

**STATE OF RHODE ISLAND  
DIVISION OF PUBLIC UTILITIES AND CARRIERS**

IN RE: Petition of PPL Corporation, PPL Rhode Island Holdings, LLC, National Grid USA, and The Narragansett Electric Company for Authority to Transfer Ownership of The Narragansett Electric Company to PPL Rhode Island Holdings, LLC and Related Approvals

Docket No. D-21-09

**REPLY MEMORANDUM OF  
CONSERVATION LAW FOUNDATION**

**I. INTRODUCTION**

The issue in this case is whether the Division of Public Utilities and Carriers (the “Division”) should grant the Petition of National Grid USA (“National Grid”), the Narragansett Electric Company (“Narragansett”), PPL Rhode Island Holdings, LLC (“PPL RI”), and PPL Corporation (“PPL”) (collectively, “Petitioners”), through which Petitioners seek the Division’s approval of a proposed transaction by which National Grid will transfer ownership of Narragansett to PPL RI. Following hearings held in December 2021, parties including PPL and National Grid filed their post-hearing briefs on January 18, 2022. CLF submits this reply memorandum to respond to several arguments advanced in other parties’ post-hearing briefs.

**II. ARGUMENT**

**a. The Act on Climate Applies to the Division’s Review of This Transaction**

In its post-hearing brief, PPL argues that climate change, and certain conditions related to climate change, are beyond the scope of this proceeding. But because addressing climate change is “consistent with the public interest,” and because the Act on Climate places consideration of climate impacts within the “powers, duties, and obligations” of the Division in this proceeding, climate

change is squarely within the scope of this proceeding. *See* R.I. Gen Laws § 39-3-25; R.I. Gen. Laws § 42-6.2-8. It is worth noting that other state agencies have already begun incorporating the Act on Climate into their decisions and orders. *See, e.g.*, Energy Facility Siting Board Order 150 at 16-17 (Aug. 26, 2021). While CLF acknowledges that not all climate policy and program concerns can be resolved in the context of this docket, there is substantial support in the record for the proposition that PPL is not prepared to play the key role it would need to play in facilitating the state’s required emissions reductions. The Division has the authority to tailor an order approving this transaction as the circumstances require. R.I. Gen Laws § 39-3-25. If the Division is to approve the proposed transaction, it is critical that it impose conditions necessary to advance PPL’s climate planning and ensure as smooth a transition as possible to avoid any impediment to the state’s compliance with the Act on Climate.

**b. PPL Has Not Demonstrated That It Is Prepared to Comply With The Act on Climate**

PPL argues that its lack of experience relative to National Grid in administering ambitious energy efficiency, renewable energy, and climate programs is a result of National Grid operating “in three of the most forward leaning states in the country in aggressively pursuing the transition to clean energy and decarbonization.” Post-Hearing Brief of PPL at 35. This lack of experience is meaningful regardless of its cause. PPL is seeking to step into a new and different role, as the energy efficiency, renewables, and climate laws and programs of Rhode Island differ meaningfully from those in PPL’s other jurisdictions, including in their level of ambition. For instance, Rhode Island’s energy efficiency program is ranked 4<sup>th</sup> in the nation, compared to 19<sup>th</sup> and 33<sup>rd</sup> for Pennsylvania and Kentucky respectively. Weston Berg et al., Am. Council for Energy Efficiency, *The 2020 State Energy Efficiency Scorecard (2020)*, available at <https://www.aceee.org/research-report/u2011>. Rhode Island is also well ahead of the states in which PPL currently operates in

terms of build-out of and investment in renewables, including offshore wind. With aggressive and rapidly approaching mandates for deep decarbonization, and an incoming utility lacking in relevant experience, it is critical that that incoming utility be required to rapidly engage in planning to determine how it can facilitate the state's mandated emissions reductions.

**c. CLF'S Proposed Conditions Address Deficiencies in the Proposed Transaction**

In its post-hearing brief, PPL defers calls for several climate-related policy changes to the future, saying that some policy decisions, such as gas supply on Aquidneck Island, will be decided by the Public Utilities Commission (the "Commission") "in rate proceedings held many years from now." Post-Hearing Brief of PPL at 8. It also troublingly and incorrectly suggests that new gas hook-ups might not actually have a negative impact on the state's decarbonization efforts. *Id.* at 37. The mandates in the Act on Climate—including the rapidly approaching mandate to reduce GHG emissions 45% below 1990 levels by 2030—are ambitious. Deep decarbonization will be very hard work, even for the best-prepared states and best-prepared utility companies. CLF's proposed conditions include processes for planning the utility's role in emissions reductions and the future of the natural gas distribution system. Time is of the essence, and the sooner and more rigorously Rhode Island's dominant utility begins planning for deep decarbonization, the better our chance to succeed.

Included in PPL's Statement of Existing and Additional Commitments is a commitment to submit an updated proposed Advanced Metering Facilities ("AMF") and Grid Modernization Plan ("GMP") business case to the Division and Commission within twelve months of the transaction closing. PPL Statement of Existing and Additional Commitments at 7. CLF asks that, additionally, approval of the transaction be conditioned on PPL's guarantee that these filings be at least comparable to those previously filed by National Grid and include an explanation of how PPL will keep the net benefits of these proposals roughly equivalent to, if not greater than those provided in

the pending National Grid proposals. This would help to address concerns of other parties including Acadia Center, Green Energy Consumers Alliance, the Rhode Island Attorney General, and the Division's Advocacy Section, who argue in their post-hearing briefs that the transaction will deprive Narragansett customers of net benefits, as implementation is delayed, synergies are lost, and funds already spent on consultants become unrecoverable stranded costs. *See, e.g.*, Post-Hearing Brief of Division Advocacy Section at 39-42.

PPL argues in its post-hearing brief that the future of natural gas distribution is a public policy question outside the scope of this proceeding. But CLF asks only that PPL agree to consider the Act on Climate's mandated emissions reductions and the risks of stranded assets and stranded costs when seeking recovery of the costs of new gas infrastructure and gas capacity and supply contracts, and that it not seek to amortize or depreciate such costs over time periods that are inconsistent with the reasonably expected useful life of such infrastructure, gas capacity, or supply in light of the requirements of the Act on Climate. PPL should be able to make a commitment to this condition, which calls only for sound economic investments, consistent with the Act on Climate.

### **III. CONCLUSION**

For the foregoing reasons, CLF once again urges the Division to approve the proposed transaction only with conditions, including those listed in its post-hearing memorandum, sufficient to ensure that it is consistent with the public interest.

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CERTIFICATE OF SERVICE

I certify that the original and four copies of this brief were hand-delivered to the Division of Public Utilities and Carriers. In addition, a PDF version of this brief was served electronically on the service list of this Docket, as that list was provided by the Division on January 13, 2022. I certify that all of the foregoing was done on January 28, 2022.

/s/ James Crowley\_\_\_\_\_