

Informational Document for Individuals Submitting Public Comments

Recently, the Idaho Public Utilities Commission (PUC) ordered Idaho Power to conduct a Value of Solar (VOS) proceeding. We are currently in the first step of the VOS proceeding in which Idaho Power will decide how it will conduct the study that will calculate the value of solar.

What is the value of solar?

The value of solar is the price that an electric utility pays to individuals for unused solar power that is produced on rooftop solar installations. When individuals install solar panels on their homes, the solar power is first used to power the home. Any excess power is returned to the utility's grid and the utility can then sell that power to other customers. In Idaho (and many other states), the utility can "buy" the excess power from homes with solar. The price for that excess power is the value of solar.

Why do we need to study the value of solar?

Excess solar power produced by home solar installations is a market product that utilities can resell to other electric customers. Thus, excess solar power, like coal or natural gas, has a market price that is determined by how much value the excess solar power provides to the buyer (the utilities).

Utilities tend to argue that the market price of excess solar is much lower than the retail price of power (what electric customers pay to receive power) because utilities face additional costs that home solar producers do not pay. For example, utilities have operation costs like building and maintaining the lines that transport the power or paying for engineers that operate the electric grid.

However, utilities are often reluctant to acknowledge other economic benefits that excess solar power provides utilities and society more generally (the "value stack"). A well-designed value of solar study will determine the monetary value of both the operation costs to the utilities as well as the economic benefits provided by the excess solar power and it will use these monetary values to determine the value of solar.

What kinds of economic benefits can excess solar power provide?

When individuals produce solar power on their homes, some of the utilities' operation costs are avoided because most of the solar power is produced and consumed at the same location. In addition, home solar installations promote electric grid resiliency which benefits utilities by reducing their economic risk. For example, if a natural disaster disrupts the overall electric grid, home solar installations will still provide power to customers and the utility will be partially insulated from liability for grid failures.

Solar power also provides environmental benefits because it reduces our reliance on fossil fuels that produce both carbon dioxide which causes climate change and air pollutants that are harmful to our health. Because utilities should be required to account for the climate and health impacts of their electricity production, the climate and health benefits of solar should be

included in the value of solar calculation. Additionally, as the impacts of climate change are becoming more apparent, utilities are increasingly being held accountable by the public, shareholders, and investors for mitigating their contributions to environmental disasters. Utilities thus receive reputational and business benefits from home solar production.

What is the purpose of the current phase of the proceeding?

Because there are so many potential variables that can be included in the value stack and that can contribute to the VOS calculation, determining the value of solar is complex and often controversial. The purpose of this current phase of the PUC proceeding is for the utility to decide which variables it will include in its VOS study. Once the PUC approves the utility's choice of variables, the utility can determine an actual price for the value of solar.

Why should I care about this phase of the proceeding?

The way that the value of solar study is conducted will have a huge impact on the price that is selected as the value of solar and, ultimately, the amount of income that solar owners will make from their solar production. If solar owners can make more income from solar production, more solar will be built which will accelerate Idaho's transition to clean energy. You have the ability to influence Idaho Power's study by making public comments which describe what you think the goals and outcomes of the study should be.

What are some issues that I can discuss in my public comments?

While we encourage you to write about any issue that concerns you, the following two points can serve as a starting point for your comments.

1. The Value of Solar study should fully capture the economic benefits that solar provides to the utility and customers. The design of the study should prioritize benefits to electric customers and solar owners over utility profits.
2. The Value of Solar proceeding must involve ample opportunity for public comment and public collaboration. Idaho Power should actively incorporate feedback from the public into its study plan.