



September 13, 2022

Commission Secretary  
Idaho Public Utilities Commission  
P.O. Box 83720  
Boise, Idaho 83720-0074

Via Email: [secretary@puc.idaho.gov](mailto:secretary@puc.idaho.gov)

RE: Case No. IPC-E-22-22: Blaine County, City of Bellevue, City of Hailey, and City of Ketchum Comments on Idaho Power Company's Value of Distributed Energy Resources Study

Dear Commission Secretary:

On behalf of Blaine County and the City of Bellevue, the City of Hailey, and the City of Ketchum, Idaho, hereinafter collectively referred to as the "Parties", please accept these comments on Case No. IPC-E-22-22, in regards to Idaho Power Company's ((hereinafter referred to as "IPC") Value of Distributed Energy Resources Study (hereinafter referred to as the "VODER Study"). The aforementioned Parties, and all municipalities organized under the laws of the state of Idaho, have agreed to provide comments on the VODER Study's methodology, results, and potential impacts.

#### **DIRECT AND SUBSTANTIAL INTEREST**

The Parties established a coalition through a memorandum of understanding for the purpose of monitoring, providing comment, and intervening in cases brought before the Idaho Public Utility Commission as deemed necessary by the Parties to protect the public interests of the Parties' respective organizations and the residents, businesses, and populations served, all of which are Idaho Power Company customers that make up the Parties' constituency. Collectively, the Parties have mutually beneficial interests in the outcome of cases brought before the Idaho Public Utility Commission as the decisions may affect local self-governance, the promotion of welfare, and preservation of public health.

Countywide, constituents include a population of 24,729 of which 23% are Hispanic / Latino; 38% of households earn less than \$50,000 annually; 12.6% of persons' income is below the poverty line including 23% of children and 5% of seniors; 1,569 employer establishments; and 3,817 nonemployer establishments. (U.S. Census, 2021)

## **LOCAL AND NATIONAL SOLAR INDUSTRY**

The Parties have been working together to make solar energy even more affordable, available, and accessible. Over the past few years, the local solar capacity grew an average of 20% annually. This growth helps to diversify the local economy and create new, good paying jobs for residents. The solar generating capacity of IPC customers in Blaine County reached 2.367 megawatts from 242 solar energy systems.

In 2022 compared to 2021, Idaho jumped from 35<sup>th</sup> to 27<sup>th</sup> for the overall solar adoption ranking, signaling a boom in the solar industry statewide. Jobs in the solar market are at an all-time high, providing 586 Idahoans with a livelihood (SEIA 2022). The Bureau of Labor Statistics projects an annual growth in solar photovoltaic installers of 27% through 2031. The U.S. median annual salary for solar installers in 2021 was \$47,670.

Decisions relating to case IPC-E-22-22, the VODER Study, have the potential to reduce the Parties' and our constituents' access to clean energy and the economic benefits of local, distributed energy generation. Additionally, local solar businesses and jobs will likely be negatively impacted by IPC's recommended methods for valuing customer on-site generation energy exports as evidenced by similar situations in neighboring states.

### **Nevada Case Study - Social Cost of Carbon**

In 2015, the Nevada Public Utilities Commission voted to decrease the state's net-metering export credit rates. In turn, Nevada's largest solar companies fled the market. New residential solar permit rates dropped by 92% (Murro, Shaha, 2016). More than 2,600 jobs were lost. Undervaluing the solar export credit rate will likely lead to similar outcomes in Idaho.

## **OVERALL VODER STUDY CONSIDERATIONS**

Both the Parties and IPC have committed to clean energy and climate goals. The Parties committed to achieve 75% clean energy for municipal electricity use by 2025; 100% clean energy for municipal electricity use by 2030; 100% clean energy for the communitywide electricity supply by 2035; 100% clean energy for municipal fleet vehicles and equipment to by 2035 as technologically and economically feasible; and 100% clean energy for all energy use by 2045. The Parties further committed reduce greenhouse gas emissions by 60% by 2030.

IPC also announced a voluntary commitment to 100% clean energy by 2045. IPC further established short-term, medium-term, and long-term targets to reduce CO<sub>2</sub> emissions intensity from company-owned generation resources compared to the 2005 baseline year by 35% for the period of 2021-2025, 86% by 2030, and 100% by 2045.

These goals are reflective of the United States' commitment to reduce greenhouse gas emissions by 50-52% by 2030 and achieve a 100% carbon pollution-free power sector by 2035. The Bipartisan Infrastructure Investments and Jobs Act will invest more than \$65 billion in clean energy and grid modernization, and the Inflation Reduction Act includes \$369 billion in clean energy and climate investments that will create extraordinary opportunities for state and local governments that are working toward commitments to clean energy and greenhouse gas emissions reductions.

Additionally, the U.S. Environmental Protection Agency (EPA) recently announced a new regulatory initiative that will address the nation's largest sources of both climate- and health-harming pollution. The EPA is currently considering rulemaking in the power sector – the largest stationary source of greenhouse gases in the U.S. – as well as other sectors.

## **CALCULATING THE EXPORT CREDIT RATE**

In the Idaho Public Utility Commission (the Commission) Order 35284, page 27, the Commission ordered IPC to include “an evaluation of all benefits and costs that are quantifiable, measurable and avoided costs that affect rates.” Section 4 of the VODER Study outlines the methodology and variables analyzed to estimate an export credit rate for on-site generating customers that participate in the net metering program.

It is the Parties’ opinion that certain considerations of both the costs and benefits of solar were left out of Section 4 of the VODER Study, and therefore did not lend to a just and reasonable calculation of an export credit rate. The Parties urge the Commission to ensure that environmental costs and benefits that can be quantified and that would provide direct savings to customers and communities be considered.

### **Avoided Environmental Costs of Solar**

In Section 4.1 of the VODER Study, IPC valued the avoided environmental costs and benefits of on-site solar generation at \$0.00. It reads “Environmental benefits that do not result in direct savings, or an avoidable cost, are not included in this study. Similarly, environmental benefits based on non-quantifiable or speculative values are not included in this study.” (VODER Study, page 61).

However, IPC’s 2021 Integrated Resource Plan utilized three separate methodologies to determine the social cost of carbon (Section 9.3, page 126). Despite acknowledging the social cost of carbon, and the associated methodologies to quantify it, these were left out of the VODER Study calculations. The social cost of carbon is a relevant metric that aims to measure the impact of climate change, such as the impact of ongoing drought conditions to hydroelectric energy generation and the impact of wildfires to transmission lines and grid resilience.

The social cost of carbon is a metric that estimates the economic damages that result from emitting one additional ton of carbon dioxide into the atmosphere (Interagency Working Group on Social Cost of Greenhouse Gases, United States Government, 2016). The metric is used to establish national climate policy and regulations. Currently, the National Academies of Sciences, Engineering, and Medicine is guiding an Interagency Working Group charged with updating the social cost of carbon. Until a new cost can be set, the working group is using \$51 as the social cost of adding one ton of carbon pollution into the atmosphere.

A new tool developed by the National Oceanic and Atmospheric Administration details the financial impact of climate change on counties and tribal lands. For example, the tool estimates that Ada County can expect an annual loss of \$6.1 million from wildfires and \$387,603 from drought.

### **Minnesota Case Study - Social Cost of Carbon**

In a similar study evaluating the value of distributed energy resources, the Minnesota PUC approved pricing carbon emissions using the federal social cost of carbon. In 2015, the cost of carbon was priced at \$37 per metric ton resulting in a calculation of 3¢ per kWh of avoided environmental costs for the net metering export credit rate.

### **Equity Considerations**

Rooftop solar is finally becoming a realistic option for low-income residents. Prices have dropped 53% over the past 10 years (SEIA 2022). The proposed methods for valuing distributed solar

generation have the potential to significantly decrease low-income residents' access to solar energy and ability to share in the benefits of the rapidly growing solar industry.

### **IPC MENU OF CLEAN ENERGY OFFERINGS**

In December 2021, IPC submitted an application, Case No. IPC-E-21-40, to expand its optional clean energy offerings to customers. Specifically, IPC requested establishment of a regulatory framework for a future voluntary subscription program to be called ***Clean Energy Your Way***. The application was the result of a significant increase in customer preferences and desires for clean energy. Through the application, IPC stated that it "set out to design a menu of clean energy offerings that would appeal to customers of all sizes."

In comments submitted in that case, the Parties encouraged IPC and the Commission to consider the *Clean Energy Your Way* program holistically as an element of a comprehensive set of clean energy offerings for customers. The Parties reiterate that decisions on the VODER Study will determine net metering rates and whether on-site customer generation are cost-effective investments for customers, including municipalities. And decisions on IPC-E-21-43, IPC's 2021 Integrated Resource Plan, will determine investments in energy efficiency and other beneficial clean energy programs.

The Parties encourage the following considerations:

- The ability of small, rural communities to participate in the *Clean Energy Your Way* – subscription program may be out of reach financially.
- If on-site customer generation becomes out of reach financially, then small, rural communities will be left out of both access to clean energy and the economic benefits of a rapidly growing clean energy economy.
- On-site customer generation should be included in IPC's "menu" of affordable clean energy offerings.

The Parties ask that the Commission take into consideration the long-lasting and far-reaching impacts of the decision on IPC-E-22-22. A just and reasonable approach is needed that includes all of the quantifiable costs and benefits associated with on-site customer generation.

**APPROVALS:** Executed and effective by the undersigned parties as of the date signed. DATED this \_\_\_ day of \_\_\_\_\_, 2022.

**THE PARTIES HERETO** have executed this instrument.

\_\_\_\_\_  
Dick Fosbury  
Blaine County Commissioner

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Date

\_\_\_\_\_  
Mayor Kathryn Goldman  
City of Bellevue

\_\_\_\_\_  
Date

\_\_\_\_\_  
Mayor Martha Burke  
City of Hailey

\_\_\_\_\_  
Date

\_\_\_\_\_  
Mayor Neil Bradshaw  
City of Ketchum

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Date

