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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 RENEWABLE ENERGY COALITION'S COMMENTS ON PACIFICORP'S PROPOSED TARIFF REVISIONS TO ELECTRIC SERVICE SCHEDULE NO. 37

I. INTRODUCTION

The Renewable Energy Coalition (the "Coalition") 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 ("Proposal"). Having reviewed the Proposal and the comments various stakeholders have submitted in response, the Coalition is deeply concerned that the Proposal would undermine the very purpose of the federal Public Utility Regulatory Policies Act ("PURPA")—as well as the State of Utah and the Commission's implementation of PURPA—and would establish avoided cost rates that are patently unreasonable in violation of both state statute and the Commission's orders.

The Coalition appreciates that it is submitting comments in this docket for the first time at the Reply Comment stage and accordingly frames these comments as replies to the other

stakeholders that have engaged to date. The Coalition shares the concerns aptly described by others, in particular Salt Lake City Corporation and Western Resource Advocates ("WRA"). Rather than reiterate the technical issues with the Proposal, as described in these and other comments, the Coalition writes separately to highlight two key points: First, the Company's proposed avoided cost prices are so low that they are inconsistent with the purpose of the PURPA as a matter of law. And second, the Proposal would so drastically change those avoided cost prices that they are unreasonable on their face.

Ultimately, because the Coalition offers these conclusions in the context of a spinoff docket that is inextricably bound to the Company's complex Integrated Resource Plan ("IRP"), which is still under review by this Commission, the Coalition supports WRA's recommendations that 1) "[t]he 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" and 2) "[t]he 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."

II. COMMENTS

A. Renewable Energy Coalition

The Coalition was established in 2009 and comprises about forty members who own and operate over fifty PURPA qualifying facilities ("QFs") or are attempting to develop new QF projects in Utah, Idaho, Montana, Oregon, Washington, and Wyoming. The Coalition's members are largely existing projects and include hydroelectric, biomass, and waste-to-energy generators. These members include government entities and municipal corporations such as Wasatch Integrated Waste Management District, and Draper Irrigation District. As irrigation and

waste management districts, the power sales for these facilities are reinvested into the community. Therefore, sales to these QFs provide significant benefits to the local economy.

The Coalition's members have power purchase agreements with Northwest and Rocky Mountain electric utilities, including the Company. The Coalition's primary goal is to ensure fair and reasonable contract terms, conditions, processes, and avoided cost rates for all projects and ratepayers in their interactions with these powerful incumbents, who are competitors with the Coalition's members on the power generation side of the electricity sector. While the Coalition represents the interests of baseload QFs, REC recognizes that PURPA must work to benefit all interested parties, including the utilities, ratepayers, and new and existing QFs of various sizes.

The Coalition actively participates in utility rate proceedings and investigations regarding power purchase agreement terms and conditions including avoided cost prices, integrated resource planning, interconnection, and other matters relevant to QFs and independent power producers. To that end, the Coalition is well positioned to comment on this matter and provide important context for the Commission to consider as it weighs how to proceed on the Company's Proposal.

B. PURPA is Designed to Encourage New Development and Allow Existing Projects to Continue to Operate

Section 210 of PURPA requires utilities to purchase electric energy from QFs. 16 U.S. Code § 824a-3(a). Section 210 also explains the reason for this requirement: "to encourage cogeneration and small power production, and to encourage geothermal small power production facilities[.]" 16 U.S. Code § 824a-3(a). To that end, the rates at which utilities purchase power from QFs may not discriminate against QFs (who are competing against the utilities to provide generation in vertically integrated states such as Utah) and will generally be based on "the cost to

the electric utility of the electric energy which, but for the purchase from such cogenerator or small power producer, such utility would generate or purchase from another source[,]" commonly referred to as avoided cost rates. 16 U.S. Code § 824a-3(b) & (d); *see also* 18 C.F.R. § 292.101(b)(6) (defining avoided costs).

Congress intended these key PURPA provisions to "'provide a market for the electricity generated by small power producers and cogenerators'" by requiring utilities to purchase their electricity. *Am. Paper Inst. v. Am. Elec. Power Serv. Corp.*, 461 U.S. 402, 410, 103 S.Ct. 1921, 76 L.Ed.2d 22 (1983) (quoting *Small Power Production and Cogeneration Facilities; Regulations Implementing Section 210 of the Public Utility Regulatory Policies Act of 1978*, 45 Fed. Reg. 12,214, 12,221 (Feb 25, 1980)). The statute's purpose was to overcome incumbent utilities' monopolistic and monopsonistic powers that had previously enabled them to refuse to purchase power from cogeneration and small power production facilities. Congress "'believed that increased use of these [cogeneration and small power production] sources of energy would reduce the demand for traditional fossil fuels,' and it recognized that electric utilities had traditionally been 'reluctant to purchase power from, and to sell power to, the nontraditional facilities.'" *Am. Paper Inst.*, 461 US at 405 (quoting *FERC v. Mississippi*, 456 US 742, 750, 102 S Ct 2126, 72 L Ed 2d 532 (1982)).

Thus, Congress directed FERC to develop regulations "to encourage" QF development, and it required state regulatory authorities to implement FERC's regulations. 16 USC § 824a-3(a), (f); *Mississippi*, 456 US at 751. FERC's regulations implement Congress's direction and further require QF rates to meet the familiar "just and reasonable" standard. 18 C.F.R. § 292.304. Utah similarly implemented PURPA at the state level, both through operational language and through broad policy statements:

> (1) The Legislature declares that in order to promote the more rapid development of new sources of electrical energy, to maintain the economic vitality of the state through the continuing production of goods and the employment of its people, and to promote the efficient utilization and distribution of energy, it is desirable and necessary to encourage independent energy producers to competitively develop sources of electric energy not otherwise available to Utah businesses, residences, and industries served by electrical corporations, and to remove unnecessary barriers to energy transactions involving independent energy producers and electrical corporations.
>
> (2) It is the policy of this state to encourage the development of independent and qualifying power production and cogeneration facilities, to promote a diverse array of economical and permanently sustainable energy resources in an environmentally acceptable manner, and to conserve our finite and expensive energy resources and provide for their most efficient and economic utilization.

Utah Code Ann. § 54-12-01. Thus, like federal law, Utah law also encourages QF development. Also like federal law, Utah law requires that QF rates be "reasonable". Utah Code Ann. § 54-12-02(2).

C. The Company's Proposed Prices Are Unreasonably Low

The Company proposes to cut its avoided cost rates by approximately 29-60%, depending on the technology. *See* Comments of Salt Lake City Corporation at 1 (Jul. 18, 2025).[1] Without adequate justification, this change appears on its face to be unreasonable. This leads to two questions: Is there adequate justification for the change? And, if not, does the change make sense based on broader considerations? The Coalition suggests the answer to both questions is no.

As other commenters have pointed out, the causes of this dramatic decrease are embedded in the PacifiCorp's highly complex 2025 IRP, which incorporates significant, as-yet-

[1] The Coalition notes that Salt Lake City Corporation appears to have derived its table from the Company's original April 23, 2025 filing rather than its later-revised values, so the precise degree of the cuts may differ.

unvetted changes to its modeling approach. *See*, *e.g.*, Comments of WRA at 3-6 (Jul. 18, 2025). Because of the significant changes to the Company's IRP, the Commission cannot reasonably rely on it as support for the Proposal unless and until the Commission and its Staff have had the opportunity to fully determine that the IRP itself is reasonable. Absent such an opportunity, there is no other justification on the record for PacifiCorp's proposed reduction to avoided cost rates.

Accordingly, the best the Commission can do is consider what it knows about the dynamics of the electricity sector in the west and ask whether circumstances have changed in the last year such that an avoided cost reduction of up to 60% seems reasonable. What the Coalition knows is that the costs of new energy resources are volatile and likely to level off or rise due to shifting state and federal policy. *See* Comments of Salt Lake City Corporation at 7-9. Meanwhile, the capacity picture in the increasingly interconnected west continues to tighten. *See* Western Electricity Coordinating Council, Western Assessment of Resource Adequacy (2024). These conditions seem at best to lend themselves to stable avoided cost rates, if not rising rates. As other commenters have suggested, the best course for the Commission at this point is to wait to update the Company's avoided cost prices until the Commission and stakeholders have had the chance to assess the validity of the Company's IRP.

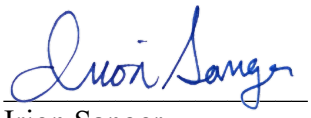
III. CONCLUSION

For the reasons described above, the Coalition requests that the Commission:

- Not update avoided cost prices pursuant to the 2025 IRP until parties have had a full opportunity to provide recommendations on the IRP; and
- 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.

Dated this 3rd day of September 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 3rd day of September 2025, on the following:

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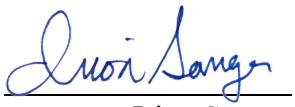

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