

**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 § 39-26.6-24**

**Docket NO. 4568**

**SURREBUTTAL TESTIMONY  
OF  
KARL R. RÁBAGO  
EXECUTIVE DIRECTOR, PACE ENERGY AND CLIMATE CENTER**

**on behalf of**

**WIND ENERGY DEVELOPMENT LLC**

**January 6, 2016**

<b>IN RE: REVIEW OF THE</b>	)	
<b>NARRAGANSETT ELECTRIC</b>	)	<b>SURREBUTTAL TESTIMONY</b>
<b>COMPANY D/B/A NATIONAL</b>	)	<b>OF KARL R. RABAGO on behalf</b>
<b>GRID'S RATE DESIGN</b>	)	<b>of WIND ENERGY</b>
<b>PURSUANT TO R.I. GEN. LAWS</b>	)	<b>DEVELOPMENT LLC</b>
<b>§39-26.6-24</b>	)	

15     **Q.     What was your key recommendation to the commission in this proceeding,**  
16     **and has it changed?**

1 A. After thoroughly reviewing the rebuttal testimony filed by the Company, my  
2 original recommendation remains unchanged. The Commission should deny the  
3 Company proposal for an Access Fee for distributed generation.

4 **Q. What does the Company accomplish with its rebuttal testimony?**

5 A. The Company uses its rebuttal testimony to repeat assumptions and arguments  
6 that it raised in its application and direct testimony. The rebuttal testimony, like  
7 the application and direct testimony, fails to provide evidence upon which the  
8 Commission can evaluate or approve the Company application.

9 **Q. What assumptions and arguments characterize the Company's case?**

10 A. The Company's critical assumptions and arguments are that distributed  
11 generation systems in Rhode Island create costs that are not reflected or  
12 properly allocated in rates. The Company provides no cost causation data or  
13 analysis, no evidence to inform proper cost allocation, and no evidence to  
14 support a finding that the proposed rates and charges are fair, just, or  
15 reasonable. The Company's rebuttal testimony does not cure this deficiency.

16 **Q. What evidence does the Company provide that there are unfair subsidies  
17 or other inequities in current rates and charges applicable to distributed  
18 generation systems?**

19 A. The Company provides no evidence that any subsidies exist under current  
20 distributed generation rates. Moreover, the Company refuses to provide  
21 evidence that would allow the Commission to take benefits and costs into  
22 account and balance them through appropriate rates. The Company assumes the  
23 existence of subsidies flowing to distributed generation facilities (owned and

1           operated by any entity other than the Company), but provides no evidence to  
2           support its assumption. The Company's rebuttal testimony does not cure this  
3           deficiency.

4   **Q.   Does the Company rely on any studies or analysis of how distributed**  
5           **generation impacts its system costs?**

6   A.   The Company points to a number of studies and reports, but none of these were  
7           developed based on Company data, so they have no value in supporting the  
8           Company application. The Company's reference to such studies in rebuttal does  
9           not cure the material deficiencies in its application. These reports and studies  
10          are evidence of the kind of analysis the Company should have performed in  
11          attempting to meet its burden in this proceeding.

12   **Q.   Does the company propose facility-specific capacity charges?**

13   A.   No. The Company reaffirms in its rebuttal testimony that it proposes a single  
14          capacity factor for each type of generation technology.

15   **Q.   Does the company adjust or weight the charge by the actual energy output**  
16          **or capacity factor of the distributed generation facility?**

17   A.   No. The Company reaffirms in its rebuttal testimony that its proposed access  
18          charge includes no factors for the actual performance of specific distributed  
19          generation facilities.

20   **Q.   Does the Company demonstrate that the proposed fee is calibrated to any**  
21          **aspect of revenue requirement?**

22   A.   No. The rebuttal testimony confirms that the Company does not substantiate  
23          either a revenue shortfall, or that the proposed Access Fee rate would address

1 such a shortfall efficiently or accurately. The rebuttal testimony asserts at page  
2 53, lines 20-21 that it is intended to address the “cost responsibility” of stand-  
3 alone DG facilities. The rebuttal testimony points to no evidence of cost  
4 causation that could support any finding of cost responsibility, nor any evidence  
5 by which to measure such costs or fairly allocate them.

6 **Q. Does the Company explain how it measures or calculates the proposed**  
7 **access fee?**

8 A. The Company rebuttal testimony says that the access fee is justified based on  
9 the measure of the maximum amount of electricity flowing to or from the DG  
10 facility. This position does not substitute for evidence of cost causation, correct  
11 cost allocation, or fair design of the proposed access fee. The Company rebuttal  
12 testimony merely repeats the opaque and mysterious reference to numbers in a  
13 schedule that have then been “further adjusted” to approximate the proposed  
14 access fee charges. (Rebuttal testimony at p. 56, referring to Data Request CLF-  
15 1-12.)

16 Q. Please explain why you refer to the Company’s testimony as opaque and  
17 mysterious.

18 A. The Company cites Data Request CLF 1-12 as record of its “cost basis and  
19 analysis” for the proposed access fee. The Data, in full, provides the following

20 **Request:**

21 Please provide the cost basis and any analysis National Grid has done to  
22 support setting the Access Fee at \$5.00 per kW-month for the primary  
23 voltage level and \$7.25 per kW-month for the secondary voltage level.

1                   **Response:**

2                   The proposed Access Fees reflect the per unit demand-related revenue  
3                   requirements, as shown on Schedule NG-11, Bates stamp page 141, line  
4                   24, for Rates G-32/G-62 (primary) and Rate G-02 (secondary). The per  
5                   unit charges are further adjusted by approximately 85% (primary) and  
6                   75% (secondary) to reflect the relationship between class non-  
7                   coincident demand, used in the calculation of the Schedule NG-11 per  
8                   unit charges, and class maximum demands, used for billing purposes.

9                   The reasons that I describe the Company's response as opaque and mysterious  
10                  are:

- 11                  • Schedule NG-11 reproduces one page from Commission Docket 4323, filed  
12                  by the Company, as Compliance Attachment 3A (Schedule HSG-1), page 8  
13                  of 48 in that proceeding. The Company provides no evidence why this table  
14                  or any of the numbers on it are relevant to its access fee proposal.
- 15                  • The Company cites line 24 of Schedule NG-11, for "Rates G-32/G-62  
16                  (primary) and G-02 (secondary). The Company provides no evidence  
17                  connecting anything on Schedule NG-11 to any information about Rates G-  
18                  32/G-62, which are not marked on Schedule NG-11. None of the numbers  
19                  on line 11 of Schedule NG-11 are the same as the proposed access fee  
20                  charges of \$5.00 and \$7.50.
- 21                  • The Company states in the response to CLF 1-12 that unit charges are  
22                  adjusted by approximately 85% (primary) and 75% (secondary). . . The  
23                  Company does not indicate which if any of the unit charges it is referring to.

1           Line 24 of Schedule NG-11 contains nine different unit cost values, none of  
2           which is equal to \$5.00 or \$7.50. The Company does not explain how the  
3           approximate adjustments were calculated, what number were adjusted,  
4           whether the adjustment was upward or downward.

- 5           • The Company states in its response to CLF 1-12 that the unit charge  
6           adjustment was “to reflect the relationship between class non-coincident  
7           demand.” The Company provides no explanation for why the adjustment  
8           was necessary or proper in reaching the proposed access fee levels.

9   **Q.   Does the Company rebuttal testimony provide any new information about**  
10 **why the Company believes the access fee is justified?**

11   A.   The Company rebuttal introduces a new argument at p. 57, lines 9-16, that the  
12       access fee is intended to recover the “ongoing operation and maintenance cost  
13       of the [distribution] equipment,” and not for the “direct cost of the  
14       infrastructure as part of the initial interconnection.” This new argument is  
15       unsupported by any evidence of ongoing operation and maintenance cost  
16       caused by distributed generation.

17   **Q.   Does the Company offer any rationale for how “ongoing operation and**  
18 **maintenance cost[s]” for DG arise?**

19   A.   No. My best guess is that the Company finds a rationale, first, in its assumption  
20       that distributed generation creates new costs associated with using the  
21       distribution system for distributed generation that are exactly equal and  
22       completely additive to the costs already associated with the already built  
23       distribution system that currently delivers energy to customers. The second part

1 of the Company's rationale is that there are few if any benefits associated with  
2 distributed generation that offset the assumed costs, because for wind and solar,  
3 the resources are intermittent, and for other DG, because the Company does not  
4 have a controlling contractual relationship with the generator. (Rebuttal, p. 29)

5 **Q. Do the Company's assertions of little or no benefits from distributed**  
6 **generation merit Commission acceptance?**

7 A. No. Several of the studies cited by the Company and by intervenors  
8 demonstrate accepted methodologies for valuing the generation produced by  
9 distributed generators. My direct testimony addressed such valuation  
10 extensively; the Company has not rebutted that testimony. The notion that the  
11 technical benefits associated with distributed generation are dictated by the  
12 existence or terms of a contract or ownership is nonsensical. While a contract  
13 might encourage or discourage a DG operator to maximize benefits or minimize  
14 costs, how the plant operates, not the reason it operates, is what determines  
15 value.

16 **Q. Does the Company provide any analysis of the benefits of distributed**  
17 **generation, as required by Section 24?**

18 A. No. No such analysis appears in the application, the direct testimony, or the  
19 rebuttal testimony. The Company rebuttal testimony does acknowledge the  
20 existence of potential benefits of distributed generation. However, the Company  
21 performs no analysis to quantify these benefits. Instead the Company asserts:  
22 (1) that analysis of DG benefits is irrelevant in this proceeding under Section  
23 24, (2) that all benefits are already accounted for in the compensation rates for



1 distributed generation, (3) that all benefits are only realized, if at all, at some  
2 uncertain date in the future, (4) that the benefits of DG are not yet known, (5)  
3 that the benefits of DG are *de minimus*, and/or (6) that the benefits of DG can  
4 only be realized very narrow technical, operational, or ownership conditions.

5 **Q. Does the Company’s rebuttal testimony rebut your testimony regarding**  
6 **how DG benefits can and should be quantified?**

7 A. No. The Company rebuttal testimony confirms at p. 65, lines 1-7, that its  
8 proposed access fee is not based on any evaluation of the costs and benefits of  
9 DG systems.

10 **Q. Does the Company propose anything new regarding implementation of its**  
11 **proposed access fee?**

12 A. Yes. The Company proposes, at page 61, to “grandfather” certain DG facilities.  
13 The Company does not explain how older DG facilities fail to create the costs  
14 or cost-shifting that it asserts must be addressed through the access fee. This is  
15 not surprising, given that the application, direct testimony, and rebuttal provide  
16 absolutely no data or analysis of cost causation.

17 **Q. Does the Company’s rebuttal testimony justify its proposed access fee**  
18 **according to the requirements of Rhode Island General Law §39-26.6-24?**

19 A. No.

20 • The rebuttal testimony does not change the fact that the Company has failed  
21 in its proposal to provide evidence sufficient to support a Commission  
22 approval of the proposed access fee for distribution generation.

- 1       • The Company has not provided any data or analysis on the potential  
2       benefits of distributed energy resources.
  - 3       • The Company has not demonstrated that the access fee is required to  
4       recover costs associated with distribution services provided to net metered  
5       customers when the distributed generation is not operating.
  - 6       • The Company has not developed simple, understandable, and transparent  
7       rates in its proposed access fee. The Commission has no evidence with  
8       which to understand how the proposed access fee was calculated and on  
9       what actual costs it was based.
  - 10      • The Company has not proposed an access fee based on equitable  
11      ratemaking principles. The Company's continued refusal to evaluate DG  
12      system benefits, to support its assertions with data or analysis, and its basic  
13      proposal to tax DG customers for distribution system costs that are  
14      unrelated to DG system operation is profoundly inequitable and inconsistent  
15      with Rhode Island law and policy.
  - 16      • The Company have failed to demonstrate that its proposed access fee is  
17      based on any evidence of cost causation, proper cost allocation, or fair rate  
18      design.
  - 19      • The Company seeks to impose an unjustified access fee that would frustrate  
20      the Rhode Island General Assembly's purposes in creating the Renewable  
21      Energy Growth Program.
- 22      In sum, the Company proposal remains insufficient to support an approval by  
23      the Commission.

1     **Q.**     **Does that conclude your surrebuttal testimony?**

2     **A.**     Yes