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October 5, 2015

Via Electronic and Regular Mail

Luly E. Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Blvd.
Warwick, RI 02889

Re: Gas Company Choice Program Filing and Request for Approval of Associated
Changes to the Company's Gas Tariff, RIPUC NG-Gas No. 101, Docket No. 4523

Dear Ms. Massaro:

Enclosed for filing in the above-referenced matter are the original and nine (9) copies of the Joint
Testimony of Marc Hanks and Orlando Magnani on behalf of Direct Energy Business, LLC.

Thank you for your attention to this matter.

Sincerely,

cc: [Signature]

Craig Waksler

Enclosures

cc: RIPUC Service List (Electronically only)
Leo Wold, Esq. (w/enc)

CERTIFICATE OF SERVICE

I hereby certify that a copy of the above document was distributed to the Service List for Docket 4523 (set forth below) by email (or as otherwise set forth on the Service List) on October 5, 2015.

pp: 
Craig Waksler

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DIRECT ENERGY BUSINESS, LLC
RIPUC DOCKET NO. 4523
CUSTOMER CHOICE PROGRAM MODIFICATIONS
WITNESS: ORLANDO MAGNANI
MARC HANKS
October 5, 2015

DIRECT TESTIMONY

OF

ORLANDO MAGNANI

AND

MARC A. HANKS

OCTOBER 5, 2015

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1 **I. INTRODUCTION**

2 **Q. MR. HANKS, PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Marc Hanks. My business address is 24 Gary Drive, Westfield, MA
4 01085.

5 **Q. MR. HANKS, BY WHOM ARE YOU EMPLOYED AND ON WHOSE**
6 **BEHALF ARE YOU TESTIFYING?**

7 A. I am employed by Direct Energy Services, LP as Senior Manager of Government
8 & Regulatory Affairs. Direct Energy is wholly owned by United Kingdom-based
9 Centrica plc, one of the world's leading integrated energy companies that operates
10 in seven (7) countries with more than 37,000 employees worldwide. With
11 approximately 5,500 employees serving nearly five (5) million customers, Direct
12 Energy is one of the largest providers of electricity, natural gas, renewable energy
13 and related services in North America. I am testifying on behalf of Direct Energy
14 Business, LLC ("Direct Energy").

15 **Q. MR. HANKS, PLEASE SUMMARIZE YOUR EDUCATIONAL**
16 **BACKGROUND AND PROFESSIONAL EXPERIENCE.**

17 In my current position at Direct Energy, I am responsible for legislative and
18 regulatory matters within the New England region. In that capacity, I have
19 regularly appeared and testified before state legislative and regulatory bodies
20 advocating on behalf of an array of competitive market issues associated with
21 electricity, natural gas, renewable energy and energy services. I have over
22 nineteen (19) years of experience in the restructured energy industry. Prior to my

1 employment with Direct Energy, I was the Director of Market Development for
2 Strategic Energy, LLC, a leading retail electricity marketer serving the
3 commercial and industrial market segments throughout the United States. In this
4 capacity, I was responsible for regulatory and legislative advocacy designed to
5 advance and sustain competitive retail electricity markets in the Northeast and
6 Mid-Atlantic regions. Prior to joining Strategic Energy, I was employed by
7 Northeast Utilities, n/k/a Eversource Energy, the New England region's largest
8 energy delivery company, with more than 3.6 million electric and natural gas
9 customers in Connecticut, Massachusetts and New Hampshire. While at
10 Northeast Utilities, I served in a variety of management capacities that included
11 regulatory affairs, market planning, business operations and sales for its
12 competitive retail marketing affiliate, Select Energy, Inc. and its electric
13 distribution company, Western Massachusetts Electric Company. I hold a
14 Bachelor of Science degree from the University of Massachusetts at Amherst, a
15 Masters of Public Administration from the University of Hartford and a
16 Certificate on Leadership Development from Carnegie Mellon University's
17 Tepper School of Business.

18 **Q. MR. MAGNANI, PLEASE STATE YOUR NAME AND BUSINESS**
19 **ADDRESS.**

20 **A.** My name is Orlando (Randy) Magnani. My business address is 19561 Caladesi
21 Drive, Village of Estero, FL 33967.

1 **Q. MR. MAGNANI, BY WHOM ARE YOU EMPLOYED AND ON WHOSE**
2 **BEHALF ARE YOU TESTIFYING?**

3 A. I am President of Rand Energy Consultants. As such, I provide consulting
4 services to natural gas marketers primarily related to operational and technical
5 issues within the natural gas industry. In this proceeding, I am representing
6 Direct Energy.

7 **Q. MR. MAGNANI, PLEASE SUMMARIZE YOUR EDUCATIONAL**
8 **BACKGROUND AND PROFESSIONAL EXPERIENCE.**

9 A. Prior to my current position, I was Director of Natural Gas Operations in the
10 Energy Marketing Division of Hess Corporation ("Hess") from 2001 to 2013. As
11 Director of Operations at Hess, I oversaw all of Hess' natural gas marketing
12 operations (including forecasting, scheduling and pricing) for the natural gas local
13 distribution companies ("LDCs") located in the Hess energy marketing footprint.
14 I was responsible for overseeing Hess' six (6) regional operations offices, which
15 had the local day-to-day duties for natural gas operations within their specific
16 geographic regions. Hess operated behind over seventy (70) LDCs.

17 Prior to that, from the period of 1998 to 2001, I was a Principal with Navigant
18 Consulting performing various consulting services primarily related to LDC
19 issues. From 1996 to 1998, I was President and Chief Operating Officer for
20 KeySpan Energy Services, Inc. ("KeySpan"). At KeySpan, I had general
21 supervisory responsibility for its gas marketing business. From 1971 through
22 1996, I held several titles at The Brooklyn Union Gas Company ("Brooklyn

1 Union”), a LDC based in Brooklyn, New York. I served as Manager of Gas
2 Operations where I was responsible for the operation and maintenance of the
3 company’s LNG plant and high-pressure transmission system, as well as all
4 scheduling activities on interstate gas pipelines. Additionally, I served as
5 Brooklyn Union’s Manager of Rates and Gas Supply where I was responsible for
6 cost allocation and rate design of utility rates, state and federal regulatory affairs,
7 and gas supply planning and contract negotiation and administration. I also
8 served as Manager Project Development where I set up and managed a wholesale
9 marketing business designed to generate margin from under-utilized supply,
10 capacity and storage assets. Prior to that, I was a Junior Engineer with the New
11 York Public Service Commission. I earned a Bachelor’s Degree in Chemical
12 Engineering from Manhattan College in 1970.

13 I have previously testified before the Rhode Island Public Utilities
14 Commission. While with Navigant Consulting, I represented Southern Union in
15 the acquisition of Providence Gas Company and Valley Gas Company. In
16 addition to Rhode Island, I have testified before other state regulatory bodies in
17 eight (8) states: New York, Massachusetts, Pennsylvania, Maryland, Ohio,
18 Missouri, Virginia and Connecticut. I have also testified before the Federal
19 Energy Regulatory Commission. I have over forty-five (45) years of professional
20 experience working for competitive natural gas suppliers, natural gas consultants,

1 and a gas LDC encompassing a comprehensive array of natural gas related
2 matters.

3 **Q. WHAT IS THE PURPOSE OF YOUR JOINT TESTIMONY IN THIS**
4 **PROCEEDING?**

5 A. The purpose of our testimony is twofold. The most immediate concern is to
6 present to the Commission the flaws and limitations that the proposed National
7 Grid tariff will impose on customers, especially Large and Extra-Large
8 Commercial and Industrial Customers on FT-I Transportation Service that have a
9 Capacity Exemption and how it will harm natural gas competition in Rhode
10 Island. First, however, Mr. Hanks will raise concerns about the ongoing practice
11 and pattern of National Grid ("NGrid") to make incremental and significant tariff
12 changes that have deleterious eroding effect on the competitive natural gas market
13 in the state of Rhode Island.

14 **II. NGRID COLLABORATIVE PROCESS**

15 **Q. MR. HANKS, THE TESTIMONY OF NGRID WITNESSES ELIZABETH**
16 **ARANGIO AND TERRENCE KAIN INDICATES THAT THE PROPOSED**
17 **TARIFF REVISIONS AT ISSUE IN THE DOCKET WERE THE**
18 **PRODUCT OF A "COLLABORATIVE PROCESS"¹ AND IMPLY AT**
19 **LEAST THAT THEY REFLECT A CONSENSUS BY ALL INTERESTED**
20 **PARTIES. IS THAT A FAIR INFERENCE TO DRAW IN YOUR VIEW?**

21 A. No, it is not. Unfortunately, both with respect to these proposed tariff revisions as
22 well as those that were approved by the Commission prior to the 2014-2015

¹ Rhode Island Public Utilities Commission Docket No. 4523, *Gas Customer Choice Program*, National Grid's Joint Pre-Filed Testimony of Elizabeth Arangio and Terrence Kain at 17-19 (dated August 7, 2015).

1 winter, it has been Direct Energy's experience that NGrid has not engaged in a
2 meaningful collaborative process, but instead informed us of what it intended to
3 file and then, despite our objections and our presentation of viable, reasonable
4 alternatives, simply proceeded with its original proposal. Therefore, the
5 Commission should not conclude that NGrid's tariff proposals are the product of a
6 true collaborative process that reflected reasonable consideration of the technical,
7 operational and market concerns and recommendations of all market participants,
8 not just that of NGrid.

9 **Q. CAN YOU EXPLAIN DIRECT ENERGY'S CONCERNS REGARDING**
10 **THE PROCESS THAT NGRID USED FOR THIS FILING AS WELL AS**
11 **PRIOR PROPOSED TARIFF REVISIONS AFFECTING NATURAL GAS**
12 **CHOICE?**

13 A. Yes. As a leading retail natural gas marketer, Direct Energy competitively
14 supplies a significant amount of natural gas sold to Rhode Island's commercial
15 and industrial natural gas customers. As such, it has made significant financial
16 investment in the state in support of its base of customers. Moreover, Direct
17 Energy maintains a regional office in the town of Lincoln where it employs
18 approximately twelve (12) people.

19 In Phase I of Docket 4523 *National Grid Gas Customer Choice Program*
20 *Tariff Filing*, Direct Energy filed public comments in October 2014, expressing
21 its serious concerns regarding NGrid's implementation schedule, inadequate lack
22 of communication and insufficient consultation with key stakeholders, especially

1 the gas marketers, regarding the operational impact of its proposed tariff changes
2 reflected in this docket. With the exception of a brief conference call where
3 NGrid presented a high-level overview of its proposed tariff modifications for
4 both Massachusetts and Rhode Island, Direct Energy is not aware of any other
5 collaborative meeting/technical conference or company communication where
6 NGrid has provided the opportunity to substantially communicate and consult
7 with gas marketers. As key market participants in the Gas Customer Choice
8 Program, Direct Energy believes gas marketers deserve to be better informed,
9 consulted on a timely basis and have meaningful input and consideration of their
10 issues regarding important tariff changes that fundamentally impact its customers
11 and business operations.

12 In her pre-filed testimony filed on September 8, 2014, Ms. Arangio of NGrid
13 stated “the Company has not yet had the opportunity to consult with marketers,
14 customers, or other interested stakeholders, which is why the Company is
15 deferring more comprehensive changes until a later date.”² However, Direct
16 Energy believed NGrid had ample opportunity at that time to engage gas
17 marketers and present its proposed tariff changes in a manner that would have
18 permitted constructive discussion and input. Regrettably, on the brink of the
19 2014-15 Winter Heating Season, gas marketers like Direct Energy had to deal

² Rhode Island Public Utilities Commission Docket No. 4436, *Gas Customer Choice Program*, National Grid’s Pre-Filed Testimony of Elizabeth Arangio at 19 (dated September 8, 2014).

1 with critical tariff changes that imposed significant operational constraints and
2 imposed financial impacts on Direct Energy's customers.

3 Accordingly, on October 23, 2014 Direct Energy filed public comments with
4 the Commission to express its concern for the need to establish a process of
5 enhanced notification and meaningful communication to, among and between
6 NGrid and the gas marketers regarding proposed tariff changes that materially
7 affect the Gas Choice Program. More specifically, Direct Energy requested that
8 the Commission defer the implementation of NGrid's proposed Gas Customer
9 Choice Program tariff changes on November 1, 2014 and encouraged NGrid to
10 convene a series of collaborative meetings for all interested stakeholders to
11 undertake a comprehensive review of its Gas Customer Choice Program with the
12 following overall policy objectives: 1.) maintain overall system integrity and
13 reliability; 2.) support and expand viable choice options that serve the interest of
14 the state's natural gas ratepayers; and 3.) support a sustainable, competitive retail
15 gas market.

16 **Q. DID NGRID'S COLLABORATIVE PROCESS USED FOR THE TARIFF**
17 **MODIFICATIONS HERE AT ISSUE PROVIDE GREATER INPUT FOR**
18 **DIRECT ENERGY?**

19 A. Unfortunately, no. In January 2015, Direct Energy began discussions with NGrid
20 pertaining to NGrid's proposed new tariff changes for the 2015-16 Winter
21 Heating Season. Direct Energy and the other leading gas marketers had
22 anticipated that a genuine collaborative process, where ideas and concerns could

1 be freely expressed leading to a consensus solution that would mutually serve the
2 needs of NGrid and the gas marketers. Unfortunately, this did not occur.

3 Specifically, in response to NGrid's announced intention to revise its rules
4 regarding Capacity Exempt customers, Direct Energy developed an alternative
5 Capacity Exempt tariff proposal that would accomplish the following: 1.) Allow
6 NGrid to undertake and engage in meaningful system planning; 2.) Maintain
7 system reliability; 3.) Be competitively neutral; 4.) Maintain customer choice; 5.)
8 Provide information and help educate customers; and 6.) Empower the customer
9 to make informed decisions. However, despite NGrid statements that it would
10 review and consider Direct Energy's proposal and schedule a follow-up
11 conference call to further discuss its key operational elements, it opted to flatly
12 reject the proposal. It thereupon filed the exact proposal that it initially discussed
13 with Direct Energy and other marketers. From this I must conclude that NGrid
14 was unwilling to entertain any other proposal but its own. In fact, National Grid
15 stated in an email dated August 5, 2015 that it "weighed all of the feedback" and
16 will be moving forward with filing its proposal as-is with the Rhode Island Public
17 Utilities Commission.

18 Direct Energy is fundamentally concerned about an ongoing pattern and
19 decidedly one-sided process whereby presumably each year NGrid will present
20 new tariff changes, ostensibly seek input and "collaboration" from the gas
21 marketers and other stakeholders, but then simply proceed to file its originally

1 proposed tariff changes without any apparent consideration given to the gas
2 marketers' operational and financial issues or the impact on their customers.
3 Moreover, despite the objections raised by Direct Energy and other gas marketers
4 in this docket proceeding, NGrid proceeded to seek "fast-track" approval and
5 implementation of its proposed tariff changes by September 15, 2015, in part on
6 the suggestion that the proposals were subject to a "collaborative" process. In
7 fact, as I have explained above the only aspect of "collaboration" in the process
8 was the name given to it. The proposed tariff changes, if the Commission
9 approves these tariffs, will benefit NGrid but will adversely affect the competitive
10 retail gas market in Rhode Island and limit gas choice for customers.

11 **III. NGRID'S PROPOSED TARIFF CHANGES**

12 **Q. MR. MAGNANI, CAN YOU EXPLAIN YOUR UNDERSTANDING OF**
13 **NATIONAL GRID'S PROPOSAL FOR FT-1 CAPACITY EXEMPT**
14 **CUSTOMERS THAT WOULD LIKE TO BECOME CAPACITY**
15 **ASSIGNMENT ELIGIBLE CUSTOMERS?**

16 A. Yes, on page 12 of the testimony of NGrid witnesses Ms. Arangio and Mr. Kain,
17 they state that NGrid is proposing a change in its rules that would permit capacity
18 exempt customers that currently do not have the option of becoming capacity
19 assigned, to change their status and become capacity assigned.³ To do this, NGrid
20 is proposing that the customer would have to meet several requirements. Ms.
21 Arangio and Mr. Kain describe in their testimony that "[t]he first requirement is

³ Rhode Island Public Utilities Commission Docket No. 4523, *Gas Customer Choice Program*, National Grid's Joint Pre-Filed Testimony of Elizabeth Arangio and Terrence Kain at 12 (dated August 7, 2015).

1 that a customer must affirmatively confirm its intent to elect capacity eligible
2 status when it returns to the Company for gas supply service, and such election
3 will be subject to the Company's approval based on the Company's determination
4 that sufficient resources are available to serve that customer at the time of the
5 election. The second requirement is that the customer electing capacity eligible
6 status will need to return to the Company's firm sales service and remain on firm
7 sales service for a period of time, which is the later of one full consecutive winter
8 season (i.e. November 1 – April 30) or the next April 30 following the end of one
9 full winter season. On the May 1 following the end of one full consecutive winter
10 season, the customer has the option of returning to transportation service, but will
11 be required to accept a mandatory capacity assignment from the Company. If the
12 customer elects to remain on firm sales service in lieu of returning to
13 transportation service, that customer will be billed at the GCR rate.”⁴ The firm
14 sale service as referenced above is a new “Interim Market Rate” and described as
15 the greater of the Company's monthly Default rate without 35%/15% adder or the
16 GCR.

17 **Q. WHAT ASPECT OF THIS PROPOSAL IS UNREASONABLE, IN YOUR**
18 **VIEW AND SHOULD BE REJECTED?**

19 A. The main concern is the requirement that a customer desiring to become
20 “capacity assignment eligible” must also leave the competitive market and

⁴ *Id.* at 12.

1 become an NGrid sales service customer for a period of as long as seventeen (17)
2 months. This requirement is confusing and unnecessary. These customers do not
3 want to “return” to sales service to be charged the NGrid Interim Market Rate.
4 They were either never a sales customer or have not been a sales customer for
5 over fifteen (15) years. These customers in fact only want the option of becoming
6 capacity assignment eligible customers, but they want to continue to avail
7 themselves of the products that only a third party supplier (marketer) can provide.
8 Accordingly, the second requirement that customers must become sales customers
9 is completely unnecessary.

10 **Q. WHAT IS THE MAIN ARGUMENT THAT NGRID HAS PROVIDED FOR**
11 **REQUIRING CUSTOMERS DESIRING TO BECOME CAPACITY**
12 **ELIGIBLE TO ALSO BECOME SALES CUSTOMERS?**

13 A. If a customer opts to forgo its capacity exemption status and return to LDC sales
14 service as part of a process to become capacity eligible, Direct Energy fully
15 supports that decision in the context of customer choice within Rhode Island’s
16 competitive natural gas market. However, Direct Energy vigorously disagrees
17 with NGrid’s main contention that a customer must be a sales customer in order
18 for NGrid to be able to plan properly. Let me be clear, Direct Energy does indeed
19 agree that NGrid must be able to properly conduct system planning to maintain
20 overall reliability of the gas supply portfolio, but it can do so with the customer
21 purchasing competitive gas supply service from a third party supplier. In fact,
22 NGrid already has the information it needs to engage in effective gas supply

1 planning. It has been reading the customers' meters and accurately knows what
2 each customer uses on a daily and monthly basis. The requirement that customers
3 are required to return to the new Interim Market Rate is unnecessary and provides
4 no additional information to NGrid to permit it to "plan" for its system. In Direct
5 Energy's alternative tariff proposal, it believes that once the customer signs a non-
6 rescindable letter of authorization stating that it wishes to become capacity
7 assignment eligible when the time comes, this will provide sufficient notification
8 to allow NGrid to include the customer in its system planning. Moreover, NGrid
9 could continue to undertake its planning studies and determine when the customer
10 can become a capacity assignment eligible customer. At that point, the customer
11 will accept the capacity assignment that it committed to accept on the "turn on" or
12 effective date as determined by NGrid. In this manner, NGrid will have a
13 meaningful process to conduct effective system planning while not undermining
14 the competitive market. It should be noted that during the collaborative process,
15 Direct Energy's proposal outlining the letter of authorization process was
16 presented to NGrid but regrettably, it was flatly rejected.

17 **Q. WHAT OTHER ARGUMENTS HAS NGRID PUT FORWARD FOR THIS**
18 **"MUST BECOME A SALES CUSTOMER" REQUIREMENT?**

19 A. There are several others, and I would like to address each of them. First, as I
20 discuss above, NGrid contends that the customer must become a sales customer in
21 order for it to determine the impact on system reliability. However, as I have

1 explained, there is no need for the customer to return to LDC for gas supply in
2 order for NGrid to determine the impact to the reliability of the overall gas
3 resource portfolio. NGrid has access to the same usage and capacity information
4 whether the customer is a sales customer or a transportation customer. NGrid
5 reads the customers' meters and has all the same information in either case. It has
6 enough data to perform its necessary studies whether the customer is on sales or
7 transportation service.

8 Second, NGrid provides no data to support its statement that forcing a
9 customer to return to the LDC for gas supply for anywhere from six (6) to
10 seventeen (17) months, will result in "the appropriate allocation of costs among
11 all customers". Other than an unsubstantiated statement, there is nothing to
12 suggest that the statement is true. Third, NGrid has indicated that its proposal
13 provides an additional option for customers. It is true that the proposal provides
14 an additional option for customers seeking LDC gas supply but it provides no
15 option for customers that wish to continue to competitively purchase their gas
16 supply from a third party supplier and avail themselves of capacity assignment
17 from NGrid. NGrid has not demonstrated that there are in fact customers that
18 want to return to LDC gas supply and never return to Firm Transportation Service
19 but if there are such customers, this proposal would satisfy their needs. However,
20 there are a number of customers that desire to become capacity assignment

1 eligible but do not wish to return to LDC gas supply and this proposal forces them
2 to do so.

3 NGrid has also suggested that its proposal would somehow allow it to better
4 balance its portfolio. Again, this is simply not true. It has access to the same
5 critical usage and capacity data whether the customer is on transportation or sales
6 service. Notably, NGrid's witnesses do not provide any evidence or studies to
7 support their contention.

8 Finally, NGrid suggests that the "must return to sales service" requirement will
9 also incent customers and their marketers to plan for their supply requirements in
10 advance. As an expert in the gas industry with considerable years of operational
11 experience, I am at a loss to understand how requiring that a customer wishing to
12 become capacity assignment eligible also must leave the competitive market and
13 take sales service will "incent" the customer to plan. Customers and marketers
14 already have every incentive to plan their supply in advance, it is called the
15 competitive marketplace. Unlike NGrid where customers may simply default to
16 sales service, gas marketers must effectively plan, hedge and optimize their
17 respective supply portfolio to remain competitive and relevant with transportation
18 customers. If not, these gas marketers will be out of business. Therefore, Direct
19 Energy does not accept NGrid's basic premise that forcing customers to take LDC
20 gas supply that they do not want will not give them a greater incentive. NGrid
21 should explain how that would possibly occur. It certainly has not done so in its

1 direct testimony. Once again, this suggestion is not supported by any evidence or
2 study.

3 **Q. ARE THERE ADDITIONAL REASONS TO REJECT NGRID'S**
4 **PROPOSAL CONCERNING REQUIRING A CUSTOMER SEEKING TO**
5 **BECOME CAPACITY ELIGIBLE TO ALSO BECOME A SALES**
6 **SERVICE CUSTOMER FOR UP TO SEVENTEEN (17) MONTHS?**

7 A. Yes. This proposal will clearly hurt competition. Not only will customers be
8 deprived of the benefits of competition, i.e. the opportunity to avail themselves of
9 the marketer products they need to efficiently manage their businesses, for up to
10 seventeen (17) months, but there is a chance that customers would stay away for
11 longer periods. This could be because of confusion about their options or concern
12 that switching to a marketer could somehow threaten the customer's eligibility for
13 capacity assignment. Overall, tying the capacity assignment eligible status with a
14 sales service requirement will be detrimental to the maintenance of a robust
15 competitive natural gas market in Rhode Island. Moreover, Direct Energy
16 believes the NGrid tariff proposal along with other incremental tariff changes
17 imposed on gas marketers last year will erode the gas market to a point where it
18 may someday be uneconomic for a gas marketer to operate in the state, thus
19 limiting customer choice even further.

20 **Q. DOES DIRECT ENERGY HAVE AN ALTERNATIVE PROPOSAL THAT**
21 **HAS BEEN PRESENTED TO NGRID THAT ADDRESSES THESE**
22 **CONCERNS?**

1 A. Yes. It is the proposal that Direct Energy provided NGrid on August 3, 2015.
2 The major benefit to capacity exempt customers in Direct Energy's proposal is the
3 ability to maintain customer choice. In Direct Energy's proposal, Direct agrees
4 that NGrid should do the planning for its system but forcing customers to
5 purchase LDC gas supply should not be a part of that process. If a customer
6 wants to become a capacity assignment eligible customer, it should be required to
7 sign a non-rescindable letter of authorization that it is willing to accept a
8 mandatory capacity assignment during a seasonal window. However, the
9 customer should be able to be served on competitive gas supply by its marketer
10 while NGrid runs its planning studies, just as it would if the customer were a sales
11 customer, and determine whether it has adequate resources for the customer on
12 the upcoming May 1 or the following May 1 period. NGrid would inform the
13 customer of the date the customer would become capacity assignment eligible and
14 accept mandatory capacity assignment. If, after the capacity assignment eligible
15 date has passed, a customer desires to be a firm sales customer at the GCR rate
16 they could do so but if not, they could continue to purchase gas from a third party
17 supplier. Direct Energy's proposal is pro-competition and pro-customer as it
18 allows customers to avail themselves of the competitive products that marketers
19 offer while still becoming capacity eligible.

20 Q. PLEASE SUMMARIZE YOUR TESTIMONY.

1 A. Direct commends NGrid for its efforts to offer capacity assignment to capacity
2 exempt customers but disagrees with the requirement that customers return to
3 sales service. As we discussed above, “return to sales service” is unnecessary,
4 anti-competitive and harmful to customers. NGrid has not provided a compelling
5 reason as to why this requirement is necessary and it should be removed.

6 **Q. DOES THAT CONCLUDE YOUR DIRECT TESTIMONY?**

7 A. Yes. It does.