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July 25, 2018

VIA EMAIL AND REGULAR MAIL

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

Re: In Re: Docket No. 4822 – SOLICITATION OF LONG-TERM CONTRACTS
FOR RENEWABLE ENERGY AND RENEWABLE ENERGY CERTIFICATES
PURSUANT TO R.I. GEN. LAWS §39-26.1-1

Dear Madame Clerk:

Enclosed please find an original and nine (9) copies of the following document:

1. Comments of Weaver Wind, LLC

Please note that an electronic copy of this document has been provided to the service list.

Should you have any questions concerning this filing please contact me at (401) 861-8200.

Thank you for your attention to this matter.

Sincerely,



Christian F. Capizzo

CFC:dad
Enclosures
3346830.1/15701-2

Docket No. 4822 -- National Grid -- RFP for Long-Term Contracting for Renewable Energy and RECs up to 400 MW

Service List updated 7/20/18

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July 25, 2018

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

Subject: Docket 4822 - Solicitations of Long-Term Contracts for Renewable Energy and Renewable Energy Certificates (RECs), Pursuant to R.I. Gen. Laws § 39-26.1-1 *et seq.*

Dear Ms. Massaro:

In response to the submission to the Public Utilities Commission's ("PUC") by the Narragansett Electric Company ("Narragansett Electric") of a draft Request for Proposals ("RFP") pursuant to the Long-Term Contracting Standard for Renewable Energy, Weaver Wind, LLC ("Weaver") respectfully submits the following comments.¹

Weaver is a subsidiary of Boston-based Longroad Energy Partners, LLC ("Longroad"), which owns and operates directly and through its investment in Longroad Energy Holdings, LLC, 922 megawatts ("MW") of wind and solar projects across the United States in addition to operating and managing a further 552 MW of wind and solar projects on behalf of third parties. Additionally, Longroad simultaneously achieved financial closing and executed the sale of the 315 MWdc Phoebe solar project to Innergex Renewable Energy Inc. in July 2018. The Longroad team has developed and financed 3.8 gigawatts of utility-scale renewable projects since 2004, including more projects in New England over the past decade than any other developer.

Weaver strongly supports this RFP's objective of securing large-scale resources eligible under the Renewable Energy Standard ("RES") to meet Governor Raimondo's goal of increasing the state's renewable energy portfolio to 1,000 megawatts by the year 2020. We applaud the actions of the Raimondo Administration and Narragansett Electric in initiating this RFP and encourage the PUC to authorize the issuance of the RFP as soon as possible.

I. Maximizing Competition Will Lead to Best Possible Pricing – As set forth herein, Weaver would like to bring to the attention of the PUC and Narragansett Electric the importance of accelerating the RFP schedule by five (5) months thereby saving Rhode Island energy consumers \$40-\$80 million dollars and ensuring the best possible prices in this process. In our experience across the country with solicitations similar to the one proposed here, robust competition among bidders is the key to getting the most favorable pricing possible. Conditions that reduce the number of bids, especially if the foregone bids would be very price competitive, will reduce the price benefits that can be secured from procurement processes. We are concerned that the

¹ Weaver currently has its Motion for Late Intervention, filed on July 16, 2018, pending before the PUC.

current RFP schedule may eliminate certain extremely competitive projects from bidding, potentially missing out on tens of millions of dollars of value for consumers.

Onshore utility-scale wind power remains the most economic RES-eligible resource available in New England. While advances in solar power and offshore wind have significantly reduced the cost of these resources, onshore wind continues to provide the lowest priced renewable power and encouraging it to be bid into the proposed RFP will maximize the competitiveness of the process. Furthermore, we believe, with the schedule proposed herein, multiple developers, including Weaver Wind, would benefit from the competitive pricing advantages available through the federal Production Tax Credit (“PTC”), ultimately reducing the price at which power from these facilities can be sold to the consumer.

II. A Timely RFP Process is Essential to Take Advantage of Tax Credit – As the PUC is aware, utility-scale wind and certain other renewable technologies in the U.S. are eligible for the PTC. Under current law, the PTC is being phased-down, so the year when a wind facility commences construction determines the amount of the tax credit for which it is eligible, as follows:

- Wind facilities commencing construction in 2016 can receive the full value of the PTC
- Wind facilities commencing construction in 2017 can receive 80 percent of the full credit
- Wind facilities commencing construction in 2018 can receive 60 percent of the full credit
- Wind facilities commencing construction in 2019 can receive 40 percent of the full credit

Under Internal Revenue Service guidance, there are two methods by which a project may be considered to have commenced construction, one of which – known as “safe harbor” – can be demonstrated by paying or incurring five percent or more of the total cost of the facility. For example, the act of purchasing wind turbines or a transformer in 2016 for a specific project qualifies as commencing construction and thus would make the project eligible (in this example) for the full value of the PTC. However, this project would have to be placed in service during a calendar year no more than four years after construction commenced. So, a project that commenced construction through the safe harbor method in 2016 would have to be in operation prior to the end of 2020.

Accordingly, for a wind project to bid a price that passes on the full value of the PTC to consumers in the Rhode Island RFP, the project would have to: a) have qualified 2016 turbines, and b) be certain that it could be placed in service in 2020. There are projects in New England that have qualified 2016 turbines, so the concern is whether this RFP schedule will conclude in sufficient time for projects to be in operation by 2020.

III. Bids Incorporating Full PTC Value Would Provide Significant Savings to R.I. Consumers – The difference between projects that can pass on the full value of the PTC through their bids and those that cannot is tens of millions of dollars. For instance, for 200 MW of onshore wind under 15-year contracts, projects eligible for the full value of the PTC would be approximately \$80 million dollars cheaper than the likely alternative over the life of the contracts.

We believe that there are a number of developers active in this region that have projects that would qualify for the full PTC value.² We also believe that there are few, if any developers that can meet the 80 percent requirements, and thus, the onshore wind projects that will be bid into this RFP process are likely to be either 100 percent PTC qualified – if the schedule allows – or 60 percent qualified. Again, the gap in bid prices between the two would be multiple millions of dollars per year and approximately \$80 million in total.

IV. A RFP Schedule Affording Sufficient Time for 100% PTC Bids is Achievable – As mentioned above, a project that is maintaining eligibility for the full value of the PTC through the safe harbor method must be placed in service by the end of 2020. Even with a very aggressive construction schedule, that would require full notice to proceed for onsite construction no later than September 2019. In order to begin construction, project financing would have to be in place, which would require a fully executed and approved long-term offtake contract.

Therefore, to bid a wind project with 100 percent PTC value embedded, a developer would have to be confident that the RFP process, including PUC review of contracts, would be concluded by July 31, 2019. Under the current RFP timeline, the PUC would not be able to start reviewing contracts for approval until after August 17, 2019. While this would require tightening of the proposed schedule, we believe a shorter timeline is justified given the savings likely to be passed onto Rhode Island consumers.

In order for developers to benefit from the PTC value and for the consumer to benefit from the savings, we suggest the following modifications to certain portions of the schedule proposed by Narragansett Electric³:

- Due Date for Submission of Proposals – reduce timeframe from two months to six weeks
 - Current due date is 10/19/18 – proposed new due date: 10/5/18
- Conditional Selection of Bidders for Negotiation – reduce timeframe from five months to three months
 - Current due date is 3/22/19 – proposed new due date: 1/10/19
- Negotiate and Execute Contracts – reduce timeframe from three months to two months
 - Current due date is 6/22/19 – proposed new due date: 3/10/19
- Submit Contracts for PUC Approval – reduce timeframe from two months to three weeks
 - Current due date is 8/17/19 – proposed new due date: 4/1/19

The requested changes to the schedule would reduce the overall RFP timeline by approximately five (5) months, and if the PUC’s review of the submitting contracts were to take four (4) months, a developer could have an approved contract in hand by the end of July 2019 with which to finance their project and proceed to construction. This assumes aggressive timing for financing

² RENEW Northeast has many renewable power developers amongst its members, and Weaver notes that their June 7, 2018 letter in this docket makes a similar point: “Some potential renewable energy projects in the region are being developed by companies that took steps – like the purchase of major wind turbine components – to ensure that their projects will be grandfathered for a limited time under federal Production Tax Credit (“PTC”) before it is phased-out.”

³ If not for the timeline of the PTC, we would have no objection to the schedule proposed by Narragansett Electric.

and construction through the New England winter (which is challenging but not without precedent). However, with developers, the State of Rhode Island, and Narragansett Electric all pushing for timely conclusion of each stage of the RFP process and project development, we believe that consumers can realize the sizable benefits outlined above.

In summary, Weaver encourages Narragansett Electric and the PUC to reduce the RFP schedule, as Weaver proposes herein, in order to provide sufficient time for developers to offer projects with full PTC pricing. Through a RFP schedule that would accommodate full PTC bids, we believe Rhode Island would be best positioned to attract highly competitive projects, while ultimately providing savings to the consumer, that might otherwise not be available in this market.

Thank you for consideration of these comments.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. Gaynor', with a stylized flourish at the end.

Paul J. Gaynor
Chief Executive Officer