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January 6, 2016

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

**Re: Docket 4568**

Dear Ms. Massaro:

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

1. Surrebuttal Testimony of James McCaughey, Environmental Safety and Technical Assistance Manager, Narragansett Bay Commission.

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

Thank you for your attention to this matter.

Sincerely,



Joseph A. Keough, Jr.

JAK/kf  
Enclosures  
cc: Docket 4568 Service List (*via electronic mail*)

**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 SURREBUTTAL TESTIMONY**

**OF**

**JAMES McCAUGHEY  
ENVIRONMENTAL SAFETY AND TECHNICAL ASSISTANCE MANAGER,  
NARRAGANSETT BAY COMMISSION**

**JANUARY 6, 2016**

1 **NARRAGANSETT BAY COMMISSION**

2  
3 **PRE-FILED SURREBUTTAL TESTIMONY**

4 **OF JAMES McCAUGHEY, P.E.**

5  
6 **Q. Please state your name and address.**

7 A. James McCaughey. My business address is the Narragansett Bay Commission, One Service  
8 Road, Providence, Rhode Island 02905.

9 **Q. For whom are you employed and what is your position?**

10 A. I am employed by the Narragansett Bay Commission (NBC) as its Environmental Safety and  
11 Technical Assistance Manager.

12 **Q. Are you the same James McCaughey that filed direct testimony on behalf of the NBC in this**  
13 **Docket?**

14 A. Yes, I am.

15 **Q. What is the purpose of this pre-filed testimony?**

16 A. This testimony is offered as surrebuttal to the December 16, 2015 joint rebuttal testimony of  
17 Peter T. Zschokke, Jeanne A. Lloyd, and Timothy R. Roughan on behalf of National Grid (the  
18 "Company"). I would like to address three particular issues raised in National Grid's joint  
19 rebuttal testimony.

20 **Q. What is the first issue you would like to address?**

21 A. First, I would like to comment on the testimony on page 63 (Bates Stamp 63), which claims that  
22 "an Access Fee would allow renewable energy projects to continue to move forward with the  
23 understanding that proper funding of the distribution system is critical as an essential element  
24 of the overall electric power system the project needs to provide renewable energy to all  
25 customers." Based on my analysis of the potential impact on NBC's virtual net-metering  
26 projects, the imposition of the proposed Access Fee would adversely impact the economic

1 viability of renewable energy projects and therefore make it more difficult for renewable energy  
2 projects to move forward.

3 As mentioned in my direct testimony in this Docket, the NBC has made renewable energy a high  
4 priority. Wastewater treatment operations are one of the most energy intensive public services  
5 provided and with more stringent treatment standards on the horizon, energy demand is  
6 expected to increase. Energy is also expensive, and when derived from carbon based fuels,  
7 significantly contributes to NBC's overall carbon foot-print. To address these energy issues, NBC  
8 has put great effort into researching and implementing energy efficiency measures. The Power  
9 Purchase Agreements (PPAs) that NBC is currently negotiating are part of this initiative. Utilizing  
10 a model where credits are applied to NBC electrical use by kilowatt hours (kWh), as outlined in  
11 National Grid's Docket 4549 Response to Record Request Issued at the Commission's Technical  
12 Session on April 14, 2015 I have determined that the Access Fee will increase the cost of the  
13 project to NBC by as much as 25% per kWh of renewable energy generated. This is clearly  
14 significant and will adversely impact the economic viability of virtual net metering projects.

15 **Q. What is the second item that you would like to address in your testimony?**

16 A. The second area of concern relates to National Grid's rebuttal testimony on page 65 (Bates  
17 Stamp 65) that "if the PUC determines that the proposed Access Fee is not appropriate at this  
18 time, then the Company requests that the PUC, at a minimum, direct that stand-alone DG  
19 customers that are in excess of 200 kW receive retail delivery service on Rate G-32, which has a  
20 customer charge that is more commensurate with the cost incurred to serve larger customers."  
21 Based upon the figures provided by National Grid as outlined in National Grid's Docket 4549  
22 Response to Record Request Issued at the Commission's Technical Session on April 14, 2015,  
23 this proposal would essentially have a negative impact of similar magnitude on the economic  
24 viability of renewable energy projects as the Access Fee. Based upon my calculations, and  
25 applying this rate class to NBC's solar energy projects under negotiation the cost per kWh will be  
26 14% higher than the cost resulting from applying kWh credits.

27 **Q. What is the last item that you would like to address?**

28 A. Also on page 65 (Bates Stamp 55) of its rebuttal testimony, National Grid asserts that "in  
29 addition, the Company requests that the PUC direct the Company to develop a charge applicable

1 to all DG customers that will recover the ongoing operation and maintenance expense  
2 associated with the interconnection facilities installed to serve the customer.” NBC is concerned  
3 about National Grid’s proposal to implement an “as yet to be determined” customer charge that  
4 will only serve to further erode the economic viability of renewable energy projects.

5 **Q. Does this conclude your surrebuttal testimony?**

6 A. Yes.

### CERTIFICATION

I hereby certify that on January 6, 2016, I sent a copy of the within to all parties set forth on the attached Service List by electronic mail and copies to Luly Massaro, Commission Clerk, by electronic mail and regular mail.

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