BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Rocky Mountain Power to Implement Community Clean Energy Program Authorized by the Community Clean Energy Act	**Docket No. 25-035-06**

REBUTTAL TESTIMONY OF

MARK FULMER

On Behalf of

Sierra Club

November 13, 2025

I. INTRODUCTION

Q: Please state your name.

A: My name is Mark Fulmer. I provided direct testimony on behalf of Sierra Club in this docket.

Q: What is the purpose of this rebuttal testimony?

A: I address issues raised by Western Resource Advocates ("WRA"), the Office of Consumer Services ("OSC"), and the Division of Public Utilities ("DPU"). Specifically, I address why there continues to be no plausible way to value renewable energy credits ("RECs"); that annual updates to a Schedule 100 Project's valuation are problematic; and the potential merits of using the Present Value Revenue Requirement differential ("PVRR(d)") method to value Schedule 100 Projects.

II. REC VALUATION

Q: What is a primary issue concerning REC valuation?

A: Rocky Mountain Power ("RMP") recommends including the value of lost RECs in a Project's valuation. According to RMP, but for the project, other RMP renewable resources might operate and generate RECs, which RMP could sell and credit the revenue from those sales back to RMP customers. Yet, as I noted in my Direct Testimony, there is no way to price future RECs, as is demonstrated in the absence of REC pricing in RMP's Integrated Resource Plan ("IRP").[1]

Q: What do other intervening parties say about valuing RECs?

A: WRA agrees with me and similarly finds valuing RECs problematic. I concur with WRA witness Boothman when he says, "The Company has no basis for claiming with any

[1] Direct Testimony of Mark Fulmer at 11:217-13:258.

degree of certainty that Program resources will deprive non-participating customers of future REC revenues, let alone guess a price for such lost revenue years in advance. Hypothetical lost REC revenues are too uncertain to quantify in resource planning and therefore too uncertain to quantify here."[2] OSC, too, notes the lack of "a clearly specified methodology to quantify the costs and benefits associated with RECs, and how these costs and benefits are to be recovered from Participants," and also that "RMP has not identified a specific methodology for determining the REC value but expects to propose a value at a later time based on recent REC transactions."[3]

Q: What does DPU say?

A: DPU witness Lenell acknowledges that RMP's IRP does not value RECs and notes, "[a] methodology for determining the fair REC valuation and the reporting requirements has yet to be developed."[4] For this reason, "the lack of clarity on the methodology provides no means to ascertain if the Company's proposed methodology is acceptable."[5] Since there is no proposed methodology, this is obviously true. Nevertheless, Mr. Lenell still supports REC valuation.[6] However, given that no methodology has been proposed and vetted, let alone included in RMP's IRP, there is no credible basis for valuing the RECs and therefore including them in the Schedule 100 valuation methodology.

[2] Direct Testimony of Karl Boothman at 20:353-357.
[3] Direct Testimony of Anthony Sandonato at 5:94-96; 25:524-526.
[4] Direct Testimony of Timothy M. Lenell at 24:470-71.
[5] *Id.* at 24:468-470.
[6] *Id*. at 10:145-148.

Q.: Is your objection to valuing RECs for purposes of the proposed Schedule 100 limited to the fact that RMP has not proposed a methodology for doing so?

A. No. The proposed Schedule 100 is based on Schedule 38, and as I explained in my Direct Testimony, the Schedule 38 valuation methodology does not assign a REC value to renewable resources. Similarly, PacifiCorp IRP modeling does not assign a REC value to renewable proxy resources. Moreover, it is far from clear that retiring RECs from Program Resources will decrease RMP's total REC sale revenues due to uncertainty surrounding the demand for RECs and specifically Program RECs. Accordingly, even if RMP proposed a methodology for valuing RECs, it is difficult to imagine how that methodology would accurately assign a REC value to the Program's resources.

III. AVOIDED COST UPDATES

Q DPU witness Lenell recommends that "the annual Program rate setting should incorporate the most recent Schedule 38 valuation."[7] Do you concur?

A: No. While I appreciate Mr. Lenell's concerns about using Schedule 38 avoided costs at the time of the Program's power purchase agreement ("PPA") execution, I do not support annual updates. The avoided cost to be used to value a Program Project is based on the displacement or deferral of an analogous renewable project. The timing of that displacement/deferral is critical to the valuation and can only be reasonably evaluated prior to the addition of a Program Project. This is because a proxy plant displaced by a Project is *displaced,* and therefore not operating in the future and not present in future IRP portfolios which would form the basis of future Schedule 38 avoided cost calculations. Thus, in relying on these future Schedule 38 avoided cost calculations every

[7] *Id*. at 31:607-609.

year, the annual update process would effectively prevent a Program Project from being valued for its ability to displace resources in PacifiCorp's IRP portfolio, which is not reasonable as this is fundamental to the Partial Displacement Differential Revenue Requirement ("PDDRR") method used in the Schedule 38 valuation methodology.

Moreover, the displacement/deferral is critical to estimating the capacity value of Program Projects because under Schedule 38, the capacity value is solely based on the displaced proxy resource cost. Therefore, without the displaced proxy resource appropriately accounted for in the valuation, the capacity value of Program Projects would effectively be zero, which is not reasonable.

IV. WRA'S PVRR(D) PROPOSAL

Q: WRA witness Boothman suggests using the PVRR(d) method to set the value of a Program project rather than the PDDRR method used in the Schedule 38 valuation.[8] Do you agree?

A: I find Mr. Boothman's suggestion to hold some merit. Mr. Boothman notes that the Schedule 38 methodology (PDDRR) "is heavily dependent on the timing and technology of proxy resources in the Company's Preferred Portfolio," which "leads to extremely volatile results that may not realistically reflect the system's avoided costs."[9] This may certainly be true, and Mr. Boothman points to a significant drop in the Company's indicative solar Qualifying Facility ("QF") pricing under Schedule 38 as evidence.[10] He implies that the change in the indicative solar QF pricing is a result of modeling changes between RMP's 2023 and 2025 IRPs. For instance, he notes that "[proxy] resource

[8] Boothman at 8:128-10:176.
[9] *Id*. at: 10:160-163.
[10] *Id*. at 10:166-168.

selections [in the Company's IRP] are . . . heavily dependent on the Company's modeling methods and inputs, chosen price-policy scenario, and other choices[,]"[11] before going on to discuss several changes in the 2025 IRP compared to prior IRPs that he views as problematic.[12]

Q: Do you have an opinion on Mr. Boothman's conclusion that the problems he identifies in the 2025 IRP "compromise its usefulness for Community Clean Energy Program (Program) resource valuation using the Schedule 38 avoided cost pricing methodology"[13]?

A: Because I did not participate in any of RMP's IRP proceedings, I cannot opine on this. Nonetheless, I observe that my client, Sierra Club, has expressed concerns about the modeling choices made in the 2025 IRP, many of which mirror the problems that Mr. Boothman describes. As one example, Sierra Club raised concerns with the Company's decision to limit resource selections for Utah and other states within PacifiCorp's eastern balancing authority ("PACE") to only those resources physically sited within PACE and impose a symmetrical limitation for resource selections for states located within PacifiCorp's western balancing authority ("PACW"). Mr. Boothman similarly criticized this approach and described it as "a bifurcated, east-west system instead of an optimized single system."[14]

To the extent that there are concerns with the 2025 IRP's methodology, the 2025 IRP docket, Docket No. 25-035-22, is the appropriate forum for the Commission to evaluate stakeholder comments and potentially direct any substantive changes.

[11] *Id*. at 10:163-165.
[12] *Id*. at 11:192-16:273.
[13] Boothman at 5:71-73.
[14] *Id*. at 12:197-198.

Q. Are there any other aspects of Mr. Boothman's PVRR(d) proposal that you would like to comment on?

A. Yes. Mr. Boothman makes an interesting argument that the PVRR(d) approach would better measure the actual change in total system costs compared to the PDDRR approach, which uses a static, proxy-based avoided-cost calculation. This is because the PVRR(d) approach would fully optimize RMP's resource portfolio with and without the Program resource ("project in/project out"). I agree that the PVRR(d) calculation could provide useful information compared to the PDDRR calculation by more holistically evaluating the impact of a Program resource on RMP's system.

Q: What do you recommend concerning the methodology to value Schedule 100 Projects?

A: While I recognize many of the concerns that Mr. Boothman is raising regarding the Schedule 38 approach, any model-derived methodology for Schedule 100 Projects—whether PDDRR or PVRR(d)—will be subject to manipulation or error. Models are only as good as the inputs provided. Ultimately, I am not persuaded that the PVRR(d) approach is undisputedly better than the PDDRR approach, although I am open to additional evidence on the PVRR(d) methodology, should it be presented in this proceeding. At present, my recommendation remains that basing Schedule 100 valuation on Schedule 38 is reasonable, with the adjustments that I have presented in Direct Testimony.

If the Commission also finds some merit in the PVRR(d) methodology, the Commission could consider requiring RMP to provide a PVRR(d) calculation along with a PDDRR calculation in future Schedule 100 filings. While the filing could be based on

the PDDRR methodology, the PVRR(d) calculation would provide additional evidence and could serve as a "check" on the reasonableness of the PDDRR calculation.

V. CONCLUSION

Q: Please summarize your conclusions and recommendations to the Commission.

A: The conclusions and recommendations that I provided in Direct Testimony remain unchanged, with the one exception that the Commission may wish to consider requiring a PVRR(d) calculation to supplement PDDRR calculations in Schedule 100 filings.

Q: Does this conclude your testimony?

A: Yes.