

STATE OF RHODE ISLAND
ENERGY FACILITY SITING BOARD

IN RE: THE NARRAGANSETT ELECTRIC COMPANY d/b/a
NATIONAL GRID APPLICATION FOR A LICENSE TO
MOBILIZE AND OPERATE A LIQUIFIED NATURAL GAS
VAPORIZATION FACILITY AT OLD MILL LANE
(PORTSMOUTH, RI)

Docket No. SB-2021-04

RE: SCOPE OF PROCEEDING

By its attorney, Acadia Center respectfully requests the Energy Facility Siting Board (EFSB) explore the following foundational questions raised by the April 1, 2022 application and siting report filed by the Narragansett Electric Company (the Company).

STATEMENT OF RELEVANT FACTS

1. On January 8, 2020, the Board granted the Company a temporary two-year emergency waiver from the licensing requirements of the Energy Facility Siting Act to mobilize and operate a Liquified Natural Gas (LNG) facility at a property located on Old Mill Lane in Portsmouth, RI.
2. On May 19, 2021, petitioner Narragansett filed a petition for a one-year extension of the previous emergency waiver granted by the Board on January 8, 2020 to cover the 2021-2022 winter season operations.
3. Concurrently, petitioner Narragansett also filed an application with the Board seeking a license to mobilize and operate the above-referenced LNG facility permanently, without need for further waivers.
4. In response, the Board opened this Docket No. SB-2021-04.

5. In Order 150, issued by the EFSB on September 17, 2021, the EFSB granted the Company's Motion for Waiver Extension for the 2021-2022 winter season, subject to the following:
 - a. (a) "That the Company is required to file by no later than April 4, 2022 a supplemental application in this Docket which sets forth the final proposed solution. The filing should include: (a) all the information required in the same form as if the supplemental application was a stand-alone application, (b) The estimated costs of each of the alternatives to the long-term solution that the Company rejected, (c) for each of those alternatives, the filing also should describe the Company's basis for rejection and how the Company evaluated each of the rejected solutions against its forecast(s) for design day demand, and (d) a comparison of the greenhouse gas emissions impact of each alternative."
 - b. (c) "That the Company is required to include with its supplemental application a *comprehensive* [emphasis added] evaluation and analysis that determines what would be necessary to address the long-term capacity constraint issue with non-infrastructure initiatives including energy efficiency, demand response, and electrification conversions (referred to as the Energy Efficiency/Demand Response/Electrification ("EE/DR/E" alternative). Such evaluation should identify the estimated costs, the timeline, how long Old Mill Lane would need to operate while it is being implemented, the obstacles and challenges to such an initiative, and the extent to which there are risks associated with not being able to execute the plan because it requires voluntarily cooperation by users of the natural gas system on Aquidneck Island to accomplish it."
6. On April 1, 2022, the Company filed its supplemental application and the "Aquidneck Island Gas Reliability Project" siting report in support of its application to operate the Old Mill Lane facility.

7. On June 2, 2022, the EFSB scheduled a Preliminary Hearing for July 25th, 2022. The Notice included language from EFSB Rule 1.9(a) which provides that the Board will “convene a preliminary hearing to determine the issues to be considered by the Board for the purpose of rendering advisory opinions, and to identify those licenses required by the facility which are under the direct control of DEM and CRMC.”
8. Acadia Center respectfully offers the following issues for the EFSB’s consideration.

Issues for Consideration and Potential Advisory Opinions Sought

1. **Address Lack of Detail Provided for Company’s Claims re: EE/DR/E Solution**

Order 150 states: “the Company is required to include with its supplemental application a *comprehensive* [emphasis added] evaluation and analysis that determines what would be necessary to address the long-term capacity constraint issue with non-infrastructure initiatives including energy efficiency, demand response, and electrification conversions (referred to as the Energy Efficiency/Demand Response/Electrification (“EE/DR/E” alternative). Such evaluation should identify the estimated costs, the timeline, how long Old Mill Lane would need to operate while it is being implemented, the obstacles and challenges to such an initiative, and the extent to which there are risks associated with not being able to execute the plan because it requires voluntarily cooperation by users of the natural gas system on Aquidneck Island to accomplish it.”

In Section 4.8 of the Siting Report, The Company claims “*The EE component of this effort, as modeled with a moratorium in place, would require nine years of program effort.*”¹ The Company does not a comprehensive evaluation and analysis that details how it came to that conclusion or

¹ Siting Report, Page 37

what type of program design could be pursued to accomplish this outcome.

The Company also claims the electrification component needed to address only the claimed capacity constraint under a moratorium non-infrastructure approach would require a five-year ramp up period and cost \$100 million on a utility cost basis.² Again, little detail is provided on the Company's theoretical design of a program to meet this objective. Even using a conservatively high estimate of \$20,000 per installation, this level of funding cited by the Company would provide for approximately 5,000 air-source heat pump installations—a far greater number than would be required to address the capacity constraint as it exists today were a moratorium established.

Perhaps most problematic is the Company's decision to treat non-infrastructure resources individually, rather than allowing them to be used in combination, likely to greater effect. The Company did not provide illustrative examples of how a non-infrastructure approach could leverage varying levels of energy efficiency, heating electrification, and demand response to achieve the necessary demand reduction needed to resolve the claimed capacity constraint.

Acadia Center respectfully requests the EFSB require the Company to provide additional detail on their cost estimates and to assemble different illustrative portfolios, including combinations of technologies, with cost assumptions. The EFSB and parties should be able to fully analyze whether a non-infrastructure solution that makes important and beneficial investments in customers' buildings may yield better outcomes than the Company's preferred solution to build new long-lived gas system infrastructure, particularly in light of the Act on Climate's mandated GHG reductions. This analysis should also include projected costs to build new service connections to buildings under the Company's assumed growth in gas customer demand.

² Siting Report, Page 37

2. The Company's Greenhouse Gas (GHG) Comparison Is Flawed and Does Not Account for Increasing Biodiesel Blends

Siting Report Table 4-3 "GHG Emission Rates by Fuel Source" improperly treats distillate fuel oil emissions rates as static, despite statutory requirements of legislation signed into law by Governor McKee on July 12, 2021, to update the "Biodiesel Heating Oil Act of 2013." The 2021 legislation, H5132A³, updated RI General Laws Chapter 23-23.7-4 requiring all No.2 distillate heating oil sold in Rhode Island to meet increasingly higher biodiesel and/or renewable hydrocarbon blends. State law now requires No. 2 distillate heating oil meet a standard of:

- a. B5⁴ by July 1, 2021,
- b. B10 by July 1, 2023
- c. B20 by July 1, 2025, and,
- d. B50 by July 1, 2030.

The Company must update this table as well as subsequent assumptions which rely upon these calculations utilizing a more thorough analysis of Rhode Island policy, particularly as calculations in this application extend through Winter 2034-2035. Problematically, the Company uses these faulty calculations to color assumptions in Section 4.10.3 regarding consumers' continued use of fuel oil-powered equipment, including:

³ H5321A, available at <http://webserver.rilin.state.ri.us/BillText/BillText21/HouseText21/H5132A.pdf>

⁴ Biodiesel blend percentages are abbreviated using the letter B and the numerical percentage of biodiesel/renewable hydrocarbon blends. For example, B20 is a heating oil blend consisting of approximately 20 percent biodiesel/renewable hydrocarbon blends.

- *“Under this baseline alternative, all of the otherwise projected growth in [gas] customer demand relative to 2023 levels on Aquidneck Island is assumed to be met with fuel oil-powered equipment.”*⁵
- *This, in conjunction with a relatively higher GHG emission rate than natural gas per unit of fuel, as shown in Table 4-3 below, results in an estimated net increase in emissions of approximately 45,000 tons of CO₂e through 2034/35 if customers relied on heating oil as their primary fuel source. By avoiding a moratorium beginning in 2023 and allowing customers to convert to natural gas instead of using fuel oil, GHG emissions savings are achieved.”*⁶

Similarly, with enactment of legislation in 2022 to update the state’s Renewable Energy Standard the Company should update table 4.3 and all subsequent assumptions regarding emissions from electricity generation to reflect a more precise emissions profile. Additionally, the footnote reference “5” in Table 4-3 appears to be a typographical error as Footnote 5 discusses Heating Degree Days on page 6 of the Siting Report.

3. Additional Requests for Ratepayer Funds in the Future

On Page 9 of the Siting Report, the Company indicates it has not foreclosed the possibility of seeking significant additional ratepayer funds for additional infrastructure in the future:

“A long-term pipeline solution could mitigate this single point-of-failure risk and provide an ancillary benefit in addition to addressing the vulnerability to upstream capacity disruptions. Pipeline projects, however, can take several years to scope, gain regulatory and

⁵ Siting Report, pg. 42

⁶ Siting Report, pg. 43

community support for, permit, and construct and until that can all be accomplished, the Company has a responsibility to provide the highest reliability of service possible within its means.”

This language more than hints that the proposed solution in the Company’s present filing does not represent the Company’s full and final preferred solution to enable gas system growth on Aquidneck Island. As indicated on page 33 of the Siting Report, a pipeline solution would cost Rhode Island ratepayers between \$183 million and \$265 million. The Company seems to have performed its evaluation of potential alternatives, including non-infrastructure solution as ordered by the EFSB, only against the backdrop of the present application for a permanent seasonal LNG operation. If the Company, as its application suggests, is envisioning future applications for additional infrastructure, the present request combined with that additional request should form the basis for comparison of non-infrastructure solutions which could be utilized to avoid both sets of expenditures .

4. Identify an Appropriate Heating Degree Day for Aquidneck Island

Based on analysis of the Company’s filing, specifically the tables provided in Appendix C, it appears the Company applies the same Heating Degree Day (HDD) estimate for Aquidneck Island as it does for the rest of Rhode Island’s gas distribution business—despite references in the filing to the Aquidneck Island gas distribution system being uniquely isolated. The use of the same HDD is likely inappropriate given the more temperate climate of Aquidneck Island. In fact, the Company’s own siting report indicates:

“Aquidneck Island in particular enjoys a moderate climate due to its close proximity to the Narragansett Bay and influence from the Gulf Stream which helps to minimize extreme temperatures. Although the Bay has a modifying effect, temperatures in Rhode Island tend to

*fluctuate by large ranges both daily and annually. The mean annual temperature of Rhode Island's coastal areas, such as Aquidneck Island, is 51 degrees Fahrenheit, with an average minimum temperature of 30 degrees Fahrenheit and an average maximum temperature of approximately 70 degrees Fahrenheit."*⁷

Further, as the Department of Environmental Management notes:

*"The length of the freeze-free season, as noted by the occurrence of temperatures of 32° F or lower, averages from 155 to 180 days in most of the State. Exceptions are in the southwestern interior with an average length of 130 to 145 days and in the immediate Bay area with 200 days or more. Near the southeastern shore of the Bay the first autumn freezing temperature is considerably delayed compared to the rest of the State. From year to year there is some variation in the length the freeze period."*⁸

Since the basis for alleging a capacity constraint is underpinned by assumptions regarding HDD on Aquidneck Island, Acadia Center urges the EFSB to seek an advisory opinion from the Department of Environmental Management, or other appropriate agencies, as to the proper HDD for Aquidneck Island to better analyze the underlying assumptions around gas demand.

Summary of Issues and Potential Advisory Opinions

1. Acadia Center respectfully requests the EFSB require the Company to provide additional detail on its EE/DR/E cost estimates and to assemble illustrative portfolios with cost break-downs to fully analyze a non-infrastructure solution. This analysis should also include projected costs to build new service

⁷ Siting Report, Page 50.

⁸ <http://www.dem.ri.gov/climate/climate-overview-ri.php>

connections to buildings under the Company's assumed growth in gas customer demand which would be enabled by this project.

2. Acadia Center respectfully requests the EFSB require the Company to update its analysis of comparative GHG impacts of preferred and rejected solutions using state laws enacted last year requiring increasing biofuel blends in distillate heating oil and to reflect the recently enacted 100% Renewable Energy Standard timeline.
3. Based upon comments included in the filing, Acadia Center is concerned the Company may seek additional ratepayer funds in the future to support the construction of additional gas system infrastructure, including but not limited to a reinforcement pipeline project. Acadia Center respectfully requests the EFSB to probe the Company's intentions to determine whether all parties are evaluating the filing in the proper context.
4. Acadia Center respectfully requests the EFSB seek an advisory opinion from the Department of Environmental Management, or other appropriate agencies, as to the proper HDD for Aquidneck Island to better analyze the underlying assumptions around gas demand.

Conclusion

In conclusion, Acadia Center respectfully requests the EFSB pursue the advisory opinions and information requested above. This decision requires precise and transparent information regarding the Company's assumptions and plans for future infrastructure development. These details are necessary to determine whether the significant expense to build and operate the proposed LNG facility is appropriate given the Company's hint that it may pursue other long-term infrastructure solutions in the future. Those potential future expenses should be combined with the present application's requested expense to determine whether another solution, especially a combined moratorium and non-infrastructure solution approach,

would permanently eliminate the alleged capacity constraint for Aquidneck Island and obviate the need for a significant outlay of funds for new gas system infrastructure both now and in the future. Further, while this proceeding is still in preliminary stages, Acadia Center urges the EFSB to withhold any approval of a long-term license to build and operate the Old Mill Lane facility until such time as the Public Utilities Commission completes its upcoming “Investigation Into the Future of the Regulated Gas Distribution Business in Rhode Island in Light of the Act on Climate” docketed as 22-01-NG, as the findings in that docket may likely inform critical issues discussed in the present proceeding.

Respectfully submitted,

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By its attorney,



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CERTIFICATE OF SERVICE

I certify that on July 11, 2022, a PDF version of this brief was served electronically on the service list of this Docket, as that list was provided by the EFSB coordinator on June 2, 2022. The original and seven hard photocopies of this Brief will be hand-delivered to the Clerk of the Energy Facility Siting Board at 89 Jefferson Blvd., Warwick, RI 02888 when it reopens on July 12, 2022.

Respectfully submitted,



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