



Arizona Corporation Commission
1200 W. Washington St.
Phoenix AZ, 85008

Subj: Docket Number: L-00000D-24-0156-00234

Chairman O'Connor and Commissioners,

As the Director of Municipal Affairs for the Goldwater Institute, an Arizona-based free-market research and litigation organization, I encourage you to approve Arizona Public Service's (APS) proposal to expand the Redhawk Natural Gas Power Plant, which will provide Arizonans affordable and reliable energy.

A state can dramatically affect its residents' quality of life through its energy policies, which can be illustrated by comparing California's and Arizona's approaches. While California ratepayers suffer from their state's "green at any cost" policies, Arizonans benefit from a well-rounded approach that ensures energy is reliable, cost-effective, and dispatchable. California has the highest electricity rates in the lower 48 states and the eighth highest in the *world*, at 29.1 cents per kilowatt hour.¹ Customers of Pacific Gas and Electric Company, the state's largest electric utility, pay a staggering 39.6 cents per kilowatt hour.² These high rates are due in part to California's main rooftop solar incentive program, which will cost customers who don't have solar an estimated \$8.5 billion by the end of 2024, a figure that has more than doubled since 2021.³

These high prices have not guaranteed a well-functioning grid or reliable service. The state's overreliance on intermittent resources has led California to experience the second most blackouts in the country since 2019.⁴ Indeed, the glaring need for more baseload and dispatchable power has forced California officials to extend the life of the Diablo Canyon nuclear plant and three natural gas plants until 2030⁵ and 2026,⁶ respectively, a tacit admission of the state's failed planning.

In Arizona, lawmakers have happily taken a different approach, embracing a diverse group of resources, including nuclear, natural gas, coal, and renewables. As a result, Arizona's average electricity prices are less than half of California's, at 14.3 cents a kilowatt hour.⁷

This Commission has commendably prioritized grid reliability to meet the needs of our growing state, by embracing new natural gas generation. Natural gas is a domestically sourced, dispatchable fuel source that

¹ <https://eprinc.org/wp-content/uploads/2024/08/COW2024-34-USAndEuropeanHouseholdElectricityPrices.pdf>

² <https://www.nbcbayarea.com/investigations/soaring-pge-power-rates-california-hawaii/3521441/>

³ <https://www.publicadvocates.cpuc.ca.gov/-/media/cal-advocates-website/files/press-room/reports-and-analyses/240822-public-advocates-office-2024-nem-cost-shift-fact-sheet.pdf>

⁴ <https://www.americanenergyalliance.org/2024/03/renewable-energy-mandates-increase-chances-of-major-blackouts/>

⁵ <https://www.latimes.com/environment/story/2023-12-14/california-energy-officials-vote-to-extend-diablo-canyon-operations#:~:text=California%20energy%20officials%20have%20voted,plant%20an%20additional%20five%20years.>

⁶ <https://calmatters.org/environment/2023/08/southern-california-natural-gas-plants-remain-open/>

⁷ <https://eprinc.org/wp-content/uploads/2024/08/COW2024-34-USAndEuropeanHouseholdElectricityPrices.pdf>



provides utilities quick ramping capabilities to meet peak demand when renewable resources are not producing. Having sufficient natural gas generation is especially critical in Arizona, where temperatures are high, and grid failure could mean death for vulnerable residents.

If approved, the expansion of Redhawk Power Plant will add another 397 MW of natural gas generation to the grid. This investment, coupled with 1.5 GW of other gas projects planned or under development, will provide Arizona with the resources it needs to reliably and affordably serve population growth and meet the demands of new energy-intensive industries like semiconductor manufacturers, data centers, and technology.

Energy policy plays a major role in the overall prosperity of a state. Arizona has benefitted from this Commission's commitment to reliable fuels like natural gas. We respectfully urge the Commission to approve the proposed expansion of Redhawk Power Plant to provide additional affordable and reliable power for customers.

Sincerely,

Austin VanDerHeyden
Director of Municipal Affairs