Western Resource Advocates

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July 18, 2025

Utah Public Service Commission
Heber M. Wells Building
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RE: Docket No. 25-035-T03, Rocky Mountain Power's Proposed Tariff Revisions to Electric Service Schedule No. 37, Avoided Cost Purchases from Qualifying Facilities
Comments of Western Resource Advocates

I. INTRODUCTION

Western Resource Advocates (WRA) appreciates the opportunity to review and provide comments on Rocky Mountain Power's (RMP or the Company) proposed updates to Schedule No. 37, Avoided Cost Purchases from Qualifying Facilities (Schedule 37). WRA also appreciates the Company's responsiveness to stakeholder questions in the technical conference and data requests. In developing these comments, WRA reviewed the Company's filing, workpapers, and data request responses in this docket, as well as the 2025 IRP, associated workpapers, and discovery responses. WRA also revisited prior Commission orders on avoided cost pricing. WRA submitted questions for the technical conference in coordination with other stakeholders and asked discovery. These comments contain a brief background on avoided cost pricing, our conclusions about the proposed changes, and recommendations for the Commission.

On April 23, 2025, RMP filed its annual tariff revisions to Schedule 37, proposing prices that deviated significantly from the previous pricing (filed in Docket No. 24-035-T04). The new prices were based on changes in modeling inputs and methods in RMP's 2025 Integrated Resource Plan (IRP). On May 8, 2025, WRA filed a petition to intervene and comments asking the Public Service Commission to suspend the tariff updates until parties were afforded an opportunity to review confidential workpapers, ask discovery, and evaluate modeling changes in the 2025 IRP that underpin avoided costs. WRA also suggested that a technical conference would be appropriate so RMP could describe how supply side resource inputs and the jurisdictional modeling approach (new to the 2025 IRP) impacted the calculation of Schedule 37 avoided costs.

In Reply Comments filed May 15, 2025, RMP did not oppose tariff suspension and provided an overview of the primary drivers of the changed pricing.[1] RMP's Reply Comments also clarified that updated Schedule 37 pricing was based on the "Utah 2025 preferred portfolio" (i.e. the draft

[1] *Rocky Mountain Power's Reply Comments*, Docket No. 25-035-T03 (filed May 15, 2025) at 2-5 [hereinafter *RMP Reply Comments*].

IRP) rather than the final IRP Preferred Portfolio.[2] The Commission suspended the proposed tariff sheets (on May 21, 2025) and scheduled a technical conference and comment deadlines (on June 9, 2025). At the technical conference on June 18, the Company provided more details about 2025 IRP modeling assumptions and impacts on avoided costs in response to stakeholder questions submitted in advance.[3]

WRA's interest in this docket is to ensure the Company's avoided cost prices are based on reasonable resource planning assumptions and reasonably represent costs the utility could avoid through QF purchases. As a result, our review of the Company's Schedule No. 37 avoided costs filing is linked with our ongoing review of the 2025 IRP. As discussed further herein, WRA concludes that the Company's explanations for reduced avoided costs prices are reasonable; nevertheless, the Company has changed its resource planning since the 2023 IRP in a way that has meaningful implications for avoided costs WRA recommends the following:

- The Commission should not update avoided cost prices pursuant to the 2025 IRP until parties have had a full opportunity to provide recommendations on the IRP.
- The Commission should consider changing the timing of future avoided cost updates to give stakeholders an opportunity to review the filed IRP before avoided cost changes take effect.
- If the Commission does update pricing before a full review of the 2025 IRP, avoided costs should be based on the most current modeling assumptions (in this instance, the final IRP assumptions) and the "UIWC Full Jurisdictional Portfolio" rather than the Preferred Portfolio (UIWC share).
- The Commission should allow renewable qualifying facilities to retain RECs when deferring IRP proxy resources of the same type.

II. BACKGROUND ON AVOIDED COSTS

The Company offers "avoided cost" pricing to independent power producers pursuant to the Public Utility Regulatory Policy Act[4] (PURPA), U.C.A. § 54-12-1, et seq. (sometimes called "Utah PURPA"), and Commission orders implementing PURPA and Utah PURPA. PURPA and Utah PURPA are intended to encourage energy development from independent power producers in a way that maintains "ratepayer indifference" to the source of power. Prices for the purchase

[2] For the Company's explanation of the difference between the "2025 Utah preferred portfolio" and the final Preferred Portfolio, see *2025 Integrated Resource Plan Volume I*, Docket No. 25-035-22 (filed March 31, 2025) [hereinafter *2025 IRP Volume I*] at 319 and 337. The "2025 Utah preferred portfolio" is the same as the draft preferred portfolio published on December 31, 2024. *See also* RMP Response to WRA Data Request 2.2, attached as WRA Exhibit 2. WRA Exhibit 1 presents excerpts from the January 2025 IRP Public Input Meeting materials outlining errata, corrections, and refinements made between the draft and final IRP. The full presentation is available at https://www.pacificorp.com/content/dam/pcorp/documents/en/pacificorp/energy/integrated-resource-plan/2025-irp/January_22-23_2025_IRP_Public_Input_Meeting.pdf.

[3] *Rocky Mountain Power's Presentation for the June 18, 2025, Virtual Technical Conference,* Docket No. 25-035-T03 (filed June 18, 2025), available at https://pscdocs.utah.gov/electric/25docs/25035T03/340262RMPPrsntnJun182025VrtlTchnclCnfrnc6-18-2025.pdf [hereinafter *RMP's Technical Conference Presentation*].

[4] 16. U.S.C. § 824a-3.

of power from a "qualifying facility" (QF) are based on the costs a utility *avoids* by adding a QF to its resource mix. The Company estimates these costs using its resource planning models.

In Utah, avoided cost prices are set based on IRP proxy resource selections and two different production cost model runs—with and without a zero-cost QF. The difference in price between the two runs represents avoided costs.[5] A QF also gets a capacity payment for deferring an IRP proxy resource of the same type, starting in the year the resource is called for in the IRP.[6] When a renewable QF defers a renewable proxy resource of the same type, PacifiCorp retains ownership of the RECs associated with that QF's output, starting in the year the resource is called for in the IRP.[7]

Rocky Mountain Power has two tariffs that provide pricing and processes for QFs. Schedule 37 is for small QFs and has an annual cap of 25 MW. Schedule 37 lists prices for different resource types and is updated every year.[8] Schedule 38 is for large QFs and does not list prices but outlines the process for a QF to get "indicative" avoided cost pricing and execute a power purchase agreement with the Company. Inputs to Schedule 38 are updated quarterly.[9]

Schedule 37 and 38 prices are modeled using the same method, with one difference: a Schedule 38 (large) QF requesting indicative pricing comes in at the back of the line of QFs that have already requested pricing (the "QF queue") while a small QF comes in at the front of the line. This results in a relatively higher avoided cost price for Schedule 37 QFs.[10]

III. AVOIDED COSTS CHANGES SINCE THE 2023 IRP

A. Supply side resource cost assumptions appear to be the primary driver of changed avoided costs.

RMP highlighted five 2025 IRP assumptions that reduced avoided cost pricing relative to 2023 IRP assumptions: (1) proxy resource costs based on the National Renewable Energy Laboratory's (NREL) Annual Technology Baseline (ATB); (2) a reduced load forecast; (3) removal of medium greenhouse gas price; (4) removal of end-of-life retirement dates for existing thermal resources;

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[5] In Utah, the method is referred to as the Proxy/Partial Displacement Differential Revenue Requirement (PDDRR) method. A modeled zero cost QF displaces IRP resources, thereby *avoiding* costs that would otherwise be incurred.

[6] This is sometimes called the "resource deficiency period."

[7] Docket Nos. 17-035-T07 and 17-035-37, *Order (Updates and Revisions to Avoided Cost Pricing Methodologies for QF Resources)* (issued January 23, 2018) at 7 [hereinafter *Order on Avoided Cost Pricing Methodologies*]. PacifiCorp "monetizes" RECs allocated to Utah and returns 90% of the revenues back to retail customers. PacifiCorp retains 10% of its REC revenues as an incentive to monetize RECs.

[8] *See, e.g.*, *Rocky Mountain Power's Proposed Tariff Revisions to Electric Schedule No. 37, Avoided Cost Purchases from Qualifying Facilities,* Docket No. 25-035-T03 (filed April 23, 2025) [hereinafter *Proposed Tariff*]. The resource types are baseload, fixed solar, tracking solar, and wind.

[9] *See, e.g., Rocky Mountain Power's 2025 Avoided Cost Input Changes Quarterly Compliance Filing,* Docket No. 25-035-30.

[10] The first QF in the queue displaces the highest cost resources in the production cost model and therefore receives the highest avoided cost price. Subsequent QFs displace lower cost resources and receive lower avoided costs.

and (5) jurisdiction-specific resource selections. The Company also highlighted market-related changes impacting avoided costs: (1) an updated forward price curve; (2) more granular market prices in IRP modeling; and (3) changed Front Office Transaction limits in IRP modeling to reflect compliance with the Western Resource Adequacy Program.[11]

Among the changes between the 2023 IRP and the 2025 IRP that impacted avoided costs, the most significant driver of reduced avoided costs appears to be reduced supply-side resource cost assumptions. In the 2023 IRP and Update, solar and wind resource costs for years 2023-2028 were based on actual resource pricing the Company saw in response to resource solicitations in 2022, which were then trended back to NREL's 2022 ATB prices for 2032 through the end of the planning horizon. This resulted in relatively elevated supply-side resource costs in the early years of the planning horizon. In the 2025 IRP, solar and wind resource costs were "intended to reflect values and escalation reported by NREL's 2024 Annual Technology Baseline" for the entire planning horizon.[12] Graphs of these prices are shown in the Company's technical conference presentation at slides 6-7 and illustrate that assumed wind and solar resource costs are much lower in the 2025 IRP than assumed for the 2023 IRP and Update.

WRA is supportive of the Company using NREL ATB prices in its resource planning but is still reviewing the Company's use of these prices and other supply-side resource cost assumptions as part of our evaluation of the 2025 IRP.

Other IRP modeling changes seem to have had a directional effect on avoided cost prices (i.e. tended to reduce them), but not to the same degree as supply-side resource cost changes. However, one of these modeling changes warrants additional review because it is a fundamental change in resource planning that directly impacts what resources are considered deferrable by QFs: jurisdiction-specific capacity expansion modeling. Because this change is so significant, and because parties are still reviewing the 2025 IRP, WRA recommends that the Commission evaluate the 2025 IRP before updating the avoided costs pricing.

B. Jurisdiction-specific modeling is a significant IRP change that warrants thorough review for its avoided cost implications.

While jurisdiction-specific modeling does not appear to be a primary driver of changed avoided cost prices in the current tariff filing, the change to resource planning is foundational, significant, and warrants scrutiny and thorough review. Rather than planning for a single, integrated system as it has in the past, in the 2025 IRP, the Company modeled jurisdiction-specific capacity expansion plans to develop an ultimately integrated Preferred Portfolio that is compliant with divergent state policies (e.g. differing greenhouse gas policies in Oregon and Washington and policies that favor coal resources in Utah and Wyoming).[13]

At a high level, the Company modeled three distinct capacity expansion plans for its entire system, using optimization logic with different constraints designed to reflect compliance with state laws. These "Full Jurisdictional Portfolios" represent optimized system-wide capacity

[11] *RMP Reply Comments, supra* note 1, at 2-5.
[12] *RMP's Technical Conference Presentation, supra* note 3, at slides 6-7.
[13] *See, e.g., 2025 IRP Volume I*, *supra* note 2, at 182 (key changes since the 2023 IRP); 206-207 (jurisdictional definitions and modeling); 218 (portfolio integration and selection workflow).

expansion plans that allow individual states to comply with their own laws. The Company modeled three Full Jurisdictional Portfolios: (1) Oregon; (2) Washington; and (3) Utah, Idaho, Wyoming, and California (UIWC).

The Company then "integrated" the three Full Jurisdictional Portfolios into its Preferred Portfolio. The objective was to develop a single capacity expansion plan that facilitates individual state compliance with specific regulatory schemes without requiring compliance or unnecessary capacity additions in other states, though how the Company decides to allocate proxy resources among the states in the Preferred Portfolio is not described in detail in the IRP.[14]

The Company began this "jurisdictional" modeling approach in the 2023 IRP Update but revised its process in the 2025 IRP.[15] The currently effective Schedule 37 prices are based on the 2023 IRP Update, which utilized jurisdictional modeling and selected some jurisdiction-specific resources, although the first deferrable resource was common to the system. However, because there is no stakeholder comment process associated with IRP Update filings, the 2025 IRP is the first time stakeholders have an opportunity to evaluate jurisdictional IRP modeling and make recommendations for the Commission.

With respect to avoided costs, the most significant implication of jurisdiction-specific modeling is the timing of the resource deficiency period—when a proxy resource is deferrable by a QF—which impacts the timing of capacity payments to QFs. Under the jurisdictional modeling approach, different jurisdictions can become resource deficient in different years, rather than the system becoming resource deficient for a particular resource all at once. In the 2025 IRP Preferred Portfolio and in the Utah/draft preferred portfolio, only resources assigned to the UIWC jurisdiction are deferrable by Utah QFs.[16] Additionally, the timing of resources deferrable by QFs depends on whether the final Preferred Portfolio or the Utah/draft preferred portfolio is used to calculate avoided costs.[17]

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[14] *See, e.g., Id.* at 210-211 (integrated portfolios); 220 (fully integrated portfolios). For a list of questions WRA asked about how the Company integrates the Full Jurisdictional Portfolio, *see Western Resource Advocates' Comments Regarding RMP's Proposed Technical Conference Agenda*, Docket No. 25-035-22 (filed July 3, 2025) at 1-2, available at: https://pscdocs.utah.gov/electric/25docs/2503522/340529WRACmntsRMPPrpsdAgnd7-2-2025.pdf.

[15] For example, compare Figure 6.3, "Integrated Portfolio Strategy," in the 2023 IRP Update (page 74) with Figure 9.1, "Portfolio Integration and Selection Workflow," in Volume I of the 2025 IRP (page 218), attached as WRA Exhibit 3. *See also* RMP Response to WRA Data Request 2.2, attached in WRA Exhibit 2.

[16] RMP Response to WRA Data Request 2.3(c), attached in WRA Exhibit 2.

[17] *See* WRA Exhibit 4. In the 2025 IRP Volume I, Tables 9.5, 9.6, and 9.7 show the Oregon, Washington, and UIWC Full Jurisdictional Portfolios, respectively, reporting "the entirety of each jurisdictional portfolio's selections when planning for the entire system." *2025 IRP Volume I*, *supra* note 2, at 222. Tables 9.2, 9.3, and 9.4 show, respectively, the Oregon share, the Washington share, and the UIWC share of the final integrated Preferred Portfolio. Table 9.11 shows the final Preferred Portfolio resource additions in one table with each jurisdiction's shares color coded. For the Utah/draft IRP, Tables 12.5-12.7 show the Full Jurisdictional Portfolios and Tables 12.2-12.4 show the jurisdictional shares of the Utah/draft preferred portfolio.

In the draft IRP, wind resources are deferrable in 2028 and utility-scale solar resources are deferrable in 2032. These years are different in the final Preferred Portfolio (UIWC share), however: wind is deferrable in 2029 and solar is deferrable in 2031. WRA recommends that, following comments on the IRP process, the Commission provide direction about which portfolio of resources (draft or final) should be used to calculate avoided costs. WRA recommends using the more updated, i.e. final, assumptions to establish avoided costs. As discussed more below, WRA also recommends that avoided costs be based on the UIWC Full Jurisdictional Portfolio rather than the UIWC share of the Preferred Portfolio.

IV. RECOMMENDATIONS

A. The Commission should not update avoided cost prices pursuant to the 2025 IRP until parties have had a full opportunity to provide recommendations on the IRP.

WRA's primary recommendation is that the Commission not update Schedule 37 prices until parties and the Commission have a full opportunity to review the 2025 IRP. Jurisdictional modeling is a fundamental change to resource planning and will impact more than avoided costs. The Commission should not prematurely endorse the Company's jurisdictional modeling change by updating avoided costs to reflect jurisdiction-specific resource allocations that have not been examined.

B. The Commission should consider a procedural change to allow more time for review of IRP assumptions upon which avoided costs are based.

The Company filed its 2025 IRP with the Commission on March 31, 2025. In compliance with the Commission's direction in Docket No. 12-035-T10 to update avoided costs within 30 days of filing the IRP,[18] RMP filed its proposed tariff revisions to Schedule 37 on April 23, 2025. In the proposed tariff revisions, some avoided costs fell by roughly 40-47% relative to avoided costs approved in the prior year's docket (Docket No. 24-035-T04).[19] WRA believes that the effects of the novel jurisdictional approach in the 2025 IRP justify an ongoing procedural change to the timeline of annual avoided cost updates relative to a filed IRP.

For complete IRP filings, stakeholders have months, not days or weeks, in which to submit discovery, evaluate inputs, and comment on the reasonableness of the Company's IRP modeling decisions. According to the schedule in Docket No. 25-035-T03, stakeholders had roughly two weeks from the Company's filing of avoided cost tariff revisions to the initial comment deadline, and roughly five weeks from the filing of the 2025 IRP to evaluate the anomalous avoided cost

[18] In Docket No. 12-035-T10, the Commission directed that Schedule 37 updates be made annually within 30 days of filing the Company's IRP Update or by April 30 of each year, whichever occurs first, to update the credit for net excess generation of large commercial customers under Schedule 135 Net Metering Service.

[19] This figure refers to the levelized avoided cost prices. For example, solar PV (tracking) levelized avoided cost pricing fell 41%, wind fell by 45%, and baseload fell by 47%. *See Proposed Tariff*, *supra* note 8, available at https://pscdocs.utah.gov/electric/25docs/25035T03/339467Trf4-23-2025.pdf.

results.[20] In fact, the majority of the technical conference for Docket No. 25-035-T03 on June 18, 2025, was dedicated to a discussion of the 2025 IRP modeling inputs and jurisdictional approach. Had this docket not been suspended, the 30-day filing deadline would have precluded parties from fully evaluating the IRP modeling prior to reviewing and commenting on avoided cost updates. Although the 2025 IRP modeling was not itself a departure from the Proxy/PDDRR method, significant IRP methodological changes, such as the novel jurisdictional integration method adopted in its 2025 IRP, may not be fully understandable by parties on the 30-day IRP-avoided cost timeline.

In addition to our recommendation that the Commission not update prices prior to its review of the 2025 IRP, WRA proposes that other parties and the Commission consider a general change to the Schedule 37 timeline to allow more time for stakeholders to review the complex IRP modeling on which avoided costs are based. For example, altering the filing deadline for annual avoided cost tariff updates to no sooner than 120 days[21] from the Company's filing of an IRP (or IRP Update) could alleviate the situation in which parties feel rushed to comment on avoided cost changes without fully understanding IRP modeling or ongoing petitions for the Commission to suspend tariff revision dockets. While future avoided cost changes may not be based on such significant modeling changes as presented this year, WRA posits that moving forward, parties would benefit from more time to review IRPs before avoided cost changes take effect.

C. If the Commission decides to update avoided cost pricing before a full review of the 2025 IRP, avoided costs should be based on the most current modeling assumptions (in this instance, the final IRP assumptions) and the "UIWC Full Jurisdictional Portfolio" rather than the Preferred Portfolio (UIWC share).

WRA recommends that the Commission wait until stakeholders have an opportunity to comment on and make recommendations related to the 2025 IRP before approving avoided cost changes that are based on significantly changed IRP modeling. If, however, the Commission decides it is appropriate to update avoided cost pricing prior to its review of the 2025 IRP, WRA recommends that the Commission direct the Company to (1) base avoided costs on the most corrected version of the final IRP rather than the Utah IRP and (2) base avoided costs on the "UIWC Full Jurisdictional Portfolio" rather than the UIWC share of the Preferred Portfolio. The Company made corrections and refinements to the IRP following publication of the draft, including completing the overhaul and maintenance schedule assumptions for thermal plants; updating solar generation profiles to include coordinated weather and location data; correcting supply-side resource model inputs; changing the process for addressing jurisdictional capacity shortfalls, shifting the timing of the nuclear demonstration project, and a number of others.[22] The Company

[20] The 2025 IRP was filed on March 31, 2025. Prior to suspension of the tariff changes, the Commission asked for comments by May 8, 2025, and reply comments by May 15, 2025. *See Notice of Filing and Comment Period*, Docket No. 25-035-T03 (issued April 29, 2025), available at https://pscdocs.utah.gov/electric/25docs/25035T03/339544425035T03nofacp4-29-2025.pdf

[21] 120 days is a preliminary suggestion. The Commission could solicit input from other parties if there is support for a procedural change.

[22] WRA Exhibit 1 presents excerpts from the January 2025 IRP Public Input Meeting materials outlining errata, clarifications, corrections, and refinements made between the draft and final IRP. The full

discovered additional errors in their wind and solar resource cost assumptions following the filing of the IRP.[23] Additionally, because the UIWC Full Jurisdictional Portfolio is based on the model's optimization logic rather than a still obscure portfolio "integration" process, WRA recommends it as more representative of the appropriate timing of deferrable resources.

In the UIWC Full Jurisdictional Portfolio, the model's optimization logic selects 153 MW of utility-scale solar resources as cost-effective in 2028. The model continues to add solar in every year through 2031 (12 MW in 2029, 79 MW in 2030, and 668 MW in 2031). However, in the UIWC *allocation* of the Preferred Portfolio, utility-scale solar is not considered deferrable until 2031, when the same 668 MW of solar is allocated to the UIWC jurisdiction. The following table presents excerpts from Tables 9.7 and 9.4 of the 2025 IRP, highlighting the years in which nuclear, wind, and utility-scale solar resources are added for the UIWC jurisdiction to show how the timing of UIWC resource additions changes between the Full Jurisdictional Portfolio and the Preferred Portfolio. The first year in which utility-scale solar is added is colored pink.

Table 9.7, UIWC Full Jurisdictional Portfolio by Resource Type and Year (Installed MW)								
Resource	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**
Nuclear	-	-	-	-	-	-	-	500
Renewable - Wind	-	-	-	-	306	684	344	-
Renewable - Utility Solar	-	-	-	153	12	79	668	-
Table 9.4, Preferred Portfolio, UIWC Shares by Resource Type and Year (Installed MW)								
Resource	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**
Nuclear	-	-	-	-	-	-	-	338
Renewable - Wind	-	-	-	-	200	200	344	-
Renewable - Utility Solar	-	-	-	-	-	-	668	-

An allocation process does not change the cost-effectiveness of resources selected. For purposes of determining what amount of solar capacity is deferrable by a solar QF, and assuming that 668 MW is the *maximum* amount of solar that is cost-effective to add to the UIWC jurisdiction by 2031 (as it is in the Preferred Portfolio), it would still be consistent with the modeling results to allow 153 MW of solar to be deferred by QFs in 2028 (and 12 MW in 2029 and 79 MW in 2031). The timing of deferrable resources should be determined by the model's optimization logic, not a resource allocation exercise.

At the very least, this issue speaks to the need to more fully understand how jurisdictional modeling and portfolio integration works before changing avoided cost prices. However, if the Commission decides to update avoided cost pricing before its evaluation of the 2025 IRP, WRA recommends that the Commission determine the timing of deferrable resources based on the IRP's optimization logic over the more mysterious integration process. In other words, the

presentation is available at https://www.pacificorp.com/content/dam/pcorp/documents/en/pacificorp/energy/integrated-resource-plan/2025-irp/January_22-23_2025_IRP_Public_Input_Meeting.pdf. Presentation materials (slides 15 and 17) included the following disclaimer: "Due to the UPSC directives pertaining to the 2025 IRP (Docket No. 23-035-10, Sept. 24, 2024), the final 2025 IRP filed in Utah will not contain any of the corrections and updates listed on this slide."

[23] *RMP's Technical Conference Presentation, supra* note 3, at slides 5 and 8.

Commission should require the Company to base avoided cost prices on the UIWC Full Jurisdictional Portfolio rather than the UIWC *allocated share* of the Preferred Portfolio.

D. The Commission should allow Qualifying Facilities (QFs) to retain RECs when deferring IRP proxy resources of the same type.

To maintain consistency with IRP modeling assumptions and the PURPA ratepayer indifference standard, WRA recommends that the Commission change its existing practice of allowing Rocky Mountain Power to retain RECs associated with purchases from renewable QFs for the years in which the QF defers a renewable proxy resource. In a 2018 Order in Docket Nos. 17-035-T07 and 17-035-37, the Commission found:

> [W]hen a QF defers or avoids a renewable resource, the ratepayers who pay for the QF contract are *entitled to the benefits of the RECs PacifiCorp would have received* from the deferred or avoided resource. When a QF's avoided capacity costs are not based on the costs of a renewable resource, the QF is entitled to the RECs associated with its output.[24]

In the 2017 dockets, no party opposed the Company's proposal to retain RECs when a QF defers a renewable resource and the Division testified the proposal was consistent with the PURPA ratepayer indifference standard.[25] The Commission also cited a 2013 Commission finding that, "the value of RECs PacifiCorp assumes for either building or acquiring an IRP renewable resource *acts as an offset* to the IRP's renewable resource capital costs."[26]

However, IRP modeling is agnostic to resource ownership and assumes no REC value (i.e. $0/MWh). Therefore, in the modeling that is the basis for avoided costs, there is no reasonable expectation either that a proxy resource will generate RECs for customers or that, if it does, customers will benefit financially from the proxy resource's non-energy attributes. Based on IRP modeling, customers cannot reasonably claim any entitlement to future benefits because the benefits, for purposes of avoided costs and ratepayer neutrality, are worth $0. To put it more plainly, ratepayers are *indifferent if they receive no RECs* associated with QF output because the RECs are worth nothing in the resource planning that selects proxy renewable resources.[27]

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[24] *Order on Avoided Cost Pricing Methodologies*, *supra* note 7, at 8 (emphasis added).
[25] *Id.*
[26] *Id.* at 7.
[27] In RMP Response to WRA Data Request 2.14 (attached in WRA Exhibit 2), the Company states:

> PacifiCorp does not assume a specific dollar value for renewable energy credits (REC) in Integrated Resource Plan (IRP) modeling. While renewable energy targets in Washington and Oregon involve cost drivers based on renewable energy output required for compliance, those drivers are not intended to represent a cost savings associated with renewable output.
>
> Note: as part of Schedule 37 and Schedule 38, qualifying facilities (QF) only deliver RECs to the utility during that portion of their contract term in which they are compensated based on the cost of a renewable resource. For example, under the proposed rates, wind QFs seeking fixed price contracts would retain their RECs until 2027 and would deliver their RECs to the utility from 2028 until the end of their contract. *Because avoided cost pricing*

Rather, based on IRP modeling, which is the basis for avoided costs, ratepayers are unduly benefitted by entitlement to RECs to the unfair disadvantage of QFs (rather than being indifferent).

Because there is no REC value in IRP modeling, renewable resource costs have no offset, contrary to the 12-year- old Commission finding, and compete with other resources on their energy and capacity characteristics alone. Assuming a specific REC value in IRP modeling would change resource costs and potentially change resource selection. It is inconsistent to presume that RECs have no value in IRP modeling while also claiming, for avoided costs purposes, that RECs benefit customers. REC assumptions across IRP and avoided costs should be consistent to maintain ratepayer neutrality.

Because the objective of PURPA and Utah PURPA is to encourage QF development—while maintaining ratepayer indifference—WRA recommends that the Commission allow renewable QFs to retain RECs even when the QF defers a renewable proxy resource. Ratepayers are not harmed by this because ratepayers have no expectation of a REC benefit greater than zero based on the IRP modeling that establishes avoided costs.

V. CONCLUSION

WRA appreciates the opportunity to submit these comments. In summary, WRA recommends the following:

- The Commission should not update avoided cost prices pursuant to the 2025 IRP until parties have had a full opportunity to provide recommendations on the IRP.;
- The Commission should consider changing the timing of future avoided cost updates to give stakeholders an opportunity to review the filed IRP before avoided cost changes take effect.
- If the Commission does update pricing before a full review of the 2025 IRP, avoided costs should be based on the most current modeling assumptions and the "UIWC Full Jurisdictional Portfolio."
- The Commission should allow renewable QFs to retain RECs when deferring IRP proxy resources of the same type.

> *for wind QFs in 2028 is based on a proxy wind resource that would otherwise have generated RECs for customers*, the REC from the QF in that timeframe does not result in incremental benefits for customers.

(Emphasis added.) It may be that proxy wind resources *will* generate RECs once resource procurement has happened in real life and financially benefit customers, but there is *no basis for such a presumption based on the IRP modeling that establishes avoided costs*. Customers are indifferent to not receiving RECs based on IRP modeling.

Sincerely,

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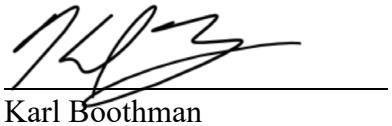

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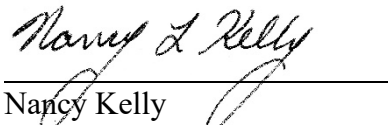

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CERTIFICATE OF SERVICE
Docket No. 25-035-T03

I hereby certify that a true and correct copy of the foregoing was served by email this 18th day of July 2025 on the following:

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