

November 23, 2015

Ms. Luly Massaro, Clerk
Rhode Island Public Utilities Commission
89 Jefferson Blvd.
Warwick, RI 02888

**In Re: Docket 4568 Review of National Grid's Rate Design Pursuant to
R.I. Gen. Laws §39-26.6-24**

Dear Ms. Massaro,

Enclosed please find an original and nine copies of the following document:

**1. Direct Testimony of Frank A. Epps, Principal and Managing Director, USA,
Energy Development Partners, LLC**

Please note that an electronic copy of this document has been provided to the service list.

Should you have any questions concerning this filing please contact me at (401) 272-1400.

Thank you for your attention to this matter.

Sincerely,



Christian F. Capizzo, Esq.

Enclosures

Cc: PUC Docket 4568 Service List dated 11/23/15 (via electronic mail)

1080 Main Street
Pawtucket, Rhode Island 02860
p 401.272.1400 f 401.272.1403

www.shechtmanhalperinsavage.com

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

**IN RE: REVIEW OF THE NARRAGANSETT ELECTRIC COMPANY
D/B/A NATIONAL GRID'S RATE DESIGN
PURSUANT TO R.I. GEN. LAWS § 39-26.6-4**

Docket No. 4568

**PREFILED DIRECT TESTIMONY
OF
FRANK A. EPPS, PRINCIPAL & MANAGING DIRECTOR, USA
ENERGY DEVELOPMENT PARTNERS, LLC**

November 23, 2015

THE RHODE ISLAND PUBLIC UTILITIES COMMISSION
DOCKET NO. 4568

IN RE: REVIEW OF THE)	
NARRAGANSETT ELECTRIC)	
COMPANY D/B/A NATIONAL)	
GRID'S RATE DESIGN)	
PURSUANT TO R.I. GEN. LAWS §)	DIRECT TESTIMONY OF
39-26.6-4)	FRANK A. EPPS, on behalf of
		ENERGY DEVELOPMENT
		PARTNERS, LLC

1 **INTRODUCTION AND BACKGROUND**

2 **Q. Please state your name and business address.**

3 A. My name is Frank A. Epps. My business address is 51 Industrial Drive, North
4 Smithfield, Rhode Island, 02896.

5 **Q. By whom are you employed and in what capacity?**

6 A. I am the Managing Director and Principal of Energy Development Partners,
7 LLC ("EDP").

8 **Q. On whose behalf are you testifying in this proceeding?**

9 A. I am testifying on behalf of EDP.

10 **Q. Please summarize your education and work experience.**

11 A. I earned a BS in Business Administration (1978) from Bryant University,
12 Smithfield, RI and a Masters of Business Administration (1982) from
13 Rensselaer Polytechnic Institute, Troy, NY. I have been involved in the
14 renewable energy industry since 2007. I am currently the Managing Director
15 and Principal of EDP, a Rhode Island based organization formed in 2014 that
16 specializes in solar renewable energy projects as a developer and financier.

1 From 2010-2013, I was the President and CEO of rTerra, LLC, also a Rhode
2 Island based renewable energy developer. In my roles at EDP and rTerra I have
3 developed four (4) operating solar facilities totaling 4.53MW DC under the
4 Distributed Generation Standard Contract Act of 2011 and have recently been
5 awarded a 999kW DC Certificate of Eligibility under the Renewable Energy
6 Growth Program. EDP is currently developing in excess of 20MW DC of solar
7 projects in Rhode Island and 200MW of solar projects in other states. I have
8 been a member of the Rhode Island Distributed Generation Advisory Board and
9 have contributed to numerous working groups during the formation of the
10 Rhode Island renewable energy legislations currently in place. From 2007-
11 2010, I was the President of EWT-Americas, Inc., the USA subsidiary of
12 Emergya Wind Technologies, by, a manufacturer and designer of direct drive
13 wind turbines. In this role I managed the sales and installation of wind turbines
14 for distributive generation projects throughout the Americas. From 2000-2007,
15 I was the CEO and co-founder of Narragansett Imaging, Inc. and from 1996-
16 2000, I was the COO of Optigan, Inc., both of which were founded and based in
17 Rhode Island. Previous to 1996, I held business development and management
18 positions at Scientific Atlanta, The Want Ad Press Publications and the
19 Hartford Courant.

20 **Q. Have you testified previously before the Rhode Island Public Utilities**
21 **Commission (the “Commission”)?**

22 A. No.

23

1 **Q. What is the purpose of your direct testimony?**

2 A. On July 31, 2015, Narragansett Electric Company d/b/a/ National Grid (the
3 Company), submitted a proposed rate design pursuant to R.I. General Law §39-
4 26.6-4 for the Commission's approval. Included in that proposal is the
5 Company's proposal for a "Distribution Rate for Stand-Alone Generators," that
6 it also calls an "Access Fee." The purpose of my direct testimony is to point out
7 the negative financial effect that an Access Fee will impose on currently
8 operating solar distributed generation facilities and the negative effect the
9 Access Fee will have in the ongoing development of EDPs' current Rhode
10 Island development activities.

11 **Q. What materials did you review in preparing this testimony?**

12 A. I reviewed the Company's application and work papers, and other filings
13 relevant to this proceeding. In addition, as demonstrated by my experience in
14 developing Rhode Island solar projects, I have a practical working knowledge
15 of the applicable Rhode Island statutes relating to the development and
16 operations of renewable energy projects.

17 **Q. What does the Company propose for an access fee on distributed
18 generators?**

19 A. The Company proposes to impose a capacity-weighted and -denominated
20 charge on all distributed generation under current and future programs. The
21 proposed charge starts at \$5.00 per kW-month, or \$60 per kW-year for facilities
22 connected at primary voltage level. The charge for facilities connected at
23 secondary voltage is \$7.25 per kW-month, or \$87.00 per kW-year. The charge

1 is then weighted for capacity factor, with facilities operating at a higher
2 capacity factor to pay more.

3 **Q. What are the negative financial aspects of the access fee on the current**
4 **solar projects you have developed and are operating?**

5 **A.** The 4.53MW DC operating projects are located in West Greenwich-2.0MW,
6 Middletown-500kW, Johnston-1.53MW and North Kingstown-500kW. All of
7 these projects were awarded a Power Purchase Agreement (“PPA”) under a
8 competitive bid process at a fixed per kWh price with the Company for 15
9 years under the 2011 Distributed Generation Contract Act (“the Act”). The
10 fixed per kWh price includes the supply generated and the Rhode Island New
11 Class 1 Renewable Energy Credits retained by the Company. All of the
12 projects are owned and operated by independent third parties who have invested
13 an estimated \$13.5 million dollars into equipment and jobs in establishing these
14 solar facilities. The competitive bids submitted by my organizations on behalf
15 of these third parties was based on the ceiling rates created through the
16 implementation of the Crest Model and published by the Distributed Generation
17 Board, the Office of Energy Resources, National Grid and subsequently
18 approved by the Commission. The third parties relied on the continuity of the
19 Act to provide them with a stated financial Internal Rate of Return (“IRR”)
20 from the project in which we based their competitive bid. Imposing the Access
21 Fee adds a new cost not anticipated by the third parties nor included in the Crest
22 Model. The new monthly/annual cost imposed on the project, therefore,
23 reduces the IRR of the project, a return that the third parties relied upon.

1 Depending on the rate awarded and the size of the project the IRR will be
2 reduced by as much a 250 basis points or 2.5% for these operating projects. It
3 is reasonable to assume that if the Access Fee was known at the time of our
4 placing the competitive bids, the third party's decision in determining their bid
5 amount or participating in the program altogether might have been different.

6 **Q. How does the implementation of the Access Fee negatively effect your**
7 **current project development pipeline?**

8 A. EDP has just been awarded a Certificate of Eligibility for a 999kW DC solar
9 facility to be constructed in Exeter, Rhode Island. The implementation of the
10 Access Fee and the resulting lower IRR could jeopardize the construction of
11 this project and result in the loss of the performance bond payment. We also
12 have 20MWs of proposed solar facilities that are being developed under the
13 current public entity net metering regulations of Rhode Island General Laws
14 39-26.4. These projects do not have electrical load on site and would be subject
15 to the Access Fee as proposed. This pipeline represents nearly \$40 million
16 dollars in new investments in Rhode Island and the realization of considerable
17 and needed savings in the cost of electricity to public entities such as
18 municipalities, public schools and state agencies. The PPAs with these public
19 entities have been either agreed upon by the respective town councils, school
20 boards and/or state authority boards or are currently in negotiations. Many of
21 these projects have already incurred cost for System Impact Studies ("SIS") by
22 the Company and are slated for construction and commissioning in 2016.
23 Imposing an Access Fee to these projects will diminish the value of the net

1 metering credits, hence, the savings being derived by the public entity, as it
2 relates to the current negotiated and agreed upon PPA rate. Imposing the
3 Access Fee will also negatively effect EDPs ability to maintain and continue to
4 attract third party investment to our projects in Rhode Island.

5 **Q: Do you have any other comments on the rate design proposal submitted by**
6 **the Company?**

7 Yes, I would like to comment on the proposal to combine the G32 and G62
8 rates. The Company is proposing a change by reducing the volumetric rate
9 with more emphasis on demand charges, especially with the G32 rate class.
10 The relationship between retail rate net metering and demand charges is very
11 important and relevant when considering virtual net metering for Rhode Island
12 public entities. Many Rhode Island public entities have numerous G32 rate
13 class meters. Volumetric rates are included in the calculation of the Net
14 Metering Credit (“NMC”). Demand charges are not. If the Company’s
15 proposal is approved as written many public entities will no longer benefit from
16 the net metering legislation as intended in R.I. General Laws §39-26.4. It
17 seems evident that reductions of the volumetric rate for purposes of reducing
18 the benefits of net metering is one of many motivations for utilities wanting to
19 switch from volumetric rates to fixed charges and demand charges. This
20 motivation is in conflict with our current laws that were written to assist,
21 municipalities, public schools, state agencies and other entities that qualify as a
22 “public entity” to partner with third parties for the purposes of constructing
23 renewable energy projects for financial savings and reductions in carbon

1 footprints. If the Company's proposal to combine the G32 and G62 rate
2 structures is adopted by the Commission it would be advisable to include
3 demand charges to the calculation of the NMC for virtual net metering projects.

4 **Q. What is your key recommendation to the commission in this proceeding?**

5 A. The Commission should deny the Company proposal for an Access Fee for
6 distributed generation.

7 **Q. Does that conclude your direct testimony?**

8 A. Yes

I hereby certify that on November 23, 2015, I sent a copy of the within to all parties set forth on the attached Service List by electronic mail and copies to Ms. Luly Massaro, Commission Clerk, by electronic mail and regular mail.

Parties' Name/Address	E-mail	Phone
National Grid Celia B. O'Brien, Esq. National Grid 280 Melrose Street Providence, RI 02907	Celia.obrien@nationalgrid.com;	781-907-2153
	Joanne.scanlon@nationalgrid.com;	
	Theresa.burns@nationalgrid.com;	
	Jeanne.lloyd@nationalgrid.com;	
	Ian.springsteel@nationalgrid.com;	
	Timothy.roughan@nationalgrid.com;	
	Peter.zschokke@nationalgrid.com;	
Nick Horan, Esq. Jack Habib, Esq. Keegan Werlin LLP	NHoran@keeganwerlin.com;	
	JHabib@keeganwerlin.com;	
Division of Public Utilities & Carriers (Division) Leo Wold, Esq. Karen Lyons, Esq. Dept. of Attorney General 150 South Main St. Providence, RI 02903	Lwold@riag.ri.gov;	401-222-2424 Ext. 2218
	Klyons@riag.ri.gov;	
	Jmunoz@riag.ri.gov;	
	Dmacrae@riag.ri.gov;	
	Steve.scialabba@dpuc.ri.gov;	
	Al.contente@dpuc.ri.gov;	
Richard Hahn Daymark Energy Associates 1 Washington Mall, 9th floor Boston, MA 02108	rhahn@daymarkea.com;	
	apereira@daymarkea.com;	
Office of Energy Resources (OER) Daniel W. Majcher, Esq. Dept. of Administration Division of Legal Services One Capitol Hill, 4 th Floor Providence, RI 02908	Daniel.majcher@doa.ri.gov;	401-222-8880
Marion Gold, Commissioner Office of Energy Resources One Capitol Hill, 4 th Floor Providence, RI 02908	Marion.gold@energy.ri.gov;	401-574-9113
	Nicholas.Ucci@energy.ri.gov;	
	Danny.musher@energy.ri.gov;	
	Christopher.kearns@energy.ri.gov;	
Conservation Law Foundation (CLF) Jerry Elmer, Esq. Conservation Law Foundation 55 Dorrance Street Providence, RI 02903	jelmer@clf.org;	401-351-1102 Ext. 2012
Acadia Center Mark E. LeBel Acadia Center 31 Milk Street Suite 501 Boston, MA 02108	mlebel@acadiacenter.org;	617-742-0054 Ext. 104
	aanthony@acadiacenter.org;	
	lmalone@acadiacenter.org;	
Quentin Anthony, Attorney at Law 41 Long Wharf Mall Newport, RI 02840	qanthony@verizon.net;	401-847-1008

Energy Efficiency Resources Mgmt. Council (EERMC) Marisa Desautel, Esq. Law Office of Marisa Desautel, LLC 55 Pine St. Providence, RI 02903	marisa@desautelesq.com ;	401-477-0023
Scudder Parker 128 Lakeside Avenue Suite 401 Burlington, VT 05401	sparker@veic.org ;	
Walmart Melissa M. Horne, Esq. Higgings, Cavanagh & Cooney, LLP 123 Dyer St. Providence, RI 02903	mhorne@hcc-law.com ;	401-272-3500
Stephen W. Chriss, Sr. Mgr. Regulatory Analysis Walmart 2001 Southeast 10 th St. Bentonville, AR 72716-5530	Stephen.chriss@walmart.com ;	479-204-1594
New England Clean Energy Council (NECEC) Narragansett Bay Commission (NBC) Joseph A. Keough, Jr., Esq. Keough & Sweeney 41 Mendon Ave. Pawtucket, RI 02861	jkeoughjr@keoughsweeney.com ;	401-724-3600
Sue AnderBois Janet Besser New England Clean Energy Council	sanderbois@necec.org ;	
	jbesser@necec.org ;	
Karen Giebink Jim McCaughey Narragansett Bay Commission	KGiebink@narrabay.com ;	
	jmccaughey@narrabay.com ;	
Wind Energy Development (WED) Seth H. Handy Handy Law, LLC 42 Weybosset Street Providence, RI 02903	seth@handylawllc.com ;	401-626-4839
Michelle Carpenter Wind Energy Development, LLC 3760 Quaker Lane North Kingstown, RI 02852	md@wedenergy.com ;	
The Alliance for Solar Choice (TASC) Michael McElroy, Esq. Leah J. Donaldson, Esq. Schacht & McElroy PO Box 6721 Providence, RI 02940-6721	Michael@McElroyLawOffice.com ;	401-351-4100
	Leah@McElroyLawOffice.com ;	
Thadeus B. Culley, Esq. Keyes, FOX & Weidman LLP 401 Harrison Oaks Blvd., Suite 100 Cary, NC 27517	tculley@kfvlaw.com ;	510-314-8205
Gracie Walovich Carine Dumit	gracie@allianceforsolarchoice.com ;	
	cdumit@solarcity.com ;	

<p>Katie Sheldon Evan Dube</p>	<p>ksheldon@solarcity.com; evand@sunrunhome.com;</p>	
<p>Dept. of the Navy (Navy) Allison Genco, Esq. NAVFAC HQ- Building 33 Dept. of the Navy 1322 Patterson Ave SE, Suite 1000 Washington Navy Yard, D.C. 20374-5065</p>	<p>allison.genco@navy.mil;</p>	
<p>Dr. Kay Davoodi, P.E., Director Utility Rates and Studies Office NAVFAC HQ- Building 33 Dept. of the Navy 1322 Patterson Ave SE, Suite 1000 Washington Navy Yard, D.C. 20374-5065</p>	<p>Khojasteh.davoodi@navy.mil;</p>	
<p>Larry R. Allen, Public Utilities Specialist Dept. of the Navy</p>	<p>Larry.r.allen@navy.mil;</p>	
<p>Maurice Brubaker P.O. Box 412000 St. Louis, Missouri 63141-2000 636-898-6726</p>	<p>mbrubaker@consultbai.com;</p>	<p>636-898-6726</p>
<p>Ali Al-Jabir 5106 Cavendish Drive Corpus Christi, TX 78413</p>	<p>aaljabir@consultbai.com;</p>	<p>361-994-1767</p>
<p>Energy Development Partner Christian F. Capizzo, Counsel Shechtman Halperin Savage, LLP 1080 Main St. Pawtucket, RI 02860</p>	<p>ccapizzo@shslawfirm.com;</p>	<p>401- 272-1400</p>
<p>Frank A. Epps, Managing Director, USA Energy Development Partners, LLC 51 Industrial Drive North Smithfield, RI 02896</p>	<p>frank@edp-energy.com;</p>	<p>401-884-2248</p>
<p>Hecate Energy & CME Energy Alan Shoer, Esq. Adler Pollock & Sheehan, Inc. One Citizens Plaza, 8th Floor Providence, RI 002903</p>	<p>ashoer@apslaw.com;</p>	<p>401-274-7200</p>
<p>Nicholas Bulling Gabriel Wapner Hecate Energy, LLC 115 Rosa Parks Blvd. Nashville, TN 37203</p>	<p>NBullinger@HecateEnergy.com;</p>	
	<p>GWapner@HecateEnergy.com;</p>	
<p>CME Energy, LLC William J. Martin, President Kevin Stacom CME Energy, LLC 20 Park Plaza, Suite #400 Boston, MA 02116</p>	<p>Wmartin@cme-energy.com;</p>	
	<p>Kevin.stacom@gmail.com;</p>	
<p>File an original & 9 copies w/ PUC: Luly E. Massaro, Commission Clerk Public Utilities Commission</p>	<p>Luly.massaro@puc.ri.gov;</p>	<p>401-780-2107</p>
	<p>Cynthia.wilsonfrias@puc.ri.gov;</p>	
	<p>Alan.nault@puc.ri.gov;</p>	

89 Jefferson Blvd. Warwick, RI 02888	Todd.bianco@puc.ri.gov ;	
Linda George, RI Senate Policy	lgeorge@rilin.state.ri.us ;	
Matt Davey, Silver Sprint Networks	mdavey@silverspringnet.com ;	
Christopher Long	christopher.long@opower.com ;	
Douglas Gablinske, The Energy Council-RI	Doug@tecri.org ;	
Eugenia T. Gibbons, ECANE d/b/a Mass Energy & People's Power & Light	eugenia@massenergy.org ;	
Laurence Ehrhardt	replarry@gmail.com ;	
Kat Burnham, People's Power & Light	kat@ripower.org ;	
Vito Buonomano	info@neastsolar.com ;	


 Atty. Christian F. Capizzo, #6655
 Shechtman Halperin Savage, LLP
 1080 Main St.
 Providence, RI 02860
 T: (401) 272-1400
 F: (401) 272-1403
 E: ccapizzo@shslawfirm.com