



**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS**

**Department of Administration**  
DIVISION OF LEGAL SERVICES  
One Capitol Hill, 4<sup>th</sup> Floor  
Providence, RI 02908-5890

Tel: (401) 222-8880  
Fax: (401) 222-8244

August 20, 2015

**VIA FIRST CLASS MAIL AND ELECTRONIC MAIL:**

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

RE: Solicitation for Proposals for Clean Energy Projects Pursuant to R.I. General Laws § 39-31-1 [Docket 4570]

Dear Ms. Massaro:

Enclosed for filing on behalf of the Rhode Island Distributed Generation Standard Contract Board ("Board") is an original and ten (10) copies of documents relating to the Solicitation for Proposals for Clean Energy Projects Pursuant to R.I. General Laws § 39-31-1 [Docket 4570]

Sincerely,

Daniel W. Majcher, Esq.

DWM/njr

Enclosure

c. Docket 4570 Service List

August 20, 2015

Chairperson Margaret E. Curran  
Commissioner Paul J. Roberti  
Commissioner Herbert F. DeSimone, Jr.  
Rhode Island Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, Rhode Island 02888

Re: Docket #4570 – Solicitation for Proposals for Clean Energy Projects Pursuant to §39-31

Dear Commissioners:

On behalf of the Rhode Island Office of Energy Resources (OER), I respectfully urge the Rhode Island Public Utilities Commission (PUC) to support the timely approval of the multi-state Clean Energy Projects Request for Proposals (RFP) filed by National Grid on June 26, 2015. Not only does this RFP represent a reasonable, open, and competitive method of soliciting clean energy project proposals consistent with R.I. Gen. Laws §39-31, the Affordable Clean Energy Security (ACES) Act, it signifies a first-of-its-kind clean energy procurement opportunity that leverages economies of scale throughout southern New England while advancing important State economic, energy, and environmental policy goals.

Under the leadership of Governor Gina M. Raimondo and with the support of the General Assembly, Rhode Island is advancing local clean energy solutions that are creating jobs and new investment opportunities, diversifying our energy portfolio, and shrinking our carbon footprint. However, as the PUC is well aware, Rhode Island is part of a much larger, intricately-linked regional energy system that has a significant impact on local consumer costs, system reliability, and environmental outcomes. As the State's lead energy policy agency, OER believes that a suite of local and regional actions are necessary if Rhode Island is to achieve its policy objectives in a comprehensive, cost-effective manner. If approved, this RFP will allow Rhode Island to consider opportunities to meet its objectives more cost-effectively than if it acted unilaterally, while preserving for Rhode Island officials judgment about what makes sense for local ratepayers.

As recent winters have demonstrated, regional energy infrastructure constraints have been a factor in driving wholesale energy costs to historically high levels, thereby impacting energy cost burdens on Ocean State families and businesses. These conditions have also placed the entire region at an economic disadvantage when compared to other parts of the nation. For example, according to ISO New England, despite the fact that "natural gas and wholesale electricity prices were lower on average than last winter... February 2015 still ranked as the third-highest monthly average for wholesale electricity prices in New England since 2003. The highest and second-highest prices were logged the previous winter, during January and February 2014."<sup>1</sup> Although wholesale level prices may moderate in the short-term, the underlying conditions driving recent winter-season price volatility may persist absent investment in new infrastructure, including, but not limited to, transmission to support the integration of no-to-low carbon energy resources.

---

<sup>1</sup> Remarks by Gordon van Welie, President & CEO, ISO-NE to the Northeast Forum on Regional Energy Solutions, April 23, 2015.

New England consumer energy costs will also be impacted by how the region addresses significant resource adequacy challenges in the years to come. In December 2012, ISO-NE presented the results of a comprehensive Generation Retirements Study which shined a spotlight on system-wide capacity needs.<sup>2</sup> That study identified nearly 8,300 megawatts of non-gas generation assets (oil and coal) deemed “at risk” for retirement by the end of this decade and the implications thereof. At the time, these resources accounted for more than one quarter of total fleet capacity (approximately 31,000 MW). Since then, some of these resources have indeed ceased operation (such as Salem Harbor’s 749 MW and Norwalk Harbor’s 342 MW) or are pending retirement (including Brayton Point’s 1,535 MW). Moreover, the study did not assume closure of Vermont Yankee’s 604 megawatts of carbon-free generation capacity. Some stakeholders may see these closures as advancing important environmental objectives, yet, from a systems operations and resource adequacy perspective, upwards of 6,200 megawatts of replacement capacity<sup>3</sup> will be needed to meet future demand. “If substitute resources are not available,” observed ISO-NE, “only 950 MW of the existing 8,300 MW of older oil and coal resources will be able to retire without causing reliability problems.” It should be noted that recent and contemplated resource replacements are predominantly natural gas fired assets, which may intensify fuel supply constraints absent investment in alternative resources and infrastructure.

Regional infrastructure constraints and limited economic alternatives to firm, fossil fuel-based generation are also having an adverse impact on greenhouse gas emissions during the winter months. For instance, generators performing under ISO-NE’s Winter Reliability Program during Winters 2013/14 and 2014/15 burned more than 5.4 million barrels of oil (combined). While oil combustion has helped “keep the lights on” throughout New England during cold weather months, the resulting emissions impacts are counter to the well-established environmental goals of Rhode Island and other New England states. This trend will continue due to economic conditions and market paradigms that will drive private sector investment toward price-volatile natural gas resources that include oil backup capabilities for use during winter natural gas supply constraints. Significant amounts of incremental and deliverable clean energy supplies will be needed if the region is to begin shifting away from its dependence on fossil fuel generation in the years to come while still maintaining the high level of reliability our homes and businesses depend upon.

To meet the aforementioned economic, energy, and environmental challenges, cost-effective investments that facilitate the delivery of incremental clean energy resources at scale must be part of a balanced strategy that includes a continued commitment to local renewables and energy efficiency. The interconnectedness of our energy system and Rhode Island’s important, but limited capacity to solely drive change at a level of magnitude large enough to shift regional outcomes necessitates collaboration. The draft RFP now before you represents an important opportunity for Rhode Island to work with its New England neighbors – in a coordinated and competitively-based manner – to identify opportunities for local customers. The RFP offers the potential to identify infrastructure solutions which may help reduce long-term energy costs for local consumers; enhance resource adequacy and reliability; and replace (or displace) less-efficient, more carbon-intense resources. Importantly, issuance of this RFP does not pre-commit Rhode Island and its ratepayers to invest in anything at all before State regulators and the public have had a full opportunity to assess proposals in an open and transparent manner.

---

<sup>2</sup> ISO-NE, “Strategic Transmission Analysis: Generation Retirements Study,” Planning Advisory Committee Meeting, December 13, 2012.

<sup>3</sup> The 6,246 MW of replacement capacity identified by ISO-NE was in addition to 1,026 MW of new energy efficiency, as reflected in the region’s energy efficiency forecast.

Recognizing that no one state can solve our energy system problems alone, Governor Raimondo and OER are steadfastly committed to working with our regional partners to implement cost-effective solutions which support clean, affordable, and reliable power. This RFP is one way to advance this important work and, with your support, Rhode Island is poised to act. In 2014, OER helped lay the groundwork for Rhode Island's engagement in multi-state energy and energy infrastructure procurement initiatives by working closely with the General Assembly to support passage of the Affordable Clean Energy Security Act, also known as ACES. As detailed in their legislative findings, the General Assembly understood that clean energy resources and the infrastructure necessary to support their development and delivery are vital to achieving Rhode Island's long-term economic, energy, and environmental goals:

*Rhode Island is committed to the increased use of no-and low-carbon energy resources that diversify our energy supply portfolio, provide affordable energy to consumers, and strengthen our shared quality of life and environment, and new energy infrastructure investments may help facilitate the development and interconnection of such resources.<sup>4</sup>*

In that vein, ACES authorizes OER, the Rhode Island Division of Public Utilities and Carriers (DPUC), and National Grid to coordinate on competitively-based, regional energy and energy infrastructure procurement processes that advance the purposes of §39-31. Specifically, ACES provides that these entities may:

*Participate in the development and issuance of regional or multi-state competitive solicitation(s) for the development and construction of regional electric-transmission projects that would allow for the reliable transmission of large-or small-scale domestic or international hydroelectric power to New England load centers that will benefit the state of Rhode Island and its ratepayers, and that such solicitations may be issued by The New England States' Committee on Electricity or the electric or natural gas distribution company to further the purposes of this chapter;<sup>5</sup>*

and

*Participate in the development and issuance of regional or multi-state competitive solicitation(s) for the development and construction of regional electric-transmission projects that would allow for the reliable transmission of eligible renewable-energy resources, as defined by § 39-26-5(a), to New England load centers that will benefit the state of Rhode Island and its ratepayers, and that such solicitations may be issued by The New England States' Committee on Electricity or the electric or natural gas distribution company to further the purposes of this chapter.<sup>6</sup>*

The RFP filed by National Grid in this docket is consistent with these provisions. Developed in coordination with OER, Massachusetts and Connecticut state agencies, and other New England utilities, the RFP has been informed not only by the expertise of these various entities, but also by regional stakeholders. A draft RFP was made available for public comment by regional stakeholders on February 25, 2015 via [cleanenergyrfp.com](http://cleanenergyrfp.com). Written comments were accepted through March 27, 2015 and all public comments were subsequently posted on the aforementioned website. Similar to Rhode Island, the RFP is also subject to review and approval by the Massachusetts Department of Public Utilities pursuant to Massachusetts state law.<sup>7</sup>

<sup>4</sup> RIGL 39-31 (4).

<sup>5</sup> RIGL 39-31-4(a)(1).

<sup>6</sup> RIGL 39-31-4(a)(2).

<sup>7</sup> See MA DPU Docket 15-84.



Importantly, under the requirements of ACES, there is no firm mandate on the state or the electric distribution utility to procure any specific clean energy project resulting from competitively-based solicitations issued pursuant to R.I. Gen. Laws §39-31. Further, there is no mandate on local ratepayers to pay for projects that have not first been thoroughly reviewed and approved by the PUC under R.I. Gen. Laws §39-31-7. In these and other respects, this draft RFP is consistent with ACES. Following initial bid screening and project evaluations (conducted in consultation with OER and DPUC), any proposed project that appears to benefit Rhode Island consumers and advance State policy interests will be subject to substantial and transparent evaluation by the PUC prior to any ratepayer commitment. As required by ACES, this regulatory review process must include the filing of State agency advisory opinions; a public comment period; at least one public hearing; evidentiary hearings; and specific findings by the PUC as to the project's potential impact on energy system reliability, ratepayers, and state environmental goals.<sup>8</sup>

Governor Raimondo and OER are fully committed to building a secure, cost-effective, and sustainable energy future. To achieve that future, Rhode Island must use all of its available tools – both locally and regionally – to deliver a lower-cost, clean, and reliable energy system for the people of this State. With those goals in mind, and consistent with State law, this multi-state clean energy RFP represents a unique opportunity for Rhode Island to proactively advance its economic, energy, and environmental interests in a fully competitive and transparent manner.

Sincerely,

A handwritten signature in blue ink, appearing to read "Marion S. Gold", written over a horizontal line.

Marion S. Gold, Ph.D.  
Commissioner

CC: The Honorable Gina M. Raimondo, Governor, State of Rhode Island  
The Honorable Nicholas A. Mattiello, Speaker, Rhode Island House of Representatives  
The Honorable M. Teresa Paiva Weed, President, Rhode Island Senate  
Thomas F. Ahern, Administrator, Rhode Island Division of Public Utilities and Carriers

---

<sup>8</sup> RIGL 39-31-7(c).