STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS PUBLIC UTILITIES COMMISSION

IN RE: REVIEW OF AMENDED POWER PURCHASE AGREEMENT BETWEEN NARRAGANSETT ELECTRIC COMPANY D/B/A NATIONAL GRID AND DEEPWATER WIND BLOCK ISLAND, LLC PURSUANT TO R.I. GEN.LAWS § 39-26.1-7

DOCKET NO. 4185

OCEAN STATE POLICY RESEARCH INSTITUTE'S MOTION TO STRIKE TESTIMONY

Pursuant to Commission Rule 1.20(g), Ocean State Policy Research Institute objects to and moves the Commission to strike any testimony regarding so-called "Phase II" and/or "other offshore wind projects" and/or "RI Sound Wind Project". For particularity as to the subject testimony see "Advisory Opinion of the RIEDC", page 3, (no line numbers provided) paraphrasing a portion of the attached analysis of Levitan & Associates, Inc. ("LAI"):

"The results of our economic development analysis indicate that the overall economic benefit to Rhode Island attributable to the Phase II project in Rhode Island Sound is based on the total Value Added calculated using IMPLAN, estimated to be $893 million in constant 2010 dollar terms and $659 million in net present value terms as of January 1, 2013".

And see the entire subsection of said attached analysis of LAI at page 8 and 9 entitled "Potential Economic Development Benefits of RI Sound Wind Project" (no line numbers provided).

In a circular reference given that the EDC is adopting LAI's findings, not the vice-versa, LAI imports modeled multiplier results for the "RI Sound Wind project" into its analysis of economic development benefits related to the instant Docket No. 4185 which makes no contemplation whatsoever of such a project premised on the unsupported representation that "The Corporation believes that the BIWF project is likely to lead to other offshore wind projects . . ."

No evidence or support for the EDC's belief or LAI's adoption of it is provided. The proposition is rebutted as a matter of law by the specific statute giving rise to the present Docket 4185, §39-26.1-7, as well as, by the balance of that section and chapter of law giving context to the specific provisions of the subsection.

To believe that other offshore wind projects are likely, is to believe that they will receive contracts that ignore avoided costs or overmarket costs. Current law and Commission precedent is to the contrary.

Taking administrative notice of the "Joint Notice of Settlement" filed in Docket 10-54 with the Massachusetts DPU on July 30, 2010, the benchmark price for a utility scale offshore wind farm, Cape Wind, is established as $187/MWh with a 3.5% escalator, along with several 'open book' provisions.

Taken in light of testimony on overmarkets costs by Madison Milhous in his prefiled testimony for Narragansett Electric d/b/a National Grid in Docket No. 4111, and based on analyses by Synapse and ESAI (see esp. pages 127 and 131), this benchmark would not satisfy the common standard for "commercially reasonable" adopted by this Commission which explicitly avoided setting different standards for different technological and geographic settings.

As a matter of law, §39-26.1-7 (d) specifically bars the extension of its effect as a precedent to any other contract:

"The pricing under the agreement shall not have any precedential effect for purposes of determining whether other long-term contracts entered into pursuant to this chapter are commercially reasonable."

§ 39-26.1-8 (b) currently provides for the commission to consider the following factors in the approval of a long-term contract for a utility scale wind project:

"(i) The economic impact and potential risks, if any, of the proposal on rates to be charged by the electric distribution company; (ii) The potential benefits of stabilizing long-term energy prices; (iii) Any other factor the commission determines necessary to be in the best interest of the rate payers."

Further § 39-26.1-8 (g) provides that: "The contract shall contain terms that are commercially reasonable.", a standard expressly undisturbed by the § 39-26.1-7.

No contracts for projects of such notable overmarket cost have been executed without the direct intervention of state legislators to provide explicitly or implicitly for recovery of overmarket costs, including the benchmark Cape Wind project cited above contracted by National Grid pursuant to the Green Communities Act of 2008, Chapter 169 of the Acts of 2008.

Thus LAI's contemplation of a 385 MW project in Rhode Island Sound is at odds with existing law. The notion that this or a similar development in Rhode Island waters is "likely" is unsupported and speculative and should be struck from the record of this docket.

Wherefore the text identified in the advisory opinion and supporting analysis should be struck as requested.

OSPRI,
By and through its attorney,

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John J. Kupa, Jr., Esq. #3818
20 Oakdale Road
North Kingstown, RI 02852
Tel. (401) 294-5566
Fax (401) 294-9240
JohnKupaLaw@aol.com

CERTIFICATION

I hereby certify that a true copy of the within Motion to Strike Testimony was forwarded by e-mail to the docket list and twelve (12) copies have been hand delivered to the Public Utilities Commission on the 3rd day of August, 2010.

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