Commission (PUC). Presents testimony in support of HB 3219 **(EXHIBIT E)**. Comments that Oregon is behind in the use of renewable resources. Notes that thermal power plants create reliability problems and are not competitive with new sources of electricity.
312	Hamilton	Explains there will be more distributed generation as a means of generating electricity. Comments the PUC has some amendments to HB 3219: • To add fuel cells to the technologies that qualify for net metering. • To allow the appropriate governing body to limit the aggregate amount of energy a utility is required to take from net metering customers and generators. • To ensure that the authority to alter fees of PUC's municipalities is the responsibility of the appropriate governing body and not of PUC. • To adopt standards to protect utility workers' safety. • To allow net metering to be applicable to all energy service providers.
362	Chair Witt	Asks, regarding the second amendment, if the PUC is concerned that additional energy being generated could lead to higher rates for certain customers.
391	Hamilton	Answers yes. Explains the customer generator would receive the retail rate when it sells back into the grid. Adds there would be a loss of revenue. Notes the energy provided saves the energy utility only the cost of the net generating power, so it would bear the loss of the revenues with respect to the retail rate.
TAPE 24, B		
009	Rep. King	Inquires if there was an excess of power generated by energy resources and this impacted rates, would that impact only occur in a no growth environment so other consumption was not picking up the rate. Asks, too, whether there was under performance in terms of low growth would cause higher rates than anticipated.
022	Hamilton	Answers this is a possibility, but the PUC was only considering the

		difference between the retail rate and the loss of revenue to the utility.
028	Rep. King	Clarifies if there was growth in consumption, that growth would pick up displaced power.
032	Hamilton	Answers he believes Rep. King is correct.
035	Rep. King	Notes that the electrical provider could sell and install the units, possibly creating revenue for themselves.
038	Hamilton	Answers yes. Comments that there are reliability issues and savings with respect to building large thermal plants.
048	Brian Boe	Lobbyist, Portland General Electric (PGE). Presents proposed amendments to HB 3219 **(EXHIBIT F)**. Notes PGE could support HB 3219 with the adoption of **(EXHIBIT F)**.
060	Chair Witt	Asks what the proposed amendment does.
063	Boe	Explains the amendment acts as a safeguard against economic displacement among rate payers if a huge amount of energy is generated by net metering and the incentives provided therein.
069	Rep. King	Inquires if this means it would not be profitable to own a net metering product.
074	Cindy Finlayson	Lobbyist, PGE. Responds that PGE wants the opportunity to review costs and how they are paid. Adds this is consistent with the authority PGE has on energy efficiency programs. States they would go through a rate-making process with the PGE and review the difference between market rates and retail rates.
080	Rep. King	Clarifies that the end result is that this would be fair to both parties.
086	Finlayson	Answers yes.
089	Chair Witt	Reports the proposed PGE amendments would not prevent someone from installing a renewable energy source on their property. Adds it will allow the PGE to consider if there are rate adjustments are necessary because of the loss of revenue.
092	Finlayson	Answers yes.
094	Rep. King	Asks if the amendments from PUC and PGE are compatible.
095	Finlayson	Answers they are compatible.
097	John Brenneman	Lobbyist, Idaho Power. Testifies in opposition to HB 3219. Notes he has concerns about HB 3219 in its current form. Explains Idaho Power has a net billing tariff in place. Adds the tariff includes an additional charge to customers who use net billing, which reduces revenue losses to Idaho Power. Comments that customers of Idaho Power can generate their own electricity, reduce their consumption, purchase backup service, or sell the output of their generating facilities at market base prices. Comments he would like to work with the amendments presented.
119	Chair Witt	Asks if Brenneman has proposed amendments.
120	Brenneman	States he does not have any amendments, but would like to work with the amendments proposed today.
123	Chair Witt	Suggests Brenneman work with the PUC and PGE on amendments.

TAPE 81, A

080	Chair Starr	Closes the work session on HB 2700 and opens a public hearing on HB 3219-A.

HB 3219-A PUBLIC HEARING

084	Tom Novick	Representative, Renewable Northwest Project. Testifies in support of HB 3219-A. States that the bill would establish a system of "net metering," which encourages investment in alternative energy systems by making them easier to use. Explains that other consumers would be allowed to use surplus energy produced by small, renewable energy systems that flows back into the grid for use. Gives an overview of what the bill does: • Simplifies the protocol for connecting alternative energy systems in a way that insures quality and safety • Allows consumers who produce more electricity than they use to receive a credit against their next bill • Encourages investments in alternative energy systems by simplifying metering and reducing accounting costs
113	Sandy Flicker	Representative, Oregon Rural Electric Cooperative Association (ORECA). Testifies in support of HB 3219-A. Says ORECA had concerns with the A-engrossed version, specifically regarding a requirement for owners of alternative energy sources to have liability insurance. Indicates that a second area of disagreement was over whether credits should be given at wholesale or retail value. Explains that the compromise, embodied in the –A10 amendments **(EXHIBIT H)** was to allow the option of either a meter or an avoided cost process, for which ORECA would provide a second meter without additional billing or metering cost to the consumer.
158	John Brennemen	Representative, Idaho Power. Testifies in support of HB 3219-A. Indicates that Idaho Power has a system similar to net metering in place. Says he submitted the –A9 amendments **(EXHIBIT I)** to allow "a substantial equivalent offset" as an alternative to net metering. Suggests that the amendments be combined **(EXHIBIT J)** by deleting lines 9-15 of page 2 in the –A10 amendments and replacing it with lines 8-15 of page 2 from the –A9 amendments.
200	Chair Starr	Closes the public hearing on HB 3219-A and opens a work session on HB 3219-A

HB 3219-A WORK SESSION

210	**Sen. Tarno**	**MOTION: Moves to AMEND HB 3219-A10 amendments dated 6/30/99 on page 2, by deleting lines 9-15 and inserting lines 8-15 from page 2 of the –A9 amendments.**
217		**VOTE: 3-0-2** **EXCUSED: 2 - Dukes, Wilde**
	Chair Starr	**Hearing no objection, declares the motion CARRIED.**
227	**Sen. Tarno**	**MOTION: Moves to ADOPT AS AMENDED HB 3219-A10 amendments dated 6/30/99.**

220		**VOTE: 3-0-2** **EXCUSED: 2 - Dukes, Wilde**
	Chair Starr	**Hearing no objection, declares the motion CARRIED.**
226	**Sen. Tarno**	**MOTION: Moves HB 3219-A to the floor with a DO PASS AS AMENDED recommendation.**
230		**VOTE: 3-0-2** **AYE: In a roll call vote, all members present vote Aye.** **EXCUSED: 2 - Dukes, Wilde**
	Chair Starr	**The motion CARRIES.**
		SEN. STARR will lead discussion on the floor.
230	Starr	Closes the work session on HB 3219-A and adjourns the meeting at 3:20 p.m.

Submitted By,

Patrick Brennan,
Administrative Support

Reviewed By,

Sandy Thiele-Cirka,
Administrator

Reviewed By,

Brian Smith,
Administrator

EXHIBIT SUMMARY

A – HB 2700, -18 amendments, staff, 21 pp.
B – HB 2700, testimony, Gov. John Kitzhaber, 1 p.
C – HB 2700, testimony, Bruce A. Bishop, 1 p.
D – HB 3219, -A10 amendments, staff, 2 pp.
E – HB 3219, -A9 amendments, staff, 2 pp.
F – HB 3219-A, hand engrossed, staff, 7 pp.