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October 9, 2024

Ms. Stephanie DeLaRosa, Clerk
RI Public Utilities Commission
89 Jefferson Blvd.
Warwick, RI 02899

Re: Docket 24-20-EL – Rebuttal Testimony of Elizabeth A. Stanton

Dear Ms. DeLaRosa,

Please see the enclosed rebuttal testimony from Elizabeth A. Stanton on behalf of the Conservation Law Foundation. Let me know if there are any questions

Thank you for your time and attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Jamie Rhodes", is written over a light grey horizontal line.

Jamie Rhodes
Senior Attorney
Conservation Law Foundation

CC: Darrèll Brown, CLF, Vice President, Rhode Island
Docket No. 24-20-EL Service List

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below. Paper copies will be hand delivered.



 Jamie Rhodes

October 9, 2024
 Date

Docket No. 24-20-EL – The Narragansett Electric Co. d/b/a Rhode Island Energy – 2025 Last Resort Service Procurement Plan Service List updated 8/12/2024

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**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

**The Narragansett Electric Co.)
d/b/a Rhode Island Energy's)
2024-2025 Last Resort Service)
Procurement Plan)**

Docket No. 24-20-EL

**REBUTTAL TESTIMONY OF
ELIZABETH A. STANTON, PhD**

**ON BEHALF OF
CONSERVATION LAW FOUNDATION**

Date Filed: October 9, 2024

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1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Elizabeth A. Stanton. My business address is 6 Liberty Square, PMB98162,
4 Boston, MA 02109.

5 **Q. ARE YOU THE SAME ELIZABETH A. STANTON WHO SUBMITTED PRE-**
6 **FILED DIRECT TESTIMONY IN THIS DOCKET?**

7 A. Yes.

8 **Q. ARE YOU STILL THE EXECUTIVE DIRECTOR AND PRINCIPAL**
9 **ECONOMIST AT THE APPLIED ECONOMICS CLINIC?**

10 A. Yes.

11 **II. PURPOSE OF TESTIMONY**

12 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

13 A. The purpose of this additional testimony is to provide some additional context in which
14 other jurisdictions have addressed similar issues with respect to supply procurement and rate
15 design.

16 **Q. HAVE YOUR RECOMMENDATIONS IN THIS DOCKET CHANGED?**

17 A. No. My recommendations have not changed from my initial testimony.

1 **III. DISCUSSION OF NEIGHBORING STATES' PROCESSES**

2 **Q. ARE YOU AWARE OF ANY INVESTIGATION OR STUDY IN OTHER STATES**
3 **WITH ENFORCEABLE CLIMATE MANDATES TO EVALUATE THE CLIMATE AND**
4 **EQUITY IMPACTS OF THE PROCUREMENT AND RATE STRUCTURE OF UTILITY**
5 **SUPPLY?**

6 A. In Massachusetts—where climate mandates were deemed enforceable by the Supreme
7 Judicial Court in 2016¹—the Interagency Rates Working Group (IRWG) was created “to advance
8 near- and long-term electric rate designs that align with the Commonwealth’s decarbonization
9 goals by prioritizing the reduction of energy burden while incentivizing transportation and
10 building electrification.”²

11 Similarly, Connecticut’s Public Utilities Regulatory Authority (PURA), in Docket No. 17-
12 12-03RE10, considered potential modifications to standard service procurement and held
13 proceedings to “further investigate cost-effective and efficient approaches related to the state’s
14 RPS and retail electric supply to advance the state’s emissions reduction goals”.³

15 **Q. CAN YOU PROVIDE A BRIEF SUMMARY OF THE MASSACHUSETTS IRWG**
16 **PROCESS?**

17 A. Massachusetts’ IRWG process brought representatives of the Commonwealth’s various
18 energy and environment-related agencies together with its Attorney General’s office (which

¹ See *Kain v. Department of Environmental Protection*, 49 N.E.3d 1124 (Mass. 2016).

² Massachusetts Interagency Rates Working Group, *A Collaboration to Advance Near- and Long-Term Rate Designs that Align with the Commonwealth’s Decarbonization Goals* (Aug. 12, 2024), available at <https://www.mass.gov/doc/near-term-rate-strategy-presentation-executive-summary/download>.

³ Conn. Pub. Utils. Regul. Auth., Docket No. 17-12-03RE10, Legislative Report 1 (Feb. 1, 2024), available at [https://www.dpuc.state.ct.us/2nddockcurr.nsf/8e6fc37a54110e3e852576190052b64d/df8c967c2df01d3e85258ab6003a21c1/\\$FILE/17-12-03RE10_Final%20Legislative%20Report.pdf](https://www.dpuc.state.ct.us/2nddockcurr.nsf/8e6fc37a54110e3e852576190052b64d/df8c967c2df01d3e85258ab6003a21c1/$FILE/17-12-03RE10_Final%20Legislative%20Report.pdf).

1 houses its consumer advocate). Over the course of eight months concluding in December 2024,
2 IRWG meetings will cover near-term rate design, long-term rate design, and the development of
3 specific recommendations. The IRWG has engaged a consultant specializing in energy and
4 environment to provide research and background materials presented in IRWG meetings. In
5 addition, the IRWG hosts a series of workshops used to present interim materials to stakeholders
6 and offers opportunities for written public comments.

7 **Q. DO YOU BELIEVE THAT RHODE ISLAND COULD EMBARK ON A PROCESS**
8 **SIMILAR TO THE MASSACHUSETTS IRWG?**

9 A. Yes. The establishment of a formal rates working group in Rhode Island would be a
10 valuable tool in the process of modernizing the State's energy procurement plan and rate design.

11 **Q. IS THERE ANYTHING MISSING FROM THE MASSACHUSETTS IRWG THAT**
12 **YOU THINK RHODE ISLAND SHOULD CONSIDER?**

13 A. In forming a Rhode Island rates working group I recommend that it include a broader
14 membership of stakeholders. While the Massachusetts IRWG includes representatives of state
15 agencies on the working group – coupled with separate workshops that present the working
16 group's assessment and recommendations to other stakeholders – I recommend instead that
17 Rhode Island form a rates working group that includes both state agency and non-governmental
18 stakeholders, including environmental, consumer rights, low-income customers and
19 environmental justice advocates. Inclusion of these additional voices in every stage of rate design
20 is essential to successfully and efficiently update the State's energy procurement plan.

21 **Q. CAN YOU PROVIDE A BRIEF SUMMARY OF CONNECTICUT PURA DOCKET**
22 **NO. 17-12-03RE10?**

1 A. Connecticut PURA Docket No. 17-12-03RE10 includes investigation into two topics: (1)
2 potential modifications to standard service procurement, and (2) to “cost-effective and efficient
3 approaches related to the state’s RPS and retail electric supply to advance the state’s emissions
4 reduction goals”.⁴ Connecticut Public Act 23-102 requires PURA to submit a report to the
5 Energy and Technology Committee of the Connecticut General Assembly covering: procurement
6 policies for standard service in Connecticut, municipal electric utilities’ procurement policies in
7 Connecticut, procurement practices in other deregulated states, and a review of “relationships
8 among and economic and policy impacts of grid-scale procurements, distribution generation, and
9 renewable portfolio standards”.⁵ This docket included opportunities for public comment, four
10 technical meetings, stakeholder written comments, discovery, and a legislative report.⁶

11 **Q. DO YOU BELIEVE THAT RHODE ISLAND COULD EMBARK ON A SIMILAR**
12 **PROCEDURE TO CONNECTICUT PURA DOCKET NO. 17-12-03RE10?**

13 A. Yes. A Rhode Island procurement plan and rate design docket under the purview of the
14 PUC would—in conjunction with a rates working group—provide another critical tool in the a
15 process of modernizing the State’s energy procurement plan.

16 **Q. DO YOU BELIEVE ELECTRIC SUPPLY POLICY TO BE INTEGRAL TO**
17 **MEETING RHODE ISLAND’S ACT ON CLIMATE MANDATES?**

18 A. Yes, it is my expert opinion that electric supply policy is essential to meeting Rhode
19 Island's Act on Climate mandates. Assuming full electrification of the building sector as

⁴ *Id.*

⁵ Conn. Pub. Utils. Regul. Auth., Docket No. 17-12-03RE10, Legislative Report Summary (Feb. 1, 2024).
Slides attached as Attachment A.

⁶ *Id.*

1 discussed above in my testimony, Rhode Island's electric plus residential building sector would
2 be responsible for 38 percent of current-day greenhouse gas emissions; electrification in the
3 transportation sector would make that share grow still higher. The State's ambitious climate
4 targets cannot be achieved without near-total decarbonization of electric supply combined
5 together with serious investment in demand-side efficiency measures. Put simply, there is no path
6 to decarbonization in Rhode Island or in any other U.S. state that does not require substantial
7 near-term emission reductions in the electric sector.

8 **Q. IS THERE MORE AT STAKE IN THE PROCUREMENT PLAN THAN SIMPLY**
9 **MEETING THE RENEWABLE ENERGY STANDARD?**

10 A. Yes, meeting the Renewable Energy Standard (RES) is critical, but it is just one part of
11 fundamental shift in electric sector planning, supply procurement, and rate design necessary to
12 achieve Rhode Island's Act on Climate mandates. Changes in policy will be necessary to create
13 an environment in which the RES, Rhode Island's energy efficiency program, and other essential
14 programs (such as programs related to peak emissions, battery storage development, support for
15 interconnection, transportation and building electrification, and grid modernization) can succeed
16 as requirements for emissions reductions grow in each decade.

17 **Q. SHOULD THE PUC WAIT UNTIL ADVANCED METERS ARE INSTALLED**
18 **BEFORE DEVELOPING AND/OR IMPLEMENTING CHANGES?**

19 A. No, I recommend that the PUC act promptly to establish a rates working group and/or to
20 open a Rhode Island procurement plan and rate design docket. Both processes would span as
21 much as a year before resulting in recommendations or conclusions. I can see no reason why the

1 installation of advanced meters cannot proceed concurrently with a working group or open
2 docket related to procurement planning and rate design.

3 **IV. CONCLUSION**

4 **Q. DO YOU HAVE ANY ADDITIONAL COMMENTS AT THIS TIME?**

5 **A.** Only to reserve the right to supplement this testimony as may be necessary.

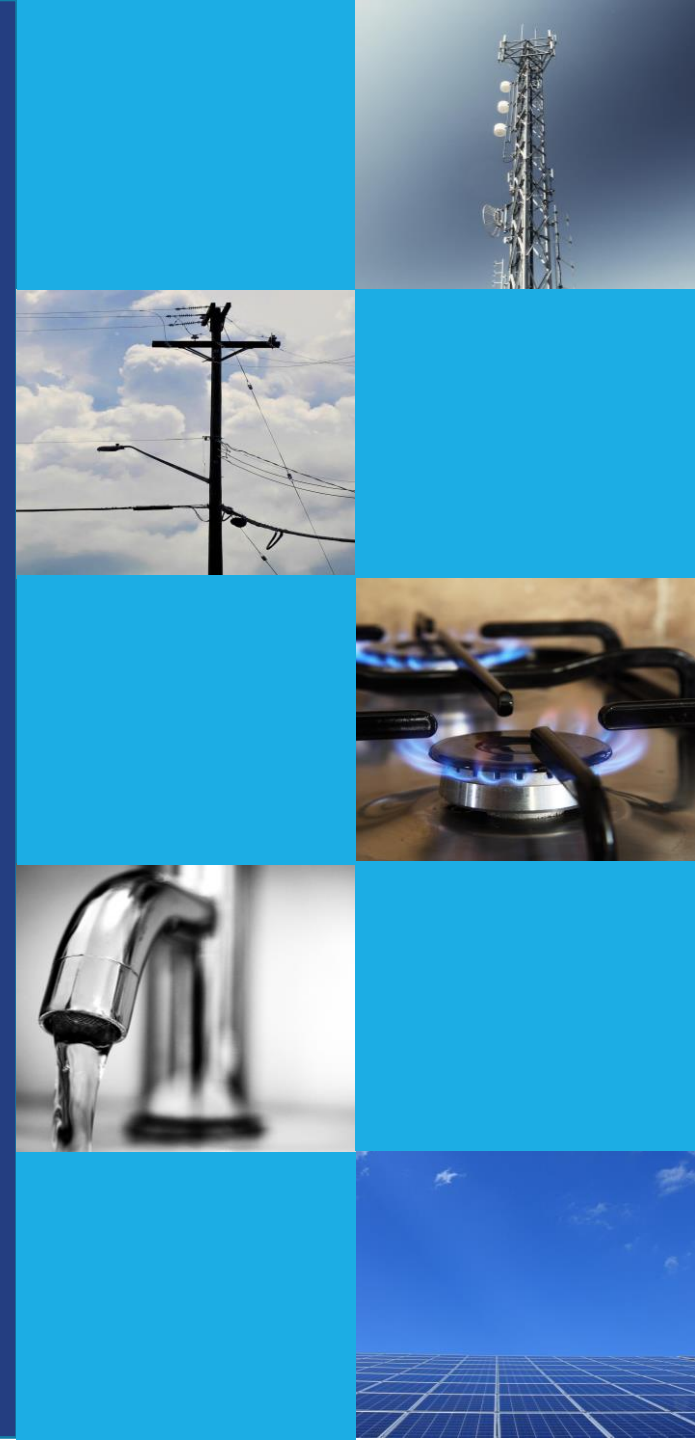
Attachment A

Legislative Report Summary

Review of Connecticut's Standard Service
Procurement Practices

PURA Docket No. 17-12-03RE10

February 1, 2024



Legislative Report Scope

Public Act 23-102 states that the Public Utilities Regulatory Authority (PURA or Authority) shall submit a report to the Energy and Technology Committee of the Connecticut General Assembly to cover the topics listed below.

1.

Review of the electric distribution companies' (EDCs) **procurement policies for standard service (SS)**.

2.

Review of the **municipal electric utilities'** procurement policies to identify potential practices that could be adopted by the CT EDCs to lower SS rates.

3.

Review of the procurement practices of EDCs in **other deregulated states** to identify potential practices for adoption by the CT EDCs to lower SS rates.

4.

Review of relationships among and economic and policy impacts of grid-scale procurements, distributed generation, and renewable portfolio standards (RPS).

To be addressed in a Final Decision in PURA Docket No. 17-12-03RE10.

Please see the Final Legislative Report issued February 1, 2024, in PURA Docket No. 17-12-03RE10 for additional detail.



PURA Docket No. 17-12-03RE10

The proceeding includes two topics:

1. The **procurement of SS**, the focus of the Legislative Report issued on February 1, 2024; and
2. Cost-effective and efficient approaches to **advancing the state's RPS**, the focus of the remainder of Docket No. 17-12-03RE10.

Under topic #1, the proceeding included:

- Public comments from elected officials and members of the public on the topic of SS.
- Four Technical Meetings, which included presentations, discussion, and questions on the following topics:
 - Connecticut's SS procurement practices.
 - Peer jurisdiction procurement practices in Massachusetts, Maine, New Hampshire, and Connecticut Municipal Electric Energy Cooperative.
 - Potential SS procurement process modifications.
- A Request for Written Comments from any Participant or interested Stakeholder to discuss potential SS procurement modifications.
- Over 50 Interrogatories directed to the EDCs, OCC, and DEEP.
- A Draft Legislative Report with Request for Written Comments from Participants and interested Stakeholders.

Please see the Final Legislative Report issued February 1, 2024, in PURA Docket No. 17-12-03RE10 for additional detail.



Standard Service Background

- **Standard Service (SS)** is the default electricity supply service for Connecticut customers using less than 500 kilowatts (kW) of demand. If a customer does not choose a retail supplier for their electricity supply, the customer receives default service from their EDC.
- **Connecticut's EDCs do not earn a profit on SS**; it is a pass-through cost from SS wholesale electricity suppliers to customers.
- **PURA does not regulate the regional wholesale electricity markets** where electricity supply prices are set and from which the EDCs procure SS. Instead, these markets are regulated by the Federal Energy Regulatory Commission (FERC).
- **PURA does oversee the SS procurement process**, which is carried out by the EDCs.

Please see the Final Legislative Report issued February 1, 2024 in PURA Docket No. 17-12-03RE10 for additional detail.



Existing SS Procurement Process

Per statute*, the **procurement process objectives** are to ensure SS prices are:

- 1) Just and reasonable (relatively low),
- 2) Stable, and
- 3) Reflective of market prices over time.

The **EDCs** procure SS electricity supply with **oversight from the PURA procurement manager and input from the Office of Consumer Counsel** as follows:**

- For six-month service periods,
- Up to a year in advance of the service period,
- Through four competitive solicitations per year.

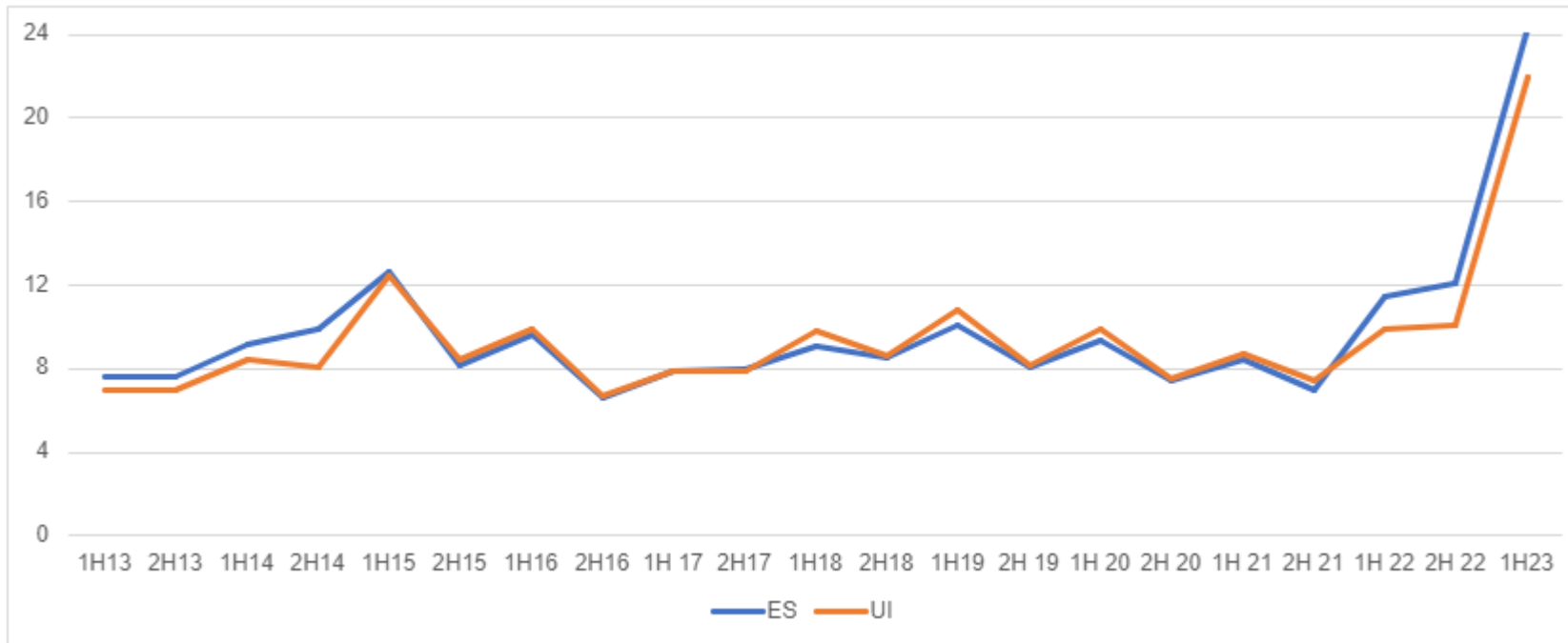
*Conn. Gen. Stat. § 16-244m(a); Conn. Gen. Stat. § 16-244c(a)(3)

**The current Power Procurement Plan and its amendments were approved by the Authority through Decisions in Docket No. 12-06-02, Request for PURA Review of Power Procurement Plan; Docket No. 12-06-02RE01, Request for PURA Review of Power Procurement Plan – Reopening; and Docket No. 12-06-02RE03, Request for PURA Review of Power Procurement Plan – Review and Amend, respectively.



Standard Service Prices Over Time

Eversource (ES) and United Illuminating (UI) SS Rates, 1H2013 – 1H2023 (¢/kWh)



SS rates have been generally stable over time, though SS rates increased significantly for the 1H2023 service period due to disruption in the global energy markets from the war in Ukraine.

Please see the Final Legislative Report issued February 1, 2024, in PURA Docket No. 17-12-03RE10 for additional detail.



Peer Jurisdiction Comparison Summary

The Legislative Report discusses findings from the Authority’s review of default service procurement practices in other jurisdictions, summarized in the table below.

Characteristics	Connecticut Municipal Electric Energy Cooperative	Maine (Central Maine Power)	Massachusetts (NSTAR Electric Company d/b/a Eversource Energy)	New Hampshire (Public Service Company of New Hampshire d/b/a Eversource Energy)	Rhode Island (The Narragansett Electric Company d/b/a National Grid)	Connecticut (Eversource and UI)
Timing of purchases	Trades daily, weekly, monthly, and annually in ISO-NE's forward energy market	Mid-November	May and November	June and December	Quarterly	January, April, July, and October
Contract term	Relies on a portfolio of short, intermediate, and long-term power procurements that do not to exceed five years	One-year	February-July and August-January	January-June and July-December	6 months, 12 months, 18 months, and 24 months	January-June and July-December
Laddering	Yes	No	Yes	No	Yes	Yes
Procurement oversight	CMEEC’s procurements are governed by its board-approved Enterprise Risk Management Policy (ERMP)	ME PUC conducts the procurement process and, once the bidders are selected, directs the ME EDCs to enter into contracts with the wholesale suppliers	EDC conducts the procurement and MA DPU approves the contracts	EDC conducts the procurement and NH PUC approves the contracts	EDC conducts the procurement, enters into contracts with the wholesale suppliers, and confidentially files the RFP summary with the RI DPUC	PURA Procurement Manager selects bids



Potential SS Procurement Modifications (1/2)

The Authority considered a list of **ten potential SS procurement process modifications**, which was developed based on:

- A review of **Connecticut's current SS procurement process**, and the default service procurement practices in **peer jurisdictions**;
- Potential SS procurement process modifications discussed in **Technical Meetings**; and
- **Recommendations submitted by Participants** in Written Comments.

The Authority evaluated each of the **ten potential SS procurement process modifications** based on whether they have the potential to further **the procurement objectives**, which are (as stated earlier): (1) Just and reasonable rates; (2) stable rates, and (3) outcomes reflective of the market prices over time.

Please see the Final Legislative Report issued February 1, 2024, in PURA Docket No. 17-12-03RE10 for additional detail.



Potential SS Procurement Modifications (2/2)

The Legislative Report discusses preliminary findings from the Authority’s review of ten potential modifications to the SS procurement process, summarized in the table below.

#	Potential SS Procurement Modification	Examined with respect to SS Procurement Objectives...		
		(1) Lower Prices	(2) Price Stability	(3) Reflective of Market
1	Initiate procurement earlier than one year in advance	X	X	
2	Move SS rate change to “shoulder months”		X	
3	Procure contracts for longer than six-month service periods	X	X	
4	Seek bids with supplier costs disaggregated			X
5	Seek economies of scale in procurements	X		
6	Offer a “green” SS option			X
7	Make time-differentiated rates the default for SS	X		X
8	Establish a Market Monitor role	X	X	X
9	Explore shifting risk from wholesale suppliers to customers	X		
10	Consider more than ten tranches per service period	X		



Conclusion and Next Steps

The Authority presents its preliminary findings in the Legislative Report for consideration by the Energy and Technology Committee of the Connecticut General Assembly.

Potential Committee next steps could include:

1. Additional outreach to wholesale electricity suppliers to solicit input;
2. Further investigation where necessary;
3. Legislative changes as necessary to implement any potential modifications deemed appropriate.

The Authority stands ready to assist in any next steps, as the Committee sees fit.

Please see the Final Legislative Report issued February 1, 2024, in PURA Docket No. 17-12-03RE10 for additional detail.

