PREFILED JOINT REBUTTAL TESTIMONY

OF

ERICA J. RUSSELL SALK

AND

PETER R. BLAZUNAS

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I. Introduction

Erica J. Russell Salk

Q. Please state your name and business address.

A. My name is Erica J. Russell Salk, and my business address is 280 Melrose Street, Providence, Rhode Island 02907.

Q. Have you previously submitted testimony in this proceeding?

A. Yes. I submitted joint direct testimony in this proceeding with Stephanie A. Briggs on February 15, 2023.

Peter R. Blazunas

Q. Please state your full name and business address.

A. My name is Peter R. Blazunas and my business address is 293 Boston Post Road West, Suite 500, Marlborough, Massachusetts 01752.

Q. Please state your position.

A. I am a Senior Project Manager for Concentric Energy Advisors, Inc. ("Concentric"), a management consulting firm. I am testifying on behalf of The Narragansett Electric Company d/b/a Rhode Island Energy (the "Company").

Q. Please describe your educational background and training.

A. I received a Bachelor of Arts degree in Economics from the University of Dayton and a Master of Arts degree in Economics from the University of Akron.

Q. Please describe your professional experience?

A. I began my career with FirstEnergy Corp. in 2012 as a State Regulatory Analyst in the Ohio Rates and Regulatory Affairs Department. In July 2017, I joined the Potomac Electric Power Company ("Pepco") Regulatory Strategy and Revenue Policy team of the Regulatory Affairs Department of Pepco Holdings Inc. as a Senior Rate Analyst. In November 2018, I assumed the position of Manager of Rate Administration for Pepco. In that role, I was responsible for the development of electric rates, including tariff surcharges, for Pepco's Maryland and District of Columbia jurisdictions, and also participated in the development of Pepco's policies and practices with respect to rate design and assisted with regulatory compliance matters, including tariff administration and periodic filings. I left Pepco in January 2021 and joined Concentric in October 2021 as a Project Manager. I assumed my current position at Concentric in January 2023.

Q. Have you previously testified before the Rhode Island Public Utilities Commission ("PUC")?

A. Yes, I have submitted pre-filed testimony before the PUC in support of the Company's Renewable Energy Growth Program Factor filing in Docket Nos. 22-04-REG and 23-24-

REG, the Company's Gas Revenue Decoupling Mechanism in Docket No. 22-13-NG, the Company's Distribution Adjustment Charge ("DAC") filings in Docket Nos. 22-13-NG and 23-23-NG, the Company's Electric Infrastructure, Safety, and Reliability ("ISR") Plan Annual Reconciliation filing in Docket No. 5098, the Company's Gas Cost Recovery ("GCR") filings in Docket Nos. 22-20-NG and 23-23-NG, the Company's Gas and Electric ISR plan filings in Docket Nos. 22-54-NG and 22-53-EL, respectively, and the Company's Annual Retail Rate Filing in Docket No. 23-03-EL.

II. Purpose of Testimony

Q. What is the purpose of your testimony?

A. The purpose of our Rebuttal Testimony is to:

1. Rebut certain portions of the Direct Testimony of MassAmerican Energy LLC d/b/a Gridwealth Development ("Gridwealth") Witness Quincy Vale regarding aspects of the Company's proposal for the administration of excess net metering credits;
2. Respond to the Position Statement of the Rhode Island Office of Energy Resources ("OER");
3. Respond to the Direct Testimony of Rhode Island Division of Public Utilities and Carriers ("Division") Witness Michael W. Brennan; and
4. Provide a policy response to the Revity Energy, LLC ("Revity") Memorandum of Law.

III. Rebuttal of Gridwealth Witness Vale

Q. Please summarize Gridwealth Witness Vale's testimony.

A. Gridwealth Witness Vale's testimony can be summarized as follows:

1. The Company's current methodology wherein it values net metering credits on the basis of monthly rates is flawed for a number of reasons and should be replaced by a methodology that values net metering credits using an annual average Last Resort Service ("LRS") rate; and
2. There are concerns with respect to transparency with respect to both the Company's administration of net metering in general and its proposal in the instant proceeding.

Q. Please respond to Gridwealth Witness Vale's assertion that "An annual volumetric reconciliation that assesses a billing charge to net metering customers for excess production of electricity over a year but still values the credits on a monthly or quarterly basis is fundamentally inequitable."

A. First, the Company's current methodology for calculating the monthly value of Renewable Net Metering Credits and Excess Renewable Net Metering Credits is done pursuant to the terms and conditions of its Commission-approved tariff, R.I.P.U.C. No. 2257 (The Narragansett Electric Company Net Metering Provision).[1] The Commission-approved Net Metering Provision is consistent with the guiding principles adopted in

[1] Refer to the Company's response to data request MAE 1-5.

R.I.P.U.C. Docket No. 4600, with the purpose of Rhode Island's net metering law as set out in R.I. Gen. Laws § 39-26.4-1, and with Rhode Island's energy and climate policies.[2]

Second, in response to concerns raised at the August 16, 2023 Technical Conference in the instant proceeding, and due to its decision since its original filing to execute the annual reconciliation using statistical software, the Company stated that it would use a *weighted* average billing charge for purposes of the annual reconciliation. Consequently, the Company would weight the Renewable Net Metering Credit and Excess Renewable Net Metering Credit used to calculate the billing charges for a customer based on a customer's monthly excess generation.[3] The use of the weighted average billing charge addresses any concerns with respect to "inequity" that would otherwise arise due to the fact that the manner in which net metering credits were paid to customers (i.e., on a monthly basis utilizing the Renewable Net Metering Credit in effect for that month) does not align with the manner in which the billing charges would be assessed on excess generation (i.e., utilizing an average annual Renewable Net Metering Credit and Excess Renewable Net Metering Credit).

Third, the instant proceeding is focused on the narrow issue of facilitating the administration of Excess Renewable Net Metering Credits. The Company's proposal in

[2] Refer to the Company's response to data request MAE 1-6.
[3] Refer to the Company's response to data request MAE 2-3.

the instant proceeding does not impact the current Commission-approved methodology by which it calculates the Renewable Net Metering Credit and Excess Renewable Net Metering Credit pursuant to its tariff.

Q. Practically speaking, how will the Company calculate the Weighted Average Billing Charge?

A. For each net metering customer, the Company has that customer's starting and ending date for the billing period, the customer's net generation, if any, for the billing period, and the Renewable Net Metering Credit and Excess Renewable Net Metering Credit in effect for the billing period. For the annual reconciliation, the Company will be able to calculate an annual Weighted Average Renewable Net Metering Credit and Weighted Average Excess Renewable Net Metering Credit as the sum, for each billing period, of the proportion of that billing period's net generation relative to total annual net generation, multiplied by the Renewable Net Metering Credit and Excess Renewable Net Metering Credit, respectively, in effect for that billing period (adjusted to account for the impact of billing cycles). The Weighted Average Billing Charge that will apply to excess generation up to 125% of consumption will equal the Weighted Average Renewable Net Metering Credit minus the Weighted Average Excess Renewable Net Metering Credit. The Weighted Average Billing Charge that will apply to excess generation greater than 125% of consumption will equal the Weighted Average Renewable Net Metering Credit.

This approach will align the billing charge for excess generation to a specific net metering customer (which will be returned to all ratepayers via the Net Metering Surcharge) with the credit paid to a specific net metering customer (which was originally recovered from all ratepayers via the Net Metering Surcharge).

Q. Please respond to Gridwealth Witness Vale's assertion that "Monthly rates vary seasonally as impacted by the monthly time-varying value of electricity driven by demand for natural gas, largely for thermal energy. Thus, our electric rates are highest in winter months (when most net metering systems produce less) despite that peak electricity use is in the summer (when most net metering systems produce the most). Without levelling those rates to an annual average, net metering customers are compensated too little in high production season and charged too much in winter low production season."

A. First, the Company does not dispute the link between the thermal demand for natural gas and the price of electricity and the value of net metering credits. To the extent the LRS component of the Renewable Net Metering Credit differs between the summer and winter periods, this is largely a function of natural gas pipeline constraints into the New England market and high natural gas demand causing elevated natural gas prices and, consequently, elevated electricity prices during the winter period as compared to the summer period. In New England, electric prices are closely correlated to natural gas

prices since natural gas generators typically set the marginal price of wholesale electric power.[4]

Second, Gridwealth Witness Vale asserts that net metering customers are not compensated appropriately because electricity prices, and thus Renewable Net Metering Credits, are relatively higher during the winter period, which he characterizes as the "low production season," and relatively lower during the summer period, which he characterizes as the "high production season." He appears to be asserting that, as a matter of policy, it is unfair that the price of electricity, which is used to determine the value of net metering credits, is influenced by the natural gas market. The Company notes, however, that it calculates the value of the Renewable Net Metering Credits and Excess Renewable Net Metering Credits pursuant to its Commission-approved tariff[5] and that calculation is consistent with state policy.[6] Furthermore, the current method by which it compensates net metering customers for generation is consistent with Docket No. 4600 valuation principles.[7] A net metering customer, in either the summer or winter period, is compensated for net generation based on the Renewable Net Metering Credit, including the LRS rate in effect at the time of generation, which represents the benefit of the generation absent an energy storage system. Likewise, a net metering customer, like all other LRS customers, is charged for net consumption based on its applicable rate charges,

[4] Refer to the Company's response to data request MAE 1-5.
[5] Refer to the Company's response to data request MAE 1-5.
[6] Refer to the Company's response to data request MAE 1-6.
[7] Refer to the Company's response to data request MAE 1-7.

including the LRS rate, which represents the cost of the consumption at the time of consumption.

Q. How would the use of an annual average LRS rate affect Net Metering Customers?

A. It would vary by net metering customer on the pattern of their net generation. To the extent their net generation occurred during the summer months, they would benefit from the use of an annual average LRS rate since their net generation would now be valued based on an annual average net metering credit that is higher than the net metering credit in effect during the summer. To the extent their net generation occurred during the winter months, they would receive a reduced net metering credit value as the result of the use of an annual average LRS rate since their net generation would now be valued based on an annual average net metering credit that is lower than the net metering credit in effect during the winter. The analysis proffered by Gridwealth Witness Vale in this regard is not robust.[8] It utilizes the impact of the use of an annual average LRS rate on a single customer and generalizes the effect to all net metering customers, not recognizing that every customer will have unique profiles with respect to both their generation and consumption.

In the Company's responses to data requests MAE 2-7, 2-8, and 2-9, it conducted original analysis to provide a fulsome example of how the annual reconciliation would work

[8] Vale Direct, P. 8.

under a certain set of assumptions related to usage, rate class, availability of information, and application of the net metering credit and the annual reconciliation. It provided the calculation of annual net bills pre-and-post annual reconciliation under two scenarios: in the first scenario, the Renewable Net Metering Credits and Excess Renewable Net Metering Credits are calculated using monthly values for their components pursuant to its Commission-approved Net Metering Provision. In the second scenario, the Renewable Net Metering Credits and Excess Renewable Net Metering Credits are calculated using average annual values for their components, including the use of an average annual LRS rate. The responses to data requests MAE 2-8 and 2-9 demonstrate how the use of an annual average LRS rate would affect nearly identical customers. See Table 1 below:

Table 1

Attributes	MAE 2-8	MAE 2-9
Use Case	"Commercial Solar"	"Commercial Wind"
Rate Class	C-06	C-06
Rates in Effect	Calendar Year 2022	Calendar Year 2022
Annual Generation	12,600 kWh	12,600 kWh
Annual Consumption	12,000 kWh	12,000 kWh
Generation to Consumption Ratio	105%	105%
Net Generation Months	May - August (Summer)	November - February (Winter)
RESULTS (COMPANY PROPOSAL):		
Net Annual Bill (Tariff Approach): Post-Annual Reconciliation (Weighted Average)	$284.28	$209.50
RESULTS (ANNUAL AVERAGE):		
Net Annual Bill (Annual Average): Post-Annual Reconciliation	$254.33	$239.45

The change in the net annual bills (after any annual reconciliation for excess generation) differ for two commercial customers who are perfectly identical except for the months in which their net generation occurs. The net generation for the customer modeled in response to data request MAE 2-8 occurs in the summer months of May through August.

The use of an annual average for purposes of their net metering credits and annual reconciliation brings their net annual bill down from what it would otherwise be based on the current method for valuing net metering credits and the Company's annual reconciliation proposal. The net generation for the customer modeled in response to data request MAE 2-9 occurs in the winter months of November through February. The use of an annual average for purposes of their net metering credits and annual reconciliation brings their net annual bill up from what it would otherwise be based on the current method for valuing net metering credits and the Company's annual reconciliation proposal.

Q. How would the use of an annual average LRS rate affect all ratepayers?

A. If more net metering customers produce their net generation in the summer months than the winter months, it would have the effect of increasing the value of the Renewable Generation Credits paid to net metering customers. Renewable Generation Credits paid to net metering customers are recovered from all other ratepayers via the Net Metering Surcharge. Consequently, an increase in Renewable Generation Credits , all else equal, will result in a higher amount to be recovered from all ratepayers via the Net Metering Surcharge. Put simply, such a change would increase the total cost of the net metering program borne by ratepayers.

Q. Do you agree with Gridwealth Witness Vale's assertion that "As you can see from the graphs RIE produced in response to MAE 1-4 and MAE 2-10, net metering customers produce more electricity in the summer than they do in the winter. But, they consume more electricity in the winter than they consume in the summer."

A. No. We would note that in its response to data request MAE 1-4, the Company clearly stated that it "cannot produce monthly production and consumption curves of a typical residential net metered account because we do not measure those values monthly." Instead, for illustrative purposes, the Company produced the monthly production and consumption curves of a single random residential Renewable Energy Growth account since such accounts allow for the separate measurement of production and consumption.[9] Consequently, Gridwealth Witness Vale's single illustrative example to support his assertion is flawed. The Company will, however, stipulate to the fact that, as shown in Table 2 below, more kWh were exported via all net metering accounts for the period April through September 2022 than for the periods January through March 2022 and October through December 2022:

[9] Refer to the Company's response to data request MAE 1-4.

Table 2			
2022 Renewable Generation Credits by Month (kwh)			
Month-Year	Season	Total	%
Jan-22	Winter 2022	12,242,394	3%
Feb-22	Winter 2022	15,491,973	4%
Mar-22	Winter 2022	24,481,649	6%
Apr-22	Summer 2022	35,823,376	9%
May-22	Summer 2022	47,444,706	12%
Jun-22	Summer 2022	39,695,151	10%
Jul-22	Summer 2022	42,127,683	11%
Aug-22	Summer 2022	49,430,521	13%
Sep-22	Summer 2022	35,823,625	9%
Oct-22	Winter 2022	28,853,216	7%
Nov-22	Winter 2022	36,101,406	9%
Dec-22	Winter 2022	25,853,993	7%
2022 Total		**393,369,693**	**100%**
Summer 2022		250,345,062	64%
Winter 2022		143,024,631	36%
2022 Total		**393,369,693**	**100%**

Q. Do you agree with Gridwealth Witness Vale's assertion that the failure to use an annual average LRS rate "… results in a situation where net metering customers can overproduce their consumption and still end up with large annual charges that greatly exceed the fixed charges on the account. That is only because they are being credited less for the excess electricity they produce in summer months than they are being charged when they underproduce consumption in the winter months."

A. No. For instance, refer to the Company's response to data request MAE 2-8. Based on the Company's current Commission-approved methodology for calculating the value of net metering credits as well as its proposed methodology for the annual reconciliation, this illustrative commercial C-06 customer would see a net annual bill of $284.28[10] as compared to total fixed annual charges of $290.82.[11] Assuming the use of an approach

[10] Refer to Attachment MAE 2-8, Page 1 of 6, Line (37).
[11] Refer to Attachment MAE 2-8, Page 1 of 6, Column (M), Line (14).

that utilized an annual average LRS rate for both purposes of calculating the value of net metering credits as well as the billing charges of the proposed annual reconciliation, this same customer would see a net annual bill of $254.33[12] as compared to the same total fixed annual charges of $290.82.[13] This example demonstrates that the net annual bills are, under either approach, within the range of the customer's annual fixed charges.

Q. Do you agree with Gridwealth Witness Vale's assertion that "...in its tariff advice filing RIE proposed to use capacity factor as a means to do annual reconciliation of generation and consumption behind the meter. Then, once again in response to Gridwealth's second set of data requests, it decided to change its approach and base production on historic averages."

A. No. RIE's tariff advice filing does not even include the term "capacity factor". The tariff advice filing proposes the two potential means of estimating either generation or consumption in order to perform the reconciliation analysis. The first set of discovery from the Division, data request DIV 1-3, asks the Company which means they would use. The response explains estimated consumption. This response is consistent with data request MAE 1-2 as well as the second set of MAE data requests. What warrants clarification, as described in data request PUC 2-8, is the discussion at the technical session on August 16, 2023. That discussion was focused on estimated generation or

[12] Refer to Attachment MAE 2-8, Page 2 of 6, Line (37).
[13] Refer to Attachment MAE 2-8, Page 2 of 6, Column (M), Line (14).

production as opposed to estimated consumption. The discussion likely stemmed from the reference made in the question to data request PUC 1-2. Data request PUC 1-2 reads: "RIE has proposed to estimate customer's production. Please explain what recourse customers have to dispute RIE's estimation." The Company currently expects, however, that it will be able to provide the reconciliation calculated using either methodology (i.e., estimated consumption or estimated generation).

IV. Response to Office of Energy Resources ("OER")

Q. Could you summarize your understanding of OER's recommendations?

A. In its Position Statement, OER provides three recommendations:

1. As it relates to the Company's proposed amendments to its tariff, OER recommends that that Company develop a detailed communication strategy for both developers and off-takers as well as a timeline for its implementation. Additionally, it recommends that the Company should hold a Distributed Generation ("DG") seminar that goes into detail with respect to the proposed amendments to its tariff and that the seminar should be recorded and that recording posted to the Company's website;
2. OER recommends that the Company publish a clear process document with expected timing for the implementation of its proposed amendments to its tariff, as well as a tax guidance document, and that this information be regularly communicated to affected accounts; and

3. OER recommends that the Company commit to or be ordered to prepare robust guidance for customers with respect to how a customer may dispute a billing charge.

Q. Do you believe OER's recommendations are reasonable?

A. Yes.

V. Response to Division of Public Utilities and Carriers ("Division")

Q. Does the Company have a response to the Division's testimony?

A. No. The Division indicated that it supports the Company's proposed approach for a process to conduct an annual reconciliation of Excess Renewable Net Metering Credits.

VI. Policy Response to Revity Energy LLC Memorandum of Law ("Revity's Memo")

Q. In Revity's Memo, Revity states "... the Commission should permit third party offtakers to transfer unused credits to other eligible offtakers...". Does the Company have a policy response to this?

A. Yes, the Company agrees this should be permitted and included in the tariff. From the Company's position, any transfers would occur after annual reconciliation and therefore not have an impact on ratepayers. The Company has been permitting one-time transfers upon request.

VII. Conclusion

Q. Does this conclude your testimony?

A. Yes.