



DESAUTEL LAW

Marisa A. Desautel, Esq.
marisa@desautelesq.com

May 2, 2023

VIA ELECTRONIC MAIL

Luly Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, 02888

**IN RE: Docket NO. 22-42-NG
ISSUANCE OF ADVISORY OPINION TO ENERGY FACILITY SITING BOARD
APPLICATION TO CONSTRUCT LNG VAPORIZATION FACILITY ON OLD MILL
LANE, PORTSMOUTH, RHODE ISLAND**

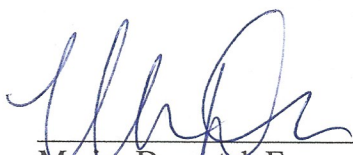
Dear Ms. Massaro:

Enclosed herewith for filing, please find surrebuttal testimony of Jeff Loiter, filed on behalf of the Town of Middletown, in the above-referenced docket.

Please note that an electronic copy of this filing has been sent to the service list for PUC Docket No. 22-42-NG.

Thank you for your anticipated attention to this filing. If you have any questions, please do not hesitate to contact me.

Sincerely,



Marisa Desautel, Esq.

**BEFORE THE
STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

**IN: ISSUANCE OF ADVISORY OPINION TO)
ENERGY FACILITY SITING BOARD (EFSB))
APPLICATION TO CONSTRUCT)
LNG VAPORIZATION FACILITY ON)
OLD MILL LANE)
PORTSMOUTH, RHODE ISLAND)**

Docket NO. 22-42-NG

1 JEFFREY LOITER

2

3 **I. INTRODUCTION**

4

5 **Q: Please state your name and business address.**

6 A: My name is Jeffrey Loiter. My address is 11 Tracy Lane, Shelburne, Vermont 05482.

7

8 **Q: By whom are you employed?**

9 A: I am employed by the National Association of Regulatory Utility Commissioners as a
10 Technical Director, but in this proceeding, I am acting as an independent consultant on
11 behalf of the Town of Middletown.

12

13 **Q: What is the purpose of your testimony in this proceeding?**

14 A: My testimony will address parts of the rebuttal testimony of Company witness Tyler
15 Olney. Specifically, I will respond to Mr. Olney's statements regarding the baseline used
16 for GHG analyses and assumptions regarding the effect of a gas connection moratorium
17 on the customer fuel-selection.

18

19 **II. GHG Savings Calculation**

20 **Q: In your testimony, you stated that the Company's choice of baseline represents a**
21 **situation that is not the current situation on Aquidneck Island. What was the**
22 **Company's response to that statement?**

23 A: Company witness Mr. Olney observed that choosing a different baseline results in the
24 same relative differences in GHG emissions between scenaios, and provides a new
25 graphic demonstrating this.¹

26

27 **Q: Do you agree with this observation?**

28 A: Yes, but only to the extent that it is true mathematically. The more relevant issue is that
29 the proposed "baseline" represents a situation that does not currently exist. There is not
30 currently a moratorium, their proposed solution does not include a moratorium, and

1 Rebuttal Testimony of Tyler Olney, p. 5, lines 13-15 and p. 6, lines 7-10.

1 therefore the proposed baseline that includes a moratorium unnecessarily complicates the
2 analysis of the GHG emissions.

3

4 **Q: How would you suggest that the Commission consider the GHG emissions analysis?**

5 A: I would consider the baseline situation to be continuing to operate an LNG vaporization
6 facility at the Old Mill Lane site, whether under a temporary or permanent permit and
7 whether or not site improvements have been made. In Mr. Olney's rebuttal testimony,
8 this is represented as zero cumulative GHG savings, the second scenario from the left.² I
9 would disregard the scenario on the left, the "moratorium with seasonal LNG trucking."

10

11 **Q: But shouldn't a moratorium on new gas connections have some affect on GHG**
12 **emissions?**

13 A: Yes, it should. Leaving aside for a moment the question of how growth in demand is
14 handled, a moratorium on new gas connections should make it easier to reduce gas
15 demand on the Island to the point where the LNG facility is not needed. This would result
16 in GREATER GHG savings than in the absence of the moratorium. I think it is critical to
17 understand this before proceeding to consider the potential effects of the moratorium on
18 how demand growth is handled.

19 The issue is not whether a moratorium is a step that should be considered, but what
20 should be considered as the baseline for the Company. There is currently no moratorium
21 in place, so it should not be considered the baseline. The Company's testimony suggests
22 that its proposal in this case reduces emissions. But when the proposal is compared to the
23 actual current situation, that suggestion is not correct. A moratorium affects the timing of
24 retiring the LNG facility and might have an impact on emissions, depending on what you
25 believe about customers' fuel choice if gas is not available. There are two separate
26 decisions for the PUC and EFSB, and the Company's testimony blurs the lines.

27

28 **Q: Returning to the question of how growth in demand is handled, what might the**
29 **effect of a gas moratorium be?**

30 A: Answering that question requires assumptions about both the source of the demand
31 growth and how it is met. The source of demand growth on the Island results from new
32 construction and oil-to-gas conversions.³ I addressed how the growth is met in my

2 Rebuttal Testimony of Tyler Olney, p. 8, lines 3-5.

3 Aquidneck Island Long-Term Gas Capacity Study, p. 4; Rebuttal Testimony of Tyler Olney, p. 12, lines 3-4.

1 original pre-filed testimony, in which I called into question the assumption that all growth
2 in demand would be met by fuel-oil equipment.

3
4 **Q: Does Mr. Olney provide any additional information in his rebuttal testimony that**
5 **changes your opinion of that assumption?**

6 A: No. In fact, Mr. Olney recognizes that the customer-economics behind the assumption are
7 based on dated studies from 2020 and that new federal and state programs “will decrease
8 the effective upfront cost of heat pumps to consumers.”⁴

9
10 **Q: And what effect would that have?**

11 A: As stated in my original testimony, this means that it is unlikely that ALL demand growth
12 being met by fuel-oil. This is particularly true given the source of demand growth. New
13 construction provides the best opportunity for meeting heating and other thermal needs
14 without fossil fuels; it is cheaper to incorporate efficient heating (and a more efficient
15 structure) at the design and build phases than to retrofit those at a later time. As for oil-to-
16 gas conversions, these are also opportune times for electrification, because it typically
17 means the existing system has reached the end of its useful life. The customer is then
18 considering the incremental cost difference between competing systems, rather than the
19 full cost of a new system replacing an operational one. Contrary to Mr. Olney’s assertion,
20 I think it is unlikely EVERY customer interested in moving away from fuel oil would
21 remain on that fuel if gas were not available.⁵ Finally, the Strategic Electrification Study
22 that Mr. Olney cites in his testimony reaches the conclusion that “most non-gas homes
23 and businesses would realize net financial benefits from partially or fully displacing their
24 heating systems with a [cold-climate air-source heat pump] system.”⁶

25
26 **Q: So returning to the GHG emissions question, how should the Commission view the**
27 **issue of a moratorium?**

28 A: I think the clearest picture would result from two comparisons. First, what are the GHG
29 emissions implications from accelerating the retirement of the LNG facility using non-
30 infrastrucutre solutions (i.e., DSM and electrification), on timelines both with and
31 without a moratorium. Second, what are the GHG emissions implications of different
32 assumptions regarding how demand growth is met, as measured by the percentage of

4 Rebuttal Testimony of Tyler Olney, p. 14, lines 15-16.

5 Rebuttal Testimony of Tyler Olney, p. 12, lines 5-6.

6 Rhode Island Strategic Electrification Study, p. 64.

1 growth met with fuel-oil vs. other fuels. This will provide a clearer picture of which
2 assumptions are driving the results.

3

4 **Q: Please summarize the contents of your surrebuttal.**

5 A: I have responded to the portions of Company witness Mr. Olney’s rebuttal testimony that
6 reference my original pre-filed testimony. Specifically, I have noted that while
7 comparisons of GHG emissions of scenarios relative to one another are independent of
8 which scenario is considered “baseline,” the Company’s choice of baseline and scenarios
9 conflates the effects of the timing of the LNG facility retirement with the assessment of
10 how a moratorium might affect customer fuel-selection and the resulting impact on GHG
11 emissions. I also highlight Mr. Olney’s concurrence that the economics of heating
12 electrification are different from when the studies he cites were conducted, and therefore
13 that findings in those studies regarding the cost-effectiveness of heating electrification
14 may not be valid for purposes of assessing the need and operational timeframe for the
15 proposed LNG facility.