



**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS**

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November 23, 2015

**VIA FIRST CLASS MAIL AND ELECTRONIC MAIL:**

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

RE: National Grid Rate Design [Docket No. 4568]

Dear Luly:

Enclosed for filing is an original and ten (10) copies of the Office of Energy Resources ("Office") testimony related to the above mentioned docket.

Sincerely,

Daniel W. Majcher, Esq.

DWM/njr

Enclosure

c. Docket 4568 Service List

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

IN RE: REVIEW OF THE  
NARRAGANSETT ELECTRIC COMPANY  
D/B/A NATIONAL GRID – REVIEW OF  
ELECTRIC DISTRIBUTION DESIGN  
PURSUANT TO R.I. GENERAL LAWS § 39-26.4-24

DOCKET 4568  
[ACCESS FEE]

DIRECT TESTIMONY  
OF  
MARION GOLD

NOVEMBER 23, 2015

1 Direct Testimony of Marion Gold – RI Office of Energy Resources

2 I, Marion Gold, hereby testify as follows:

3 1. **Please state your name, employer and title.**

4 Marion Gold, Rhode Island Office of Energy Resources (“OER”), Commissioner.

5 2. **Please provide your background and experience.**

6 I have served as Commissioner of the OER since August 2012. In this capacity, I am a  
7 member of Governor Raimondo’s Cabinet. The OER serves as the lead energy policy and  
8 planning entity for the State of Rhode Island. I also serve as the Vice-Chair of the Executive  
9 Council on Climate Change, the Executive Director of the Energy Efficiency and Resource  
10 Management Council and sit on the Distributed Generation Board (“Board”) in an *ex officio*  
11 capacity. In addition, I am on the Board of Directors of the Regional Greenhouse Gas Initiative  
12 (“RGGI”), act as the Treasurer of the National Association of State Energy Offices, serve as  
13 President of the New England States Committee on Electricity (“NESCOE”), and was appointed  
14 the State Energy Advisory Board to the Department of Energy by Secretary Moniz.

15 Prior to my appointment as Commissioner, I was the Director of the Outreach Center at  
16 the University of Rhode of Island (“URI”). At URI, I established the URI Partnership for Energy,  
17 an interdisciplinary energy research and outreach program and launched the URI Energy Fellows  
18 Program.

19 I hold a BS with honors in Natural Resource Science and Policy from the University of  
20 Michigan, a MS in Environmental Economics from Michigan State University, and a Ph.D. in  
21 Environmental Sciences from the University of Rhode Island.

22 3. **What is your role in monitoring and participating in this docket proceeding?**

23 OER is the State’s lead energy policy agency, representing the Governor’s  
24 Administration and State interests with the primary goals of supporting investment in the clean  
25 energy industry and job growth.

1           4. **Do you have any concerns related to the “Access Fee” contained in National Grid’s filing?**

2                       In particular, the “Access Fee” component of National Grid’s Rate Design proposal  
3           impacts those contracts entered into as part of the 2011-2014 Distributed Generation Standard  
4           Contracts Program, as well as current and future projects facilitated through the 2015-2019  
5           Renewable Energy Growth Program. OER and the Board have a primary role in overseeing and  
6           advancing these statutory-based clean energy programs. The proposed Access Fee would also  
7           impact virtual net-metered projects being developed by State, quasi-state agencies, universities,  
8           wastewater treatment facilities and municipalities. As a result of these potential implications for  
9           existing and future local clean energy projects, National Grid’s proposal may have a significant  
10          negative impact on Rhode Island’s clean energy economy and the State’s ability to achieve its  
11          overall economic, energy and environmental policy goals.

12          5. **Did National Grid communicate or share with OER or the Board any information about a**  
13          **proposed Access Fee when the Board was developing the 2016 Renewable Energy Growth**  
14          **Program?**

15                       No.

16          6. **Did the Board include an Access Fee in the Board’s recommended ceiling prices which were**  
17          **filed to the Commission in November as part of the 2016 Renewable Energy Growth**  
18          **Program?**

19                       No. The last minute inclusion of the Access Fee by National Grid in its rate redesign  
20          filing has created uncertainty for the Renewable Energy Growth Program. Moreover, the Access  
21          Fee proposal is not consistent with the goals of the Renewable energy Growth Program.

22          7. **Does OER believe that National Grid’s proposed Access Fee would have a negative impact**  
23          **on the State’s renewable energy market?**

24                       Yes. OER expert witness, Sustainable Energy Advantage (“SEA”), has already provided  
25          the Public Utilities Commission (“Commission”) with testimony and analysis, filed on or about

1 October 23, 2015, of the impacts that National Grid’s proposal would have on the renewable  
2 energy market in Rhode Island. The State’s renewable energy business community needs stable  
3 and predictable programs in order to provide accurate cost proposals to clients and submit  
4 interconnection studies to National Grid. If adopted, National Grid’s proposal will foster  
5 uncertainty throughout the State’s renewable energy marketplace and would have a detrimental  
6 effect on projects now under development, including municipal projects (South Kingstown,  
7 Narragansett, West Warwick, East Providence, Coventry, Portsmouth) and state/quasi-state  
8 projects (University of Rhode Island, Narragansett Bay Commission) by adding an additional  
9 cost.

10 **8. Would National Grid’s proposal, by increasing the cost of the annual Renewable Energy**  
11 **Growth Program and the associated 15 and 20 year tariffs issued to renewable energy**  
12 **projects, have a negative impact?**

13 Yes. Based on SEA’s analysis provided in their Memorandum to the Commission, the  
14 ceiling prices would increase if an Access Fee was included, which would additionally increase  
15 the program cost to ratepayers. Therefore, the Access Fee would be passed to ratepayers and  
16 would have a detrimental impact on the Renewable Energy Growth Program by increasing the  
17 cost for clean energy projects.

18 **9. Does this conclude your testimony?**

19 Yes.

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DOCKET 4568  
[ACCESS FEE]

DIRECT TESTIMONY  
OF  
JASON GIFFORD

NOVEMBER 23, 2015

1 Direct Testimony of Jason Gifford – Sustainable Energy Advantage

2 I, Jason Gifford, hereby testify as follows:

3 **1. Please state your name, employer and title.**

4 My name is Jason Gifford; I am a Senior Director at Sustainable Energy  
5 Advantage, LLC (“SEA”).

6 **2. Can you please provide your background related to renewable energy technologies?**

7 I have over seventeen (17) years of experience in the development of renewable  
8 energy policy, market, and financial analysis. My practice with SEA focuses on policy,  
9 strategy and financial advisory services to a broad range of both public and private sector  
10 clients.

11 **3. Can you please provide SEA’s background related to renewable energy  
12 technologies?**

13 Sustainable Energy Advantage has been a national leader on renewable energy  
14 policy analysis and program design for over seventeen (17) years. In that time, SEA has  
15 supported the decision-making of more than two hundred (200) clients—including more  
16 than forty (40) governmental entities— through the analysis of renewable energy policy,  
17 strategy, finance, projects and markets. SEA is known and respected widely as an  
18 independent analyst, a reputation earned through the firm’s ability to identify and assess  
19 all stakeholder perspectives, conduct analysis that is objective and valuable to all  
20 affected, and provide advice and recommendations that are in touch with market realities  
21 and dynamics.

22 **4. Would you like to provide any clarifications with respect to SEA’s memorandum on  
23 *Evaluating Key Issues and the Potential Impacts of the National Grid Rate Design  
24 *Proposal on the Renewable Energy Industry & Renewable Energy Growth Program****

1 **(RIPUC Docket Nos. 4568 & 4536) previously submitted to the Commission on or**  
2 **about October 23, 2015?**

3 Yes. On page 14, SEA describes the potential impact of fixed cost revenue  
4 recovery from distributed generation resources on utility credit quality. While it is  
5 plausible that an Access Fee policy may not be revenue neutral, SEA wishes to clarify  
6 that arriving at any conclusions related revenue neutrality or credit rating impact would  
7 require substantial, further study. SEA's intent was to offer topics for discussion rather  
8 than conclusions in this matter. SEA's observations on California suggest that credit  
9 impacts are possible, not guaranteed. The differences in market structure between  
10 California and New England would need to be taken into account in any such analysis.  
11 Greater penetrations of low- or no-variable cost distributed energy resources may not  
12 reduce risks for utility investors where vertical integration does not exist. As a result, the  
13 degree to which an Access Fee would reduce risk – or, viewed another way, avoid an  
14 increase in risk – in a manner that would impact a utility's credit rating is not clear.

15 **5. Do you otherwise support the analysis and observations provided in SEA's**  
16 **memorandum?**

17 Yes.

18 **6. Would the Access Fee increase the cost of the annual Renewable Energy Growth**  
19 **Program (“REG Program”) and associated tariffs?**

20 As a new and incremental cost assessed to operating renewable energy projects,  
21 any approved Access Fee would likely be the subject of discussion and inclusion in the  
22 annual ceiling price review process. If the impact of the Access Fee were included in  
23 revised and approved ceiling prices, then the associated tariff rates would increase for

1 categories not subject to competitive bidding, and would have the potential to increase for  
2 tariffs set by competitive bidding. Any impact on the annual cost of the REG Program  
3 will depend on both the price-result of competitive bidding and the quantity of renewable  
4 energy produced and procured. All else equal, an incremental annual cost could be  
5 expected to increase bid prices and the resulting total cost of the REG Program.

6 **7. Would the economic impacts of the Access Fee on the DG and REG programs also**  
7 **apply to “public entity” standalone virtual net-metering facilities (either operational**  
8 **or planned) under the State’s net-metering law?**

9 The impact of the proposed Access Fee should be regarded in the same manner as  
10 any additional annual operating expense. Whether such costs are approved, and whether  
11 the fee would apply to new or to both new and existing projects, are important policy  
12 questions. Where the proposed Access Fee applies to new projects, one would expect  
13 direct net benefits (either through a PPA or facility ownership) to be less than without the  
14 incremental fee – all else equal. Where new fees apply to existing projects, benefits to  
15 project owners are likely to be reduced if revenue arrangements are already fixed and  
16 expenses increase compared to expectations at the time of development, financing and  
17 construction. Prices and benefits to buyers under a PPA would not be affected unless the  
18 Access Fee was determined to be covered by a regulatory change provision in the  
19 contract which allows for contract price adjustments.

20 **8. Is there anything else you would like to comment on that was not included in SEA’s**  
21 **memo?**

22 The aforementioned memo was developed, at OER’s request, to identify issues  
23 and potential impacts associated with National Grid’s rate design proposal on the efficacy

1 of renewable energy in Rhode Island. To this end, the memo is provided to help identify  
2 topics that may require further consideration, and to provide general support for the  
3 Commission's informed decision-making on this topic.

4 **9. Does this conclude your testimony?**

5 Yes.