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VIA ELECTRONIC FILING

Chair Lisa Hardie
Commissioner John Savage
Commissioner Stephen Bloom
Oregon Public Utilities Commission
c/o Filing Center
201 High St SE, Suite 100
Salem, Oregon 97301-3398

RE: UE 313 – PacifiCorp’s Schedule 203 Renewable Resource Deferral Supply Adjustment
Comments of Noble Americas Energy Solutions LLC

Dear Commissioners:

I write on behalf of Noble Americas Energy Solutions LLC (“Noble Solutions”) to provide comments on PacifiCorp’s proposed Schedule 203, which is currently scheduled for review at the Oregon Public Utility Commission’s (“Commission”) public meeting on December 6, 2016. PacifiCorp proposes to use Schedule 203 to recover costs associated with new acquisitions of renewable energy credits (“RECs”). For the reasons explained herein, the Commission should approve PacifiCorp’s filing only if it is modified to exempt all direct access customers from payment of the Schedule 203 charges while those customers take direct access service, not just the participants in the five-year opt-out program as proposed by PacifiCorp.

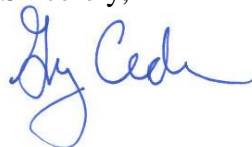
At the outset, the Commission should consider that PacifiCorp’s renewable portfolio standard (“RPS”) obligation only applies to the load that PacifiCorp serves, i.e. to PacifiCorp’s current cost-of-service customers in any given year. PacifiCorp has no obligation to retire RECs for the load in PacifiCorp’s service territory that is served by electricity service suppliers (“ESS”), such as Noble Solutions. *See* ORS 469A.052(1), 469A.065. Instead, those customers must effectively pay their ESS for RECs procured on their behalf for RPS compliance. Thus, if PacifiCorp charges a direct access customer for *any* RECs, such charge will result in that customer paying twice for RPS compliance. If PacifiCorp were to include a credit for the value of freed-up RECs in the transition adjustment calculation, the double charge could be obviated, but PacifiCorp has steadfastly opposed such a credit to date.

According to PacifiCorp's filing, the RECs at issue are up to 600 million RECs that PacifiCorp recently contracted to acquire from renewable energy facilities with aggregated capacity of 168.5 megawatts ("MW") for PacifiCorp's RPS compliance. The Oregon-allocated costs would be in excess of \$500,000 per year for each of the next 10 years. PacifiCorp states, and Noble Solutions agrees, that these incremental REC costs should not be assessed to customers who enter the five-year opt-out program (Schedule 296) and permanently commit not to use PacifiCorp's generation resources, including its RECs.

However, there is also no reasonable basis to charge customers enrolled in PacifiCorp's one-year and three-year direct access programs (Schedules 294 and 295) for the cost of these RECs. PacifiCorp argues in its application (at page 3) that these one-year and three-year customers should pay for these RECs while receiving direct access service because PacifiCorp "must continue to plan for future RPS compliance obligations for all customers except those on the permanent opt-out program." However, this assertion overlooks two critical facts: (1) previously acquired RECs will be freed-up by these customers' direct access election and can be banked for future use; and (2) these customers will again pay for their allocation of PacifiCorp's RECs in future years (if any) where they take service under cost-of-service tariffs. Therefore, charging these direct access customers for PacifiCorp's REC-specific tariff while they receive direct access service exacerbates the subsidy that already exists in the absence of a REC credit in the transition adjustment calculation. The subsidy flows from participants in the direct access program who continue to pay for PacifiCorp's RECs to customers who remain on cost-of-service tariffs, or to PacifiCorp's shareholders, who receive payment for RECs not retired for the direct access customers.

Noble Solutions submits that a REC credit must be included in the transition adjustment mechanism to correct the subsidy related to freed-up RECs that currently exists and is likely to become more financially significant in future years. While we understand the Commission has declined to adopt a REC credit, the Commission should at least prevent the current cost-shift problem from being unnecessarily exacerbated. The Commission should direct that Schedule 203 should not apply to any direct access customers while they receive direct access service.

Sincerely,



Gregory M. Adams
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Of Attorneys for Noble Americas Energy Solutions LLC

cc: UE 313 Service List (electronic mail only)