



Testimony Submitted to the House Consumer Affairs Committee
April 10th, 2014

Members of the House Consumer Affairs Committee,

Chairman Daley and members of the Consumer Affairs Committee (Committee), my name is Becky Merola and I am responsible for government affairs for 10 of the 15 retail electric markets in the lower 48 that Noble Americas Energy Solutions participates in.

Noble Americas Energy Solutions LLC (Noble) is part of Noble Group a global company whose North American headquarters is located in Stamford CT. Noble is a licensed Electric Generation Supplier (EGS) in Pennsylvania and supplies retail electric products and services to commercial and industrial customers in the Commonwealth.

At the behest of Representative Daley, I appreciate the opportunity to provide comments regarding variable rate electric generation contracts. Noble shares the Committee's consideration regarding recent cost impacts to Pennsylvania ratepayers. We are deeply concerned that the response to recent winter events can cause a negative perception of our industry. As part of our testimony we wanted to provide a quick summary of what we see in the marketplace. There are many types of product structures offered by various suppliers to customers with difference levels of sophistication and with different terminology. With that in mind, there are basically 3 general types of product classifications.

- Fixed where there is a mutually agreed upon set price
- Index which is a floating price that follows an established public index. Fixed and Index are commonly combined.
- Variable where the price is determined by the supplier and may change from time to time. (Noble does not offer this type of product)

Speaking for Noble we also believe "regulatory action" or "change in law" clauses are also common in supplier contracts. These clauses are in contracts to protect parties in the event there is, in fact, a change in law or regulation that impacts a customer's fixed price. In the recent instance, however PJM has confirmed that there were no such regulatory changes enacted during January and simply stated the charges for ancillary services are just higher. Certainly, Noble is

looking for as much transparency as possible in examining what led to these unprecedented energy and ancillary service charges. Suppliers, however, know or should know what ancillary services are market based and can fluctuate. Noble offers fixed priced products and hedge their risk so when prices move they are protected against losses.

For our fixed price agreements Noble is not claiming a regulatory action which would allow for a pass through event for a customer who fixed such components and our floating priced agreements are based on indices that are in the public domain. We hope our brief comments provide insight into the retail electric marketplace from Noble's perspective. Again, thank you for the opportunity to address the committee and am happy to entertain any questions.