

BEFORE THE  
PUBLIC UTILITY COMMISSION OF OREGON

In the Matter of PACIFICORP )  
 ) UE 307  
PacifiCorp 2017 Transition Adjustment )  
Mechanism ) CROSS EXAMINATION EXHIBITS  
 ) OF NOBLE AMERICAS ENERGY  
 ) SOLUTIONS LLC

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Noble Americas Energy Solutions LLC (“Noble Solutions”) hereby submits its Cross Examination Exhibits in this proceeding. Based on the record and discovery provided at this time, Noble Solutions intends to introduce the following Exhibits at the hearing:

<b>Cross Examination Exhibit</b>	<b>Description</b>
Noble Solutions/300	Staff’s Response to Noble Solutions’ Data Request Nos. 1.1, 1.2, 1.3, 1.4, & 1.5
Highly Confidential Noble Solutions/301	Highly Confidential PacifiCorp Response to Noble Solutions Data Request No. 5.2
Noble Solutions/302	PacifiCorp’s Schedule 203

Noble Solutions also reserves the right to move for admission of any additional material provided in discovery after the time of this filing.

DATED this 25th day of August, 2016.

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*/s/ Gregory M. Adams*

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Of Attorneys for Noble Americas Energy Solutions LLC

Date: August 22, 2016

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FROM: Scott Gibbens  
Senior Utility Analyst

**OREGON PUBLIC UTILITY COMMISSION**

**Docket No. UE 307**

**Noble Americas Energy Solutions LLC's's First Set of Data Requests to Staff**

**Dated August 17, 2016 – Due August 24, 2016**

**Data Request No. 1.1-1.5**

**Data Request No. 1.1:**

Reference Staff/500, Gibbens/3:4-7, stating: "Noble also argues that the idea that RECs that are eventually sold and fairly spread between customers is false."

- a. Does Mr. Gibbens dispute Mr. Higgins' conclusion in Noble Solutions/200, Higgins/6-7, that for each \$1 value of RECs freed up by direct access customer, the direct access customer would receive a credit of only 1.6 cents through the referenced sharing mechanism? If not, please provide Mr. Gibbens estimate of the credit the direct access customer would receive and supporting work papers.
- b. Does Mr. Gibbens believe that the direct access customer's receipt of 1.6 cents for every dollar in value that they free up is a fair credit to the direct access customer? Please explain why.

**Response to Data Request No. 1.1:**

Staff objects to this request as it requires the development of information not maintained in the ordinary course of business or development of a special study. Without waiving this objection, Staff responds as follows:

- a. The above-referenced statement is Staff's summary of Noble's position. Staff's position on this issue is set forth in Staff/500, Gibbens/3, lines 15-19. Furthermore, Staff has not performed any analysis on the hypothetical example presented in Mr. Higgins' cross-answering testimony. As such Staff is not in a position to offer an opinion on the validity of the resulting estimation. Staff notes that in Noble Solutions/200, Higgins/7 Mr. Higgins assumes "PacifiCorp sold the 31,200 freed-up RECs at this value, it would produce revenues of \$31,200." The Commission already addressed a similar hypothetical argument in its rejection of Noble Solutions' proposed changes in Order No. 15-394 as follows: "Noble Solutions' formula for valuing freed-up RECs assumes PacifiCorp will sell its RECs. As PacifiCorp points out, today and for the foreseeable future, PacifiCorp will be banking RECs."
- b. Staff has not performed any analysis on the hypothetical example presented in Mr. Higgins' cross-answering testimony. As such Staff is not in a position to offer an opinion on the fairness of the resulting estimation.

**Data Request No. 1.2:**

Reference Staff/500, Gibbens/3:4-7, stating: "Noble also argues that the idea that RECs that are eventually sold and fairly spread between customers is false. Noble believes that the RECs were available to sell as the direct result of a customer opt-out and the customer should receive 100% of the benefit."

- a. Does Mr. Gibbens agree that the direct access customers are paying PacifiCorp for the generation resources that produce the RECs in question, as asserted by Mr. Higgins in Noble Solutions/200, Higgins/3-4?
- b. If Mr. Gibbens disagrees with Mr. Higgins, please explain why.

**Response to Data Request No. 1.2:**

Staff objects to this request as it requires the development of information not maintained in the ordinary course of business or development of a special study. Without waiving this objection, Staff responds as follows:

- a. The above-referenced statement is Staff's summary of Noble's position. Staff's position on this issue is set forth in Staff/500, Gibbens/3, lines 15-19. Staff does not dispute the statement from Mr. Higgins in Noble Solutions/200, Higgins/4, " Direct access customers are charged directly

for Schedule 200 and also pay for the difference between Schedule 201 costs and the value of the freed-up power, as calculated through the transition adjustment calculation.”

b. Please see response to part a, above.

**Data Request No. 1.3:**

Does Mr. Gibbens agree with Mr. Higgins statement that, “the direct access customer is paying PacifiCorp for a generation portfolio that contains 15% RPS-compliant energy but is only being credited back the freed-up value of the lower-cost ‘brown power’ calculated through the transition adjustment, which assumes that the only value freed-up is the revenue from market sales, and other reduced fuel costs calculated through GRID.” Noble Solutions/100, Higgins/20. If Mr. Gibbens disagrees, please explain how the current transition adjustment credits the direct access customer for the costs of RPS-compliant energy.

**Response to Data Request No. 1.3:**

The Commission concluded in its Order No. 15-394, “At best, the net present value of the value of any freed-up RECS is *de minimis*.” Staff interprets this Commission finding to mean that the difference between the net present value of compensation for RPS-compliant energy and ‘brown power’ is also *de minimis*. As such, Staff cannot distinguish between the two in any substantial sense.

**Data Request No. 1.4:**

Reference Staff/500, Gibbens/2-3. Does Mr. Gibbens agree that the price PacifiCorp is paying at this time and in the near future for acquisition of RECs through a REC RFP would be a reasonable estimate of the value of a REC that is freed up by a direct access customer’s election to leave cost of service rates at this time? If not, please explain why the price PacifiCorp is currently paying for RECs is not a reasonable estimate of the value of RECs freed up as a result of direct access.

**Response to Data Request No. 1.4:**

As stated in Staff’s response to Noble DR 1.3, the Commission concluded that the net present value of any freed-up RECS is *de minimis* due to the nature of the circumstances surrounding the RECs. If Noble were attempting to compare the value of RECs it were purchasing and the value of RECs that it is selling, Staff agrees that as an estimation of accounting value, the purchase price is a reasonable starting point.

**Data Request No. 1.5:**

Reference Staff/500, Gibbens/3, testifying, “Staff does not believe Noble has presented compelling new evidence, or arguments, to merit overturning the Commission’s prior decision.”

- a. Is Mr. Gibbens aware that PacifiCorp is currently acquiring RECs for the purpose of complying Oregon’s RPS through an ongoing RFP?
- b. Please explain how Mr. Gibbens concludes that RECs freed up by direct access customers who leave cost of service rates after the shopping window this November will have no quantifiable value to PacifiCorp at a time when PacifiCorp is actively purchasing RECs from third parties.
- c. Please explain why the ongoing RFP for acquisition of RECs is not changed circumstance that warrants the Commission reconsidering its determination in UE 296?

**Response to Data Request No. 1.5:**

- a. Yes, Staff is aware of the PacifiCorp’s RFP.
- b. Staff’s conclusion that RECs freed up by direct access customers who leave cost of service rates have no quantifiable value to PacifiCorp is based on Commission Order No. 15-394, which states that:

Noble Solutions' formula for valuing freed-up RECs assumes PacifiCorp will sell its RECs. As PacifiCorp points out, today and for the foreseeable future, PacifiCorp will be banking RECs. Further, PacifiCorp states if the RECs are sold in the future, departing direct access customers will receive a share of the revenues from sales. At best, the net present value of the value of any freed-up RECs is *de minimis*.

- c. Please see Staff’s response to Noble DR 1.5(b).

Noble Solutions/301 Contains Highly Confidential Material  
Subject to Protective Order No. 16-231

Redacted from this Non-Confidential Filing



**RENEWABLE RESOURCE DEFERRAL  
SUPPLY SERVICE ADJUSTMENT**

**OREGON  
SCHEDULE 203**

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**Purpose**

This schedule recovers the costs deferred for renewable resources as authorized by the Commission.

**Applicable**

To Residential consumers and Nonresidential consumers who take supply service under Schedule 201, 220, 230 and 247.

**Energy Charge**

The adjustment rate is listed below by Delivery Service Schedule.

<u>Schedule</u>	<u>Charge</u>
4	0.000 cents per kWh
5	0.000 cents per kWh
15	0.000 cents per kWh
23	0.000 cents per kWh
28	0.000 cents per kWh
30	0.000 cents per kWh
41	0.000 cents per kWh
47	0.000 cents per kWh
48	0.000 cents per kWh
50	0.000 cents per kWh
51	0.000 cents per kWh
52	0.000 cents per kWh
53	0.000 cents per kWh
54	0.000 cents per kWh

This schedule will terminate at such time as the renewable resource deferred balances have been fully collected.

CERTIFICATE OF SERVICE

I certify that on August 25, 2016, I served the non-confidential portions of Noble Americas Energy Solutions LLC's cross examination exhibits on all parties to the service list for UE 307 via the Oregon Public Utility Commission's electronic filing system, and that I served the confidential portions of the filing on the following qualified individuals via Federal Express overnight delivery.

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