KEOUGH & SWEENEY, LTD.

ATTORNEYS AND COUNSELORS AT LAW
41 MENDON AVENUE
PAWTUCKET, RHODE ISLAND 02861
TELEPHONE (401) 724-3600
FACSIMILE (401) 724-9909
www.keoughsweeney.com

JOSEPH A. KEOUGH JR.* JEROME V. SWEENEY III*

> SEAN P. KEOUGH* STACI L. KOLB

JEROME V. SWEENEY II OF COUNSEL

*ADMITTED TO PRACTICE IN RHODE ISLAND & MASSACHUSETTS

BOSTON OFFICE: 171 MILK STREET SUITE 30 BOSTON, MA 02109 TEL. (617) 574-0054 FAX (617) 451-1914

November 23, 2015

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

Re: Docket 4568

RAYNHAM OFFICE:

90 NEW STATE HIGHWAY

RAYNHAM, MA 02109

TEL. (508) 822-2813

FAX (508) 822-2832

Dear Ms. Massaro:

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

1. Direct Testimony of Janet Gail Besser, Vice President, Policy and Government Affairs, Northeast Clean Energy Council.

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.

Strysh all ph 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 DIRECT TESTIMONY

OF

JANET GAIL BESSER
VICE PRESIDENT, POLICY AND GOVERNMENT AFFAIRS,
NORTHEAST CLEAN ENERGY COUNCIL

November 23, 2015

NECEC (Northeast Clean Energy Council)

Janet Gail Besser
Intervener Access Fee Direct Testimony
RIPUC Docket No. 4568
Page 1 of 8

1	Introduction And	Qualifications o	of Janet	Gail Besser
---	------------------	------------------	----------	--------------------

- 2 Q. Please state your name and business address?
- 3 A. My name is Janet Gail Besser and my business address is 250 Summer Street, 5th Floor,
- 4 Boston, Massachusetts 02210.

5

- 6 Q. Are you the same Janet Gail Besser who provided direct testimony on October 23, 2015, in
- 7 this Docket?
- 8 A. Yes I am.

9

10

- Q. What is the purpose of your testimony?
- 11 A. The purpose of my testimony is to address the proposed distribution rate for stand-alone
- 12 generators or "Access Fee" submitted by the Narragansett Electric Company, d/b/a National
- Grid ("National Grid" or the "Company") in this proceeding (See National Grid Joint Pre-Filed
- 14 Direct Testimony, Bates 59-65).

15

- 16 Q. On whose behalf are you submitting testimony in this proceeding?
- 17 A. I am submitting testimony on behalf of the Northeast Clean Energy Council ("NECEC",
- 18 formerly the New England Clean Energy Council).

19

- 20 Q. How is your testimony organized?
- 21 A. My testimony is organized into three sections. Section I of my testimony addresses National
- 22 Grid's proposal to impose an Access Fee retroactively on customers with stand-alone
- 23 generation that is net metering, participating in the Distributed Generation ("DG") Standard
- 24 Contract program and participating in the Renewable Energy Growth ("REG") Program. Section
- 25 II of my testimony addresses the Company's proposal to impose an Access Fee on future
- 26 distributed generation projects that net meter or participate in the REG program. Section III

NECEC (Northeast Clean Energy Council)

Janet Gail Besser
Intervener Access Fee Direct Testimony
RIPUC Docket No. 4568
Page 2 of 8

summarizes my recommendation to the Commission regarding the Access Fee in this 1 2 proceeding. 3 I. National Grid's Proposal to Impose an Access Fee on Stand-Alone Distributed Generation 4 5 Retroactively Q. What is your view on National Grid's proposal to impose an Access Fee retroactively on 6 customers with stand-alone generation? 7 A. National Grid's proposal to impose an Access Fee on stand-alone distributed generators that 8 9 net meter, and/or participate in the DG Standard Contract Program and the REG Program should not be approved. 10 11 Q. Please elaborate. 12 A. The Company's proposal to impose an Access Fee on "(i) on net metering customers, (ii) 13 customers and generators who qualified for a standard contract under the Distributed 14 Generation Standard Contracts program and (iii) customer and generators who qualified or will 15 qualify under terms of the Renewable Energy Growth ("REG") program tariffs that are 16 established before the effective date of the access fee" should be disposed of as a matter of 17 law as argued in the Motion for Summary Disposition by Acadia Center, Conservation Law 18 Foundation, New England Clean Energy Council (now Northeast Clean Energy Council), and The 19 Alliance for Solar Choice filed on September 29, 2015. 20 21 Moreover, the Commission should not approve National Grid's proposal to impose an access 22 23 fee retroactively because it is inconsistent with Rhode Island state policy, the REG Statute (RIGL 24 §39-26.6) and well-established ratemaking principles. 25

26

1	II. National Grid's Pro	posal to Impose an	Access Fee on Stand	d-Alone Distributed	Generation
---	-------------------------	--------------------	----------------------------	---------------------	------------

2 **Prospectively**

11

12

13

14

15

17

26

- 3 Q. What is your view on National Grid's proposal to impose an Access Fee prospectively on
- 4 customers with stand-alone generation?
- 5 A. National Grid's proposal to impose an Access Fee on stand-alone distributed generation
- 6 prospectively is not appropriate for the following reasons:
- The Access Fee is not consistent with the purposes of the REG statute, state policy goals
 and well-established ratemaking principles.
- National Grid has not provided evidence or support for its stated purpose for imposing
 the Access Fee and how the Access Fee will achieve this purpose.
 - In fact, National Grid's statements that the Access Fee would be "reimbursed" to DG customers participating in the REG program would appear to undermine its stated purpose in imposing it.
 - Finally, National Grid has not provided sufficient information to support the level of the proposed Access Fee.
- 16 I will address each of these issues in more detail herein below.
- 18 Q. Would you please elaborate on why National Grid's proposed Access Fee is not consistent
- with the purposes of the REG statute?
- 20 A. Yes. The first stated purpose of the REG statute is "to facilitate and promote installation of
- 21 grid-connected generation of renewable energy" and the second stated purpose is to "support
- 22 and encourage development of distributed renewable energy generation systems." (RIGL §39-
- 23 26.6-1) Imposition of an Access Fee on stand-alone generation will undermine these purposes
- by discouraging grid-connected renewable energy and distributed renewable energy generation
- 25 systems by adding to their costs.

27 In addition, the proposed Access Fee is not consistent with well-established ratemaking

NECEC (Northeast Clean Energy Council)

Janet Gail Besser
Intervener Access Fee Direct Testimony
RIPUC Docket No. 4568
Page 4 of 8

principles, several of which the REG statute requires the Commission to take into account "[i]n 1 2 establishing any new rates." These include equitability and cost causation. (RIGL §39-26.6—24) 3 Q. Please elaborate. 4 A. National Grid's proposed Access Fee does not treat stand-alone generators equitably and in a 5 non-discriminatory manner. The proposed Access Fee is also inconsistent with the ratemaking 6 principle of cost causation. This can be seen from the differential impacts of the Access Fee on 7 8 individual stand-alone generators. 9 National Grid estimates that if its proposed Access Fee had been in effect for 12 months for 10 three stand-alone Qualifying Facilities, one stand-alone net metered facility and three of 20 11 stand-alone DG Standard Contract projects, it would range from \$9,570 to \$62,640 per year. 12 (N. Grid Response to PUC 2-3, Bates 20) 13 14 In and of itself, this range is not necessarily a problem if it is correlated with the size or output 15 of individual facilities, but this is not the case. These estimated Access Fees represent between 16 17 6% and 66% for three stand-alone Qualifying Facilities, 30% for the one stand-alone netmetered facility, and between 5.8% and 9.6% of annual project revenues for the first three of 18 the 20 stand-alone DG Standard Contract projects listed in CLF 2-7. (Calculation based on N. 19 Grid Response to PUC 2-3, Bates 20-21 and CLF 2-7, Bates 14-15.) In addition, basing the Access 20 Fee on nameplate capacity adjusted for an availability factor penalizes projects with higher 21 capacity factors, contrary to what one would expect would be the objective. 22 23 Q. Are there other issues with National Grid's proposed Access Fee? 24 A. Yes. National Grid has not provided evidence or support for how imposing the Access Fee 25 will achieve its stated purpose in doing so. While the Company asserts that the Access Fee is 26 27 intended to "contribute towards the support for the distribution system that the DG facility

NECEC (Northeast Clean Energy Council)
Janet Gail Besser
Intervener Access Fee Direct Testimony
RIPUC Docket No. 4568
Page 5 of 8

1	relies upon for the movement of generated energy from the site of generation to other
2	locations, as well as contributing towards the recovery of ongoing operations, maintenance and
3	replacement costs of interconnection equipment" (National Grid Joint Pre-Filed Direct
4	Testimony, Bates 62), it does not explain or provide support for what these costs are and why
5	they are not covered under charges that stand-alone generators do pay. Stand-alone net
6	metering DG customers are billed and pay the monthly customer charge under the Small
7	Commercial and Industrial Rate C-06 ("Rate C-06"). (National Grid Joint Pre-Filed Direct
8	Testimony, Bates 61) They also pay interconnection and upgrade costs associated with their
9	interconnection to the distribution system.
10	
11	Q. Are there other indications that call into question the purpose of the Access Fee and
12	whether this purposed is achieved?
13	A. Yes. National Grid's discussion about how some stand-alone generators would be
14	"reimbursed" for the Access Fee through participation in the REG program would appear to
15	undermine the stated purpose in imposing it – having stand-alone DG customers "contribute
16	towards the support for the distribution system that the DG facility relies upon." (National Grid
17	Joint Pre-Filed Direct Testimony, Bates 61) In addition to raising questions about the stated
18	purpose of imposing the Access Fee, "reimbursement" to stand-alone generators that
19	participate in the REG Program and not other stand-alone generators would be discriminatory.
20	
21	Q. Please explain.
22	A. National Grid indicates that the costs of the Access Fee for stand-alone distributed
23	generators participating in the REG program could be "reimbursed" by including them among
24	the other costs incorporated in the calculation of the REG "performance based incentive." (N.
25	Grid Responses to PUC 2-2 (Bates 19), PUC 2-4 (Bates 1), PUC 2-5 (Bates 22)) If the Access Fee
26	costs are reimbursed to stand-alone generators in the REG program by increasing the
27	performance based incentive, then the claimed Access Fee contribution from these generators

NECEC (Northeast Clean Energy Council)

Janet Gail Besser
Intervener Access Fee Direct Testimony
RIPUC Docket No. 4568
Page 6 of 8

to cover the costs of using the distribution system is obviated. The only effect then of 1 2 imposition, and subsequent reimbursement, of the Access Fee on REG program participants 3 would be to increase the apparent costs of the REG program by allowing National Grid to move revenue from one bucket to another. 4 5 Q. Please elaborate. 6 A. An increase in payments to stand-alone generators under the REG program would be 7 recovered through the fixed monthly charge per customer used to recover the costs of the REG 8 9 program. (RIGL §39-26.6-25) National Grid plans to treat the increase in revenues from any 10 allowed Access Fee as a credit to the Revenue Decoupling Mechanism ("RDM") (National Grid Response to PUC 2-6, Bates 23), a charge that is credited or recovered from customers on a 11 kWh basis. In essence, imposition of the Access Fee on REG stand-alone generators and 12 reimbursement of its costs to them through the performance incentive only shifts 13 costs/revenues from the variable RDM charge to the fixed REG Program charge. This would be 14 a further shift from variable to fixed charges on top of the Company's tiered customer charge 15 proposal, which I addressed in my October 23, 2015 testimony in this proceeding. Moreover, 16 17 allowing National Grid to make the REG Program appear more expensive would be inconsistent with the purpose of the REG statute. 18 19 Q. What is your view of the basis for the level of the proposed Access Fee? 20 A. In addition to not providing a reasonable and appropriate rationale for imposition of an 21 Access Fee, National Grid has not provided sufficient information to support the level of the 22 23 proposed Access Fee.

Q. Please elaborate.

24

25

26

27

A. National Grid describes its rationale and the level of the proposed Access Fee in its Joint Pre-

Filed Direct Testimony (Bates 59-65) and Schedule NG-11 (Bates 141). National Grid provides

NECEC (Northeast Clean Energy Council) Janet Gail Besser Intervener Access Fee Direct Testimony RIPUC Docket No. 4568 Page 7 of 8

some additional information on an estimate of ongoing operation and maintenance ("O&M") 1 2 costs "in the range of 5-8% of initial construction costs" and uses 6% to calculate ongoing O&M costs of \$165,710 per year for the 10 largest stand-alone DG facilities in its response to DIV 1-23 3 at Bates 31-33. (This figure represents only .07% of National Grid's total revenue requirement 4 of \$251 million as reported in Schedule NG-10, Bates 139.) National Grid stated, "No other 5 schedules or workpapers were used in the development of the proposed Access Fees." (N. Grid 6 Response to DIV 1-23, Bates 32) It does not appear that National Grid conducted detailed 7 8 analysis of the Access Fee as the Company has not provided any such analyses to the 9 Commission. 10 National Grid does not explain the degree to which stand-alone DG customers compensate the 11 Company for these costs through the payment of customer charges under Rate C-06, 12 interconnection and system upgrade costs. The Company notes that Rate C-06 does not 13 currently compensate it for the cost of interval metering equipment but does not quantify this 14 cost nor explain why it would not be included in the cost of service in its next rate case. While 15 the Company asserts that management of DG on the distribution system requires changes to its 16 17 operations, planning, and billing and customer systems, it does not quantify the costs of these changes. (National Grid Joint Pre-Filed Direct Testimony, Bates 62-63) Without this 18 information, the Commission does not have a sufficient basis to conclude that imposition of an 19 Access Fee would be appropriate ratemaking. 20 21 22 **III.** Recommendations 23 Q. What is your recommendation to the Public Utilities Commission? 24 A. I recommend that the Commission not approve National Grid's Access Fee proposal for the reasons discussed in my testimony. 25 26 Imposition of an Access Fee retroactively on "(i) on net metering customers, (ii) customers and

27

NECEC (Northeast Clean Energy Council)

Janet Gail Besser
Intervener Access Fee Direct Testimony
RIPUC Docket No. 4568
Page 8 of 8

generators who qualified for a standard contract under the Distributed Generation Standard 1 2 Contracts program and (iii) customer and generators who qualified or will qualify under terms of the Renewable Energy Growth ("REG") program tariffs that are established before the 3 effective date of the access fee" should be disposed of as a matter of law as argued in the 4 Motion for Summary Disposition by Acadia Center, Conservation Law Foundation, New England 5 Clean Energy Council (now Northeast Clean Energy Council), and The Alliance for Solar Choice 6 7 on September 29, 2015. Moreover, imposition of an Access Fee retroactively is not consistent 8 with Rhode Island state policy and the purposes of the REG statute which include 9 encouragement of distributed renewable energy generation. Rather, imposition of a retroactive Access Fee would discourage investment in renewable energy generation, and 10 investment in Rhode Island more broadly, because of the uncertainty it would create for 11 customers, developers and those who finance such investments. 12 13 National Grid's proposal to impose the Access Fee prospectively is also not consistent with 14 Rhode Island state policy, the purposes of the REG Statute and well-established ratemaking 15 principles. In particular, National Grid's proposal would not treat DG and other customers 16 17 equitably and it would discriminate between DG customers participating in the REG program and those who do not. 18 19 National Grid has not supported its stated purpose for imposing the Access Fee and how it will 20 achieve this purpose. In fact, National Grid's statements that the Access Fee would be 21 "reimbursed" to DG customers participating in the REG program would appear to undermine 22 23 its stated purpose in imposing it. Moreover, National Grid has not provided sufficient 24 information to support the level of the proposed Access Fee. 25 Q. Does this conclude your testimony? 26 27 A. Yes.

CERTIFICATION

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 Luly Massaro, Commission Clerk, by electronic mail and regular mail.

Parties' Name/Address	E-mail	Phone
National Grid	Celia.obrien@nationalgrid.com;	781-907-2153
Celia B. O'Brien, Esq.	Joanne.scanlon@nationalgrid.com;	
National Grid	Theresa.burns@nationalgrid.com;]
280 Melrose Street	Jeanne.lloyd@nationalgrid.com;	1
Providence, RI 02907	lan.springsteel@nationalgrid.com;	1
	Timothy.roughan@nationalgrid.com;	1
	Peter.zschokke@nationalgrid.com;	1
Division of Public Utilities & Carriers (Division)	Lwold@riag.ri.gov;	401-222-2424
Leo Wold, Esq.	Klyons@riag.ri.gov;	Ext. 2218
Karen Lyons, Esq.	Jmunoz@riag.ri.gov;	1
Dept. of Attorney General	Dmacrae@riag.ri.gov;	1
150 South Main St.	Steve.scialabba@dpuc.ri.gov;	
Providence, RI 02903	Al.contente@dpuc.ri.gov;	
Richard Hahn	rhahn@lacapra.com;	
Lacapra Associates		
1 Washington Mall, 9th floor	apereira@lacapra.com;	
Boston, MA 02108		
Office of Energy Resources (OER)	Daniel.majcher@doa.ri.gov;	401-222-8880
Daniel W. Majcher, Esq.		
Dept. of Administration		
Division of Legal Services		
One Capitol Hill, 4 th Floor		
Providence, RI 02908		
Marion Gold, Commissioner	Marion.gold@energy.ri.gov;	401-574-9113
Office of Energy Resources	Nicholas.Ucci@energy.ri.gov;	
One Capitol Hill, 4 th Floor	<u>Danny.musher@energy.ri.gov;</u>	
Providence, RI 02908	Christopher.kearns@energy.ri.gov;	
Conservation Law Foundation (CLF)	jelmer@clf.org;	401-351-1102
Jerry Elmer, Esq.		Ext. 2012
Conservation Law Foundation		
55 Dorrance Street		
Providence, RI 02903		

Acadia Center	mlebel@acadiacenter.org;	617-742-0054
Mark E. LeBel		Ext. 104
Acadia Center	aanthony@acadiacenter.org;	
31 Milk Street Suite 501		
Boston, MA 02108	<u>Imalone@acadiacenter.org;</u>	
Quentin Anthony, Attorney at Law	<pre>qanthony@verizon.net;</pre>	401-847-1008
41 Long Wharf Mall		
Newport, RI 02840		
Energy Efficiency Resources Mgmt. Council	marisa@desautelesq.com;	401-477-0023
(EERMC)		
Marisa Desautel, Esq.		
Law Office of Marisa Desautel, LLC		
55 Pine St.		
Providence, RI 02903		
Scudder Parker	<pre>sparker@veic.org;</pre>	
128 Lakeside Avenue		
Suite 401		
Burlington, VT 05401		
Walmart	mhorne@hcc-law.com;	401-272-3500
Melissa M. Horne, Esq.		
Higgings, Cavanagh & Cooney, LLP		
123 Dyer St.		
Providence, RI 02903		
Stephen W. Chriss, Sr. Mgr. Regulatory Analysis	Stephen.chriss@walmart.com;	479-204-1594
Walmart		
2001 Southeast 10 th St.		
Bentonville, AR 72716-5530		
New England Clean Energy Council (NECEC)	jkeoughjr@keoughsweeney.com;	401-724-3600
Joseph A. Keough, Jr., Esq.		
Keough & Sweeney		
41 Mendon Ave.		
Pawtucket, RI 02861		
Sue AnderBois	sanderbois@necec.org;	
Janet Besser	jbesser@necec.org;	
New England Clean Energy Council		
Wind Energy Development (WED)	seth@handylawllc.com;	401-626-4839
Seth H. Handy		
Handy Law, LLC		
42 Weybosset Street		
Providence, RI 02903		

Michalla Carpontar	md@wodonorgy.com	
Michelle Carpenter	md@wedenergy.com;	
Wind Energy Development, LLC		
3760 Quaker Lane		
North Kingstown, RI 02852	NATIONAL CONTRACTOR OF CONTRACTOR	404 254 4400
The Alliance for Solar Choice (TASC)	Michael@McElroyLawOffice.com;	401-351-4100
Michael McElroy, Esq.		
Leah J. Donaldson, Esq.	Leah@McElroyLawOffice.com;	-
Schacht & McElroy	<u>Learner Wicking Lawornice.com</u> ,	
PO Box 6721		
Providence, RI 02940-6721		
Thadeus B. Culley, Esq.	tculley@kfwlaw.com;	510-314-8205
Keyes, FOX & Weidman LLP		
401 Harrison Oaks Blvd., Suite 100		
Cary, NC 27517		
Dept. of the Navy (Navy)	allison.genco@navy.mil;	
Allison Genco, Esq.		
NAVFAC HQ- Building 33		
Dept. of the Navy		
1322 Patterson Ave SE, Suite 1000		
Washington Navy Yard, D.C. 20374-5065		
Dr. Kay Davoodi, P.E., Director	Khojasteh.davoodi@navy.mil;	
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		
Larry R. Allen, Public Utilities Specialist	Larry.r.allen@navy.mil;	
Dept. of the Navy		
Energy Development Partner	ccapizzo@shslawfirm.com;	401- 272-
Christian F. Capizzo, Counsel	,	1400
Shechtman Halperin Savage, LLP		
1080 Main St.		
Pawtucket, RI 02860		
Frank A. Epps, Managing Director, USA	frank@edp-energy.com;	401-884-2248
Energy Development Partners, LLC	manke cap chergy toom,	101 00 1 22 10
51 Industrial Drive		
North Smithfield, RI 02896		
Narragansett Bay Commission	KGiebink@narrabay.com	
Karen Giebink, Director of Administration and	imccaughey@narrabay.com	
Finance	iniccaughey@harrabay.com	
James McCaughey, Environmental Safety and		
Technical Assistance Manager		

File an original & 9 copies w/ PUC:	Luly.massaro@puc.ri.gov;	401-780-2107
Luly E. Massaro, Commission Clerk	Cynthia.wilsonfrias@puc.ri.gov;	
Public Utilities Commission	Alan.nault@puc.ri.gov;	
89 Jefferson Blvd.	Todd.bianco@puc.ri.gov;	
Warwick, RI 02888		
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 &	eugenia@massenergy.org;	
People's Power & Light		
Laurence Ehrhardt	replarry@gmail.com;	

Joseph A. Keough, Jr., Esquire # 4925

KEOUGH & SWEENEY, LTD. 41 Mendon Avenue

Joseph all ph Jr

Pawtucket, RI 02861

(401) 724-3600 (phone)

(401) 724-9909 (fax)

jkeoughjr@keoughsweeney.com