



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Rhode Island Division of
Public Utilities and Carriers
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Warwick RI 02888
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March 7, 2019

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

In Re: Docket No. 4929 -- National Grid's Review of PPA w/ WWD Rev I, LLC

Dear Luly,

Please find the State of Rhode Island Division of Public Utilities and Carriers, (the "Division") Responses to the PUC's First Set of Data Requests directed to the Division for filing with the Public Utilities Commission in the above captioned docket.

I appreciate your anticipated cooperation in this matter.

Very truly yours,


Jon G. Hagopian
Deputy Chief Legal Counsel

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION**

IN RE: THE NARRAGANSETT ELECTRIC :
COMPANY d/b/a NATIONAL GRID REVIEW : DOCKET NO. 4929
OF POWER PURCHASE AGREEMENT :
PURSUANT TO R.I. GEN. LAWS § 39-31-1 TO 9 :

**THE DIVISION OF PUBLIC UTILITIES AND CARRIERS' RESPONSES TO THE
PUBLIC UTILITIES COMMISSION'S FIRST SET OF DATA REQUESTS**

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THE DIVISION OF PUBLIC UTILITIES AND CARRIERS
RESPONSES TO PUBLIC UTILITIES COMMISSION'S FIRST SET OF DATA
REQUESTS DIRECTED TO THE DIVISION

(Issued February 25, 2019)

1-1. QUESTION

Please describe the Division's role in the evaluation process that led to the execution of the Power Purchase Agreement (PPA) between DWW Rev I, LLC and The Narragansett Electric Company d/b/a National Grid.

RESPONSE

The Division has engaged in this matter pursuant to the Affordable Clean Energy Statute R.I. Gen. Laws §39-31-5:

Consistent with the purposes of this chapter the public utility company that provides electric distribution as defined in § 39-1-2(12), as well as natural gas as defined in § 39-1-2(20), in consultation with the office of energy resources *and the division of public utilities and carriers* is authorized to voluntarily participate in multi-state or regional efforts to:

(1) Procure domestic or international large-or small-scale hydroelectric power and eligible renewable energy resources, including wind, as defined by § 39-26-5(a), on behalf of electric ratepayers; provided, however, that large-scale hydroelectric power shall not be eligible under the renewable energy standard established by chapter 26 of title 39; [emphasis added].

In particular, and as described in the testimony of National Grid's Mr. Brennan and Ms. DiDomenico, the offshore wind projects submitted in response to the Massachusetts 83C procurement were evaluated by a consultant (TCR) selected by the Massachusetts Evaluation Team consisting of the MA distribution utilities and MA DOER. In

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coordination with Narragansett Electric Company, a summary of TCR's analysis of bids was shared with the Division (and OER) pursuant to a non-disclosure agreement. This level of consultation is consistent with ACES, which requires the electric distribution utility to consult with the Division (and OER) in multi-state or regional efforts to procure eligible renewable energy resources.

The Division also received supplemental, confidential information that OER requested from the Massachusetts Evaluation Team related to economic and environmental benefits specific to Rhode Island, including, but not limited to, job creation, tax revenues, purchase of capital equipment, materials or services from local businesses, and research and development funding for local universities.

To assist in its review, the Division worked jointly with OER to identify expert consultant services independent from the utility, potential bidders, and other consulting firms utilized in the Massachusetts evaluation process. The Division retained Power Advisory LLC to conduct this work. The firm specializes in electricity market analysis and strategy, power procurement, policy development, regulatory and litigation support, market design and project feasibility assessment, and has testified in regulatory proceedings regarding its review of evaluation processes.

Consistent with the ACES framework, and the tenets of the Docket 4600 Framework, the Division not only considered potential energy system impacts, but also broader economic and environmental costs and benefits associated with the proposals. In consultation with OER and National Grid, the Division determined that the Revolution Wind project would yield substantial net energy and environmental benefits to Rhode Island ratepayers, as well as significant economic benefits to the state's economy. The Division believed that this totality of potential benefits, relative to its costs for local consumers, was consistent with the purpose and standards embedded within ACES and other state policy goals, such as the reduction of greenhouse gas emissions as articulated in the Resilient Rhode Island Act. Project selection was made contingent upon successful contract negotiations between the electric distribution utility and project developer, and subject to the regulatory approval process detailed in ACES.

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1-2. QUESTION

Has the Division or will the Division be engaging a consultant independent from the Office of Energy Resources to evaluate the PPA between DWW Rev I, LLC and The Narragansett Electric Company d/b/a National Grid? If not, why not?

RESPONSE

In this matter, the Division, in concert with OER, procured Power Advisory, LLC. to evaluate bids associated with the MA83C offshore wind procurement and any subsequent regulatory review of proposed power purchase agreements.

Separately, the Division has retained Matt Kahal to advise the agency on the Company's remuneration proposal in this matter.

Rhode Island statute does not preclude the Division from jointly contracting expert consultants with other state agencies. Specific to this case, the General Assembly specifically contemplated consultation between the Division, OER and the distribution utility in multi-state clean energy procurements.

There is also recent precedent for this level of coordination. For example, the Division and OER jointly utilized a consultant to support their respective charges in a three-state renewable energy procurement between Rhode Island, Massachusetts, and Connecticut. That procurement resulted in eight Commission-approved PPAs for 44 MW of cost-effective, newly-developed carbon-free resources to the benefit of Rhode Island consumers (Docket #4764). Similarly, in August 2018, the Commission approved issuance of a separate 400 MW RFP for clean energy resources in Docket #4822. There, the Division and OER again jointly leveraged a single consultant to support their respective agency missions.

We note that the procurement of third-party energy market consulting services can be a costly endeavor. As stewards of public dollars, whether they be ratepayer or taxpayer derived, the sharing of consultants across two or more state agencies can result in significant cost savings for public-sector budgets. Moreover, the pool of qualified energy market consultants with specific expertise in the New England markets can, at times, be limited; in multi-state actions such as the Massachusetts 83C process, it can be particularly challenging to identify and retain qualified energy consultants that have otherwise not been conflicted by their engagement with other utilities, non-Rhode Island governmental agencies, or project developers.

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1-3. QUESTION

What is the Division's role in the instant matter before the PUC? Is it to evaluate the project from a policy perspective or ratepayer impact perspective?

RESPONSE

The Division of Public Utilities and Carriers is established by the General Assembly in RIGL Title 39-1-1 as one of two regulatory bodies vested with the authority to regulate public utilities in Rhode Island. In every matter, including the instant, the Division acts consistent with the legislative intent of the General Assembly set-forth in R.I. Gen. Laws § 39-1-1 (b) & (c):

It is hereby declared to be the policy of the state to provide fair regulation of public utilities and carriers in the interest of the public, to promote availability of adequate, efficient and economical energy, communication, and transportation services and water supplies to the inhabitants of the state, to provide just and reasonable rates and charges for such services and supplies, without unjust discrimination, undue preferences or advantages, or unfair or destructive competitive practices, and to co-operate with other states and agencies of the federal government in promoting and coordinating efforts to achieve realization of this policy.

To this end, there is hereby vested in the public utilities commission and the division of public utilities and carriers the exclusive power and authority to supervise, regulate, and make orders governing the conduct of companies offering to the public in intrastate commerce energy, communication, and transportation services and water supplies for the purpose of increasing and maintaining the efficiency of the companies, according desirable safeguards and convenience to their employees and to the public, and protecting them and the public against improper and unreasonable rates, tolls and charges by providing full, fair, and adequate administrative procedures and remedies, and by securing a judicial review to any party aggrieved by such an administrative proceeding or ruling.

The Commission's inquiry implies that the Division should choose between a "policy perspective" and a "ratepayer impact perspective". In fact, the Division's overarching mission is to ensure that the state's statutory and regulatory framework pertaining to utilities is implemented in a just and reasonable manner for ratepayers and the public at large. These perspectives are not mutually exclusive.

The Division recognizes that the "ratepayer impact perspective" is itself an inexact phrase that requires the Division to routinely balance many priorities. For example, as this Commission is aware, Rhode Island ratepayers are generally grouped into a number of classes each of which receives somewhat differentiated, but not discriminatory, treatment.

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Representing a “ratepayer impact perspective” requires the Division to represent each class and all classes at the same time. Similarly, the “ratepayer impact perspective” requires the Division to balance bill impacts with reliability in advocating on behalf of ratepayers. Finally, in the instant matter the Division considered how this proposal may impact energy reliability of both the electric and natural gas systems, representing two unique sets of ratepayers.

The Division has relied on a number of authorities for policy guidance in the instant matter. The Division has looked to the Resilient Rhode Island Act as statutory authority for specific greenhouse gas emission targets that the General Assembly legislated should be put into an emissions reduction plan. In addition, the Division has relied on the Commission’s Order in Docket 4600 accepting the Stakeholder Report that the avoided costs of greenhouse gas emissions as well as the potential benefits from economic development should be incorporated in any calculation of the benefits and costs for any proposal funded by Rhode Island ratepayers. Finally, the Division has worked to ensure that implementation of the broad policy goals set forth in ACES advance the state’s energy, economic, and environmental interests in a manner that protects end use consumers from unjust and unreasonable costs or contract terms. The Division has integrated these statutory authorities with its legislative mandate to ensure adequate and economical service for ratepayers.

In addition, the Division examined the competitive process utilized in this procurement; analyzed project impacts on system reliability and security; analyzed energy market benefits for Rhode Island ratepayers; considered how joint procurement of renewables, today and at scale, could drive down consumer costs while delivering substantial non-utility related benefits (e.g. jobs, carbon reductions); and is scrutinizing the utility’s proposal for remuneration.

Prepared by: Jonathan Schrag, Deputy Administrator RIDPUC

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Division of Public Utilities and
Carriers

By its attorney,



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Dated: March 7, 2019

CERTIFICATE OF SERVICE

I hereby certify that on the 7th day of March 2019 that I transmitted an electronic copy of the within Data Responses to the attached service list and to Luly Massaro, Division Clerk via electronic mail.



Docket No. 4929 -- National Grid's Review of PPA w/ WWD Rev I, LLC

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Division of Public Utilities and Carriers (Division)
 RIPUC Docket No. 4929
 Discovery Log

Data Set	Data Request	Page Numbers	Date Issued	Date Filed	Sponsor	Topic	Confidential Attachment
Commission Set 1	DIV 1-1	Pages 1-5	2/25/2019	3/8/2019	Jonathan Schrag, Deputy Administrator	Div. Role in Eval Process	No
Commission Set 1	DIV 1-2	Page 3	2/25/2019	3/8/2019	Jonathan Schrag, Deputy Administrator	Consultants	No
Commission Set 1	DIV 1-3	Pages 4-5	2/25/2019	3/8/2019	Jonathan Schrag, Deputy Administrator	Div. Role Before PUC	No