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August 17, 2015

Via Electronic Filing

Public Utility Commission of Oregon
ATTN: Filing Center
PO Box 1088
Salem, OR 97308-1088

Re: Docket No. UE 296 – Errata to Noble Solutions/100

Dear Filing Center:

Please accept for filing the enclosed Errata to the Exhibit 100 of Noble Americas Energy Solutions LLC ("Noble Solutions"), which is the Opening Testimony of Kevin C. Higgins, filed on June 29, 2015. This Errata clarifies the record in this docket by correcting the following typographical errors in Mr. Higgins' Opening Testimony.

- Noble Solutions/100, Higgins/6 n.4: Changes <See Exhibit Noble Solutions/101, Higgins 1> to <See Exhibit Noble Solutions/101, Higgins/1>.
- Noble Solutions/100, Higgins/15 n.11: Changes <Exhibit Noble Solutions, Higgins/7> to <Exhibit Noble Solutions/102, Higgins/7>.
- Noble Solutions/100, Higgins/25, line 13: Changes <Consumer Opt-Out charge $8.24/MWh> to <Consumer Opt-Out charge from $8.24/MWh>.
- Noble Solutions/100, Higgins/27: Changes <closes on the next business day, December 4, 2015> to <closes on the next business day, December 7 4, 2015>.
- Confidential Noble Solutions/100, Higgins/17: Provides a confidential copy of page 17 that includes the same line 20 that was excluded from the confidential copy filed on June 29, 2015, but is included on the redacted copy of page 17.

We have provided a clean copy and a legislative version to demonstrate the changes that are made to the non-confidential pages. The Errata to the confidential material is provided under separate cover in accordance with the Commission's rules of procedure.

Please contact me with any questions.

Sincerely,

Gregory M. Adams
Attorney for Noble Americas Energy Solutions LLC

Errata to Noble Solutions/100

credit the direct access customer an amount that prevents "unwarranted shifting of costs."[3]

Q. By way of background, please summarize the status of direct access in PacifiCorp's service territory.

A. Thirteen years after the statutory implementation of direct access in Oregon, the direct access program in PacifiCorp's service territory remains at very low participation levels. In my opinion, this low level of participation is due in large part to a transition adjustment regime that results in a negative value proposition for participating customers. Shopping participation levels in 2014 were only 1.4% of eligible shopping load, far below the 14.4% participation rate in the Portland General Electric ("PGE") territory.[4] Oregon businesses continue to face material barriers to acquiring market-priced power in PacifiCorp's territory, despite the proximity to major wholesale trading hubs, and despite the plain objectives of the Oregon Legislature in enacting direct access legislation in 1999.[5]

Prior to the 2016 shopping year, customers in the PacifiCorp territory have had a choice between one-year and three-year programs, pursuant to which the direct access customer pays the ESS for generation supply and continues to pay PacifiCorp for Schedule 200 generation costs subject to the transition adjustment. At the conclusion of the one-year or three-year term the customer returns to cost-

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[3] ORS 757.607(1), (2).
[4] Source: Oregon Public Utilities Commission, Status Report: Oregon Electric Industry Restructuring (July 2014). See Exhibit Noble Solutions/101, Higgins/1.
[5] ORS 757.601(1) provides that "[a]ll retail electricity consumers of an electric company, other than residential electricity consumers, shall be allowed direct access beginning on March 1, 2002."

Although I continue to believe these modifications are appropriate, I am not advocating for these changes in this proceeding because neither were adopted by the Commission in UE 264.

Q. Are you recommending any other changes to the Schedule 294 and 295 TAM calculations?

A. Yes. I recommend that the calculation be modified to capture the effects of Oregon's RPS on the transition adjustment.

Q. Please explain.

A. The Oregon RPS is applicable to both cost-of-service and direct access customers. When direct access customers purchase power from an ESS, the energy provided by the ESS must meet RPS requirements, which at present require that 15% of supply come from qualifying renewable electricity when serving in the PacifiCorp territory.[10] At the same time, direct access customers pay for the renewable energy that PacifiCorp has acquired to meet the RPS for its cost-of-service customers. In paying both the ESS and PacifiCorp for RPS power, direct access customers are paying twice to meet RPS requirements.

Q. How do direct access customers pay PacifiCorp for RPS requirements?

A. PacifiCorp recovers its RPS-related costs both through Schedule 200, through which the fixed costs of utility-owned renewable generation are recovered, and Schedule 201, through which power purchases of RPS-eligible resources are recovered. [11] As I discussed above, direct access customers are charged directly for Schedule 200 and also pay for the difference between

[10] ORS 469A.052, 469A.065. This percentage increases to 20% in 2020 and 25% in 2025.
[11] See PacifiCorp Response to Noble Solutions Data Request 1.11, included in Exhibit Noble Solutions/102, Higgins/7.

the Schedule 200 revenue requirement and annual depreciation and amortization of production plant is approximately 8.38% of production rate base. This means that, absent new additions to rate base, the existing production rate base (and return on that rate base) shrinks by about 8.38% per year. Since the return component is about 28.2% of the Schedule 200 revenue requirement, the annual reduction in return revenues of 8.36% translates into a reduction in overall Schedule 200 revenue requirement of 2.36% per year (i.e., 8.38% x 28.2%).

Q. Have you calculated the effects of your two recommended refinements to the Consumer Opt-Out charge related to the inclusion of Schedule 200 costs projected for years six through 10 on the sample Schedule 296 calculation provided by PacifiCorp?

A. Yes. As shown in Exhibit Noble Solutions/104, Higgins/2-3,these refinements reduce the sample Consumer Opt-Out charge from $8.24/MWh to $5.56/MWh for Schedule 30-S and from $5.75/MWh to $3.26/MWh for Schedule 48-P.

Q. Please summarize your recommendations concerning refinements to the Schedule 296 calculation in this proceeding.

A. First, the transition adjustment component of Schedule 296 and the Consumer Opt-Out charge should be adjusted to reflect the value of freed-up RECs. Second, in calculating the Consumer Opt-Out charge, Schedule 200 costs should not be escalated in Years 6 through 10. Rather, Schedule 200 costs used in this calculation should decline each year from Year 6 through Year 10 to reflect the decline in the Company’s return on generation rate base attributable to the

January 1. If the Company does not receive the DASR at least 13 business days in advance of January 1, the ESS may not be able to begin serving the customer on that date, which raises questions as to how to treat the customer during the interim and after the DASR becomes effective.

Q. Could you calculate the cut-off date that is 13 business days prior to January 1 in this year to demonstrate?

A. Yes. Under Oregon law, the only weekday in December that is a legal holiday and thus not a business day is Christmas Day on December 25.[20] Thus, in this year, if we assume PacifiCorp will exercise its right to require the full 13 business days prior to moving the customer to service by the ESS, the ESS must submit the DASR by December 14, 2015. If PacifiCorp receives the DASR after December 14, 2015, there is ambiguity as to how the customer will be treated.

This potential issue is amplified under the new five-year opt-out program where Order No. 15-060 states that the election window commences on November 15 each year and extends three weeks thereafter. In this year, the election window commences on Sunday, November 15, 2015, and extends for three weeks thereafter until Sunday, December 3, 2015. If the election window closes on the next business day, December 7, 2015, the ESS and the customer will have only until December 14, 2015, to submit the DASR to PacifiCorp.

Q. Do you have any documents demonstrating how PacifiCorp has treated a late DASR in the past and how PacifiCorp proposes to do so going forward?

A. Yes. I have prepared Exhibit Noble Solutions/105, which contains PacifiCorp's responses to data requests in this proceeding on this topic.

[20] ORS 187.010(1).

Errata to Noble Solutions/100

Legislative format

credit the direct access customer an amount that prevents "unwarranted shifting of costs."[3]

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[20] ORS 187.010(1).

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 17th day of August, 2015, a true and correct copy of the **ERRATA TO THE CONFIDENTIAL TESTIMONY OF KEVIN HIGGINS ON BEHALF OF NOBLE AMERICAS ENERGY SOLUTIONS LLC, IN DOCKET UE 296** was served as follows to the following qualified parties:

Michael T Weirich **(C)** PUC STAFF- DEPARTMENT OF JUSTICE 1162 Court Street, NE Salem OR 97301-4096 michael.weirich@doj.state.or.us	___ Hand Delivery _X_ U.S. Mail, postage pre-paid ___ Facsimile ___ Electronic Mail
Jorge Ordonez **(C)** OREGON PUBLIC UTILITIES COMM. PO Box 1088 Salem OR 97308-2148 jorge.ordonez@state.or.us	___ Hand Delivery _X_ U.S. Mail, postage pre-paid ___ Facsimile ___ Electronic Mail
Sommer Templet **(C)** Robert Jenks **(C)** CITIZENS' UTILITY BOARD OF OREGON 610 SW Broadway Ste 400 Portland OR 97205 sommer@oregoncub.org bob@oregoncub.org	___ Hand Delivery _X_ U.S. Mail, postage pre-paid ___ Facsimile ___ Electronic Mail
S Bradley Van Cleve **(C)** DAVISON VAN CLEAVE 333 SW Taylor Ste 400 Portland OR 97204 mjd@dvclaw.com	___ Hand Delivery _X_ U.S. Mail, postage pre-paid ___ Facsimile ___ Electronic Mail
Bradley Mullins **(C)** MOUNTAIN WEST ANALYTICS 333 SW Taylor Ste 400 Portland OR 97204 brmullins@mwanalytics.com	___ Hand Delivery _X_ U.S. Mail, postage pre-paid ___ Facsimile ___ Electronic Mail

Katherine A McDowell **(C)**
McDowell Rackner & Gibson PC
419 SW 11th Ave Ste 400
Portland OR 97205

___ Hand Delivery
_X_ U.S. Mail, postage pre-paid
___ Facsimile
___ Electronic Mail

Signed: ______________________
Gregory M. Adams