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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of Rocky Mountain Power's Proposed Tariff Revisions to Electric Service Schedule No. 37, Avoided Cost Purchases from Qualifying Facilities	Docket No. 25-035-T03

SIERRA CLUB COMMENTS ON PACIFICORP'S PROPOSED TARIFF REVISIONS TO ELECTRIC SERVICE SCHEDULE NO. 37

I. INTRODUCTION

Sierra Club thanks the Utah Public Service Commission ("Commission") for the opportunity to provide comment on PacifiCorp's ("Company") proposed tariff revisions to Electric Service Schedule No. 37.

Sierra Club is a nationwide environmental organization with over 610,000 members, including over 3,000 members in Utah. Sierra Club's top priority is addressing climate change, including through the transition from fossil fuels to clean energy. To that end, we have engaged in countless public utility proceedings across the country, including before this Commission, and have actively engaged in numerous PacifiCorp-specific proceedings, including PacifiCorp's IRP proceedings since 2011.

II. PACIFICORP'S PROPOSED TARIFF REVISION SIGNIFICANTLY REDUCES THE AVOIDED COST PRICES FOR BASE LOAD, WIND, AND SOLAR, DISINCENTIVIZING PRIVATE DEVELOPERS FROM BUILDING THESE PROJECTS.

PacifiCorp's proposed tariff revision significantly reduces the previously approved tariff, reducing the price for base load, wind, and solar by between approximately 30 and 60 percent. As noted by Salt Lake City and evidenced in the proposed tariff filing, PacifiCorp asks the Commission to reduce the avoided cost price by 42% for base load, 29% for wind, 60% for solar fixed, and 42% for solar tracking. These reductions will provide less incentive for independent power producers to build new energy resources in Utah and may result in producers deciding not to build in Utah at all. This outcome will ultimately harm ratepayers.

New generation, particularly renewable energy generation with zero fuel costs, helps to drive down net power costs. For example, PacifiCorp explained in its 2024 rate case that Gateway South, which will allow for the interconnection of new wind generation, will reduce net power costs by $1.3 billion.[1] Reducing net power costs is imperative, considering that they have been a significant driver of rate increases. Indeed, PacifiCorp's proposed rate increase in the 2024 rate case was so high that PacifiCorp ultimately removed a significant portion of the proposed increase–18%–and put those costs into its Energy Balancing Account (EAB) docket, because they were net power costs. New generation from resources with zero fuel costs would therefore help to supply energy to Utah customers while reducing net power costs. But the proposed tariff does not provide a reasonable incentive for independent power producers to build.

[1] *Application of Rocky Mountain power for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of its Proposed Electric Service Schedules and Electric Service Regulations*, Utah. Pub. Serv. Comm'n, Docket No. 24-035-04, Order at 95 (Apr. 25, 2025), *available at* https://pscdocs.utah.gov/electric/24docs/2403504/3395032403504,2303540,and2303544o4-25-2025.pdf.

Disincentivizing the development of new generation further runs counter to Utah's stated goal of increasing power generation within the state. In October 2024, Governor Cox announced "Operation Gigawatt," "an initiative to double Utah's power production over the next 10 years."[2] A key component of Operation Gigawatt is "developing new sustainable [energy] sources."[3] Given that PacifiCorp has no near-term plans to build new energy generation in Utah, disincentivizing independent power producers from doing so in PacifiCorp's stead will make meeting Operation Gigawatt extremely difficult, if not impossible.

Finally, new energy development can bring significant economic benefits to Utah. Sierra Club commissioned a report studying jobs and tax benefits that could flow into Utah under different levels of clean energy developed based on PacifiCorp's prior IRP portfolios.[4] This report found that higher levels of solar development would significantly increase both jobs and tax revenue in the state, even when accounting for the possibility that solar would displace some thermal generation.

III. The Proposed Avoided Cost Reductions May Rely on Faulty Assumptions.

The avoided cost price is influenced by several factors stemming from PacifiCorp's IRP, including assumed supply side cost curves, fuel price curves, and when new resources are assumed to come online for Utah. PacifiCorp's 2025 IRP was filed just over six weeks ago, on March 31, 2025, and interested stakeholders are still reviewing the filing. If PacifiCorp assumed unreasonably low supply side cost curves and/or fuel price curves, this would have impacted

[2] Robert Carroll, *NEWS RELEASE: Gov. Cox unveils 'Operation Gigawatt,'* Office of the Governor (Oct. 8, 2024), *available at* https://governor.utah.gov/press/news-release-gov-cox-unveils-operation-gigawatt/.
[3] Utah Office of Energy Development, *Operation Gigawatt*, *available at* https://energy.utah.gov/homepage/about/operation-gigawatt/.
[4] Jordan Ahern, *et. al*, *Economic Opportunities from PacifiCorp's Clean Energy Investments in Utah and Wyoming*, Current Energy Group (March 2025), *available at* https://www.sierraclub.org/sites/default/files/2025-04/_03_10_2025_paceast_economicanalysisreport_final.pdf.

when the model selected new resource additions, and all three factors would impact the avoided cost price.

There is reason to believe that PacifiCorp's supply side and fuel price curves are unrealistically optimistic that prices will be low and will continue to decline, which would directly translate to lower avoided cost pricing. For instance, it is not clear to what extent PacifiCorp incorporated impacts on capital costs due to new global tariffs or that the fuel price curves properly account for fuel supply chain risks.

Additionally, the avoided cost price is based, in part, on when PacifiCorp would have otherwise brought a resource online. For Utah, the 2025 IRP forecasts some (albeit little) procurement in the early 2030s, but it is far from certain that PacifiCorp will actually procure or build these resources. PacifiCorp canceled the 2022 all-source request for proposals (RFP) at the 11th hour and did not move forward with a 2024 all-source RFP as had been generally expected. Moreover, as was presented in the rate case, PacifiCorp is facing financial constraints due to its outstanding Oregon wildfire liabilities. PacifiCorp has stated that its parent company, Berkshire Hathaway, is unwilling to provide further equity investments in the utility. These financial constraints may be making it more difficult for PacifiCorp to build and own generation. It is unclear when PacifiCorp's financial constraints will be resolved and whether these financial constraints may impact procurement plans in the early 2030s. If PacifiCorp does not move forward with procurement, generation from independent power producers will be even more important for meeting current and future demand.

IV. The Commission Should Open Further Investigation Before Approving the Proposed Tariff.

Due to the potential issues with PacifiCorp's assumptions and calculations regarding the avoided cost price, the Commission should not rush to approve PacifiCorp's proposed tariff.

Interested stakeholders have not had sufficient opportunity to review PacifiCorp's application or, importantly, access the confidential workpapers supporting the application. The Commission should further investigate PacifiCorp's application, and Sierra Club supports Salt Lake City's recommendation that the Commission do so. In the interim, the current tariff should remain in effect.

Dated: May 8, 2025

Respectfully submitted,

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CERTIFICATE OF SERVICE
Docket No. 25-035-T03

I hereby certify that a true and correct copy of the foregoing was served by email this 8th day of May 2025, on the following:

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Dated: May 8, 2025