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October 16, 2009

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

**Re: *Review of Proposed Town of New Shoreham
Project, Pursuant to R.I.G.L. § 39-26.1-7
Docket No. 4111***

Dear Ms. Massaro:

Enclosed please find an original and nine (9) copies of Deepwater Wind Block Island, LLC's Motion to Intervene pursuant to Rule 1.13 of the Rhode Island Public Utilities Commission's Rules of Practice and Procedure. Please file in your customary manner.

Please note that an electronic copy of this filing has been provided to the service list, as well as to the email list from National Grid's original filing in this Docket.

Thank you for your attention to this matter.

Sincerely,


Joseph A. Keough, Jr.

JAK/kf
Enclosure

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

IN RE: REVIEW OF PROPOSED :
TOWN OF NEW SHOREHAM :
PROJECT PURSUANT TO : **DOCKET NO. 4111**
R.I. GEN. LAWS § 39-26.1-7 :

MOTION TO INTERVENE BY
DEEPWATER WIND BLOCK ISLAND, LLC

I. INTRODUCTION

Now comes Deepwater Wind Block Island, LLC (“Deepwater”) and pursuant to Rule 1.13 of the Rhode Island Public Utilities Commission’s Rules of Practice and Procedure hereby requests that it be allowed to intervene in the above-captioned docket. Pursuant to Rule 1.13, a party may intervene in a proceeding before the Rhode Island Public Utilities Commission (“Commission”/“PUC”) if it has an interest in the proceeding, which is of such a nature that intervention is necessary and appropriate. Deepwater has an interest in the above captioned Docket, which will be directly affected, and which is not adequately represented. Furthermore, Deepwater will be bound by the Commission’s action in this proceeding and its participation in this docket is in the public interest. In support thereof, Deepwater has set forth herein below facts from which its interest can be determined, the grounds for its proposed intervention, and its position in this proceeding.

II. FACTS, GROUNDS AND POSITIONS IN SUPPORT OF INTERVENTION

A. Statutory And Procedural Background

On January 2, 2009, Deepwater and the State of Rhode Island executed a Joint Development Agreement whereby Deepwater was designated the State's preferred developer of two offshore wind power projects. In June 2009, the Rhode Island General Assembly passed legislation embodied in RIGL §39-26.1-1, et seq. entitled Long Term Contracting Standard for Renewable Energy ("the Act"). The purpose of this legislation was:

"To encourage and facilitate the creation of commercially reasonable long-term contracts between electric distribution companies and developers or sponsors of newly developed renewable energy resources with the goals of stabilizing long-term energy prices, enhancing environmental quality, creating jobs in Rhode Island in the renewable energy sector and facilitating the financing of renewable energy generation within the jurisdictional boundaries of the state or adjacent state or federal waters or providing direct economic benefit to the state."

Under the terms of the Act, National Grid was obligated to solicit proposals for one newly developed renewable energy resources project of ten (10) megawatts or less which included a proposal to enhance the electric reliability and environmental quality of the Town of New Shoreham ("New Shoreham Project"). National Grid was directed to negotiate a contract to be conditioned upon approval by the Commission. Negotiations were to proceed in good faith to achieve a "commercially reasonable contract." Pursuant to RIGL §39-26.1-2, "commercially reasonable" is defined as "terms and pricing that are reasonably consistent with what an experienced power market analyst would expect to see in transactions involving newly developed renewable energy sources."

If, after good faith negotiations, National Grid and the party selected for the New Shoreham Project were able to agree to a contract, it was to be filed with the Commission

no later than October 15, 2009 for approval. The Act directed the Commission to review the agreed upon contract and issue an order approving or disapproving the contract on or before December 31, 2009. The Act further provided that if National Grid and the party selected for the New Shoreham Project were unable to reach an agreement on a contract prior to October 15, 2009, an unsigned copy was to be filed with the Commission by National Grid prior to that same date. The Commission was also given discretion to order the parties to arbitrate the dispute on an expedited basis.

Pursuant to the terms of the Act, National Grid issued a Request For Proposals (“RFP”) for the New Shoreham Project on July 31, 2009. In response, Deepwater submitted the sole proposal for the project. National Grid selected Deepwater as the bidder with which to negotiate a contract under the Act. Thereafter negotiations ensued.

B. Negotiations

The parties engaged in negotiations for a number of weeks, resolving many of the issues separating them. Unfortunately, several issues remained unresolved when the parties reached the October 15, 2009 filing deadline.

On October 15, 2009, National Grid submitted an unsigned copy of the Power Purchase Agreement (“PPA”) to the Commission as directed by the statute. The cover letter accompanying this filing contains a footnote which states as follows:

“The unsigned PPA (other than Exhibit E) reflects National Grid’s understanding of the current state of negotiations between National Grid and Deepwater, after a month and a half of negotiations. In some cases the language in the unsigned PPA is language preferred by National Grid (some of which was not reviewed by Deepwater in light of the need to finalize the PPA for filing), with alternative language suggested by Deepwater in a footnote (some of which was not reviewed by National Grid in light of the need to finalize the PPA for filing). In some instances these differences reflect significant differences as to commercial terms and in other instances, these differences are drafting issues that the parties may have been able to resolve with more time to continue the discussions.”

The filing made by National Grid does not reflect Deepwater's proposal. The parties never agreed to any "final pricing," as suggested by National Grid in its filing. The prices referred to in the filing are based on a pricing structure that Deepwater never affirmatively proposed or supported, and which was provided to National Grid, at National Grid's request, "for comparison purposes only." This was clearly communicated to National Grid's counsel prior to its filing.

Deepwater nonetheless believes that the issues to be resolved by the parties have been narrowed to a discrete list of items that can be resolved in the near term if the parties continue their negotiations immediately and diligently, in good faith and with clear and adequate delegation of authority. Accordingly, Deepwater has proposed to National Grid that negotiations resume forthwith. *See* Attachment A (Letter from William Moore to Ronald T. Gerwatowski dated October 16, 2009).

III. CONCLUSION

Wherefore, for the reasons set forth herein, Deepwater Wind Block Island, LLC asserts that it has met the standards for intervention under Rule 1.13, and requests that the Rhode Island Public Utilities Commission grant the relief sought herein.

DEEPWATER WIND BLOCK ISLAND, LLC
By its attorney,



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ATTACHMENT A



CLEAN ENERGY IS JUST OVER THE HORIZON

By Electronic and Express Mail

October 16, 2009

Ronald T. Gerwatowski
Deputy General Counsel
National Grid
201 Jones Road
Waltham, MA 02451

Dear Mr. Gerwatowski:

National Grid's decision to oppose the approval of a Power Purchase Agreement for the Block Island Wind Farm by the Rhode Island Public Utilities Commission is disappointing. After many weeks of negotiations and many late nights of work by both sides, Deepwater Wind was convinced that we could reach agreement on a contract that would secure Rhode Island's place at the forefront of the emerging green economy. As you know, the Rhode Island General Assembly made a clear policy statement in favor of offshore wind as a source of secure and clean renewable energy and as a generator of hundreds of good-paying union jobs for Rhode Island.

National Grid's filing yesterday does not accurately convey Deepwater Wind's proposal for the Block Island Wind Farm, and does not fairly represent a variety of contract options we had proposed that, we believe, will result in real savings for ratepayers compared to National Grid's filing. Perhaps what is most striking about National Grid's filing yesterday is the assertion that National Grid has presented to the Commission "the final pricing negotiated" by the parties. Negotiations have not concluded, and Deepwater Wind believes that the proper course of action for both parties is to resume negotiating, in good faith, and to formulate a proposal that we can both support before the Commission.

I write to urge National Grid to return to the negotiating table, despite its filing yesterday. As Chief Executive Officer of Deepwater Wind, I personally commit to you to continue to work around the clock, beginning immediately, to resolve whatever issues remain between the parties. Deepwater Wind firmly believes that an agreement benefiting all Rhode Islanders is well within our reach in the near term.

This is an historic opportunity for Rhode Island – and National Grid – to demonstrate to the world their commitment to lead in creating a clean energy future for our nation. Hundreds of jobs for Rhode Islanders are at stake. We should not stop working until we have made that a reality.



DEEPWATERWIND™

CLEAN ENERGY IS JUST OVER THE HORIZON

Sincerely,

William Moore
Chief Executive Officer

CERTIFICATION

I, the undersigned, hereby certify that I mailed a copy of the within to the attached service list on the 16th day of October, 2009.

A handwritten signature in cursive script, appearing to be 'J. A.', is written above a horizontal line that extends to the right.

**National Grid – Review of Proposed Town of New Shoreham Project
Docket No. 4111**

Service List Updated 10/16/09

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