



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

PUBLIC UTILITIES COMMISSION
89 Jefferson Boulevard
Warwick, Rhode Island 02888
(401) 941-4500

March 9, 2018

Kathleen Mignanelli
Coordinator
Rhode Island Energy Facility Siting Board
89 Jefferson Boulevard
Warwick, RI 02888

Re: The Narragansett Electric Co. d/b/a National Grid and Clear River Energy, LLC – Application to Construct the Burrillville Interconnection Project – Docket No. SB 2017-01

Dear Ms. Mignanelli,

Attached is an original and three (3) copies of the Public Utilities Commission's (PUC) Advisory Opinion to the Energy Facility Siting Board.

Sincerely,

A handwritten signature in cursive script that reads "Luly E. Massaro".

Luly E. Massaro
Commission Clerk

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: THE ISSUANCE OF ADVISORY OPINION :
TO THE ENERGY FACILITY SITING BOARD :
REGARDING THE NARRAGANSETT ELECTRIC :
COMPANY d/b/a NATIONAL GRID AND CLEAR : DOCKET NO. 4737
RIVER ENERGY LLC'S APPLICATION TO :
CONSTRUCT THE BURRILLVILLE INTERCONNECTION :
PROJECT :

ADVISORY OPINION

I. Overview

On February 22, 2017, The Narragansett Electric Company d/b/a National Grid (National Grid) and Clear River Energy LLC (Clear River) (collectively, Applicants) filed with the Energy Facility Siting Board (EFSB) a joint application to connect the proposed Clear River Energy Center (CREC) to the electric transmission system by constructing a new 6.8 mile, 345 kilovolt (kV) transmission line (Burrillville Interconnection Project).¹

In response to the filing, the EFSB conducted a preliminary hearing on May 23, 2017, and issued a preliminary order which, inter alia, directed the Rhode Island Public Utilities Commission (Commission or PUC) to provide the EFSB with an advisory opinion as to (1) whether there is a need for the proposed project to connect the proposed Clear River Energy Center to the electric transmission system should its application to construct a combined-cycle electric generating facility in Burrillville, Rhode Island, which is presently pending before the EFSB, be approved, and (2) whether the proposed Burrillville Interconnection Project will be done at the lowest reasonable cost to the consumer, evaluating the reasonableness of the project cost, the cost impact

¹ EFSB Preliminary Order (114) at 1; http://www.ripuc.org/efsb/EFsb2/SB2017_01_order_114.pdf. The application for a license to construct the CREC is pending before the EFSB, designated as Docket SB-2015-06; http://www.ripuc.org/efsb/2015_SB_6.html.

on Rhode Island retail electric customers, and the costs relative to reasonable alternatives.² The Division of Planning, the Office of Energy Resources (OER), and the Division of Public Utilities and Carriers (Division) (collectively, State Agencies) were required to participate in the PUC proceeding pursuant to R.I. Gen. Laws § 42-98-9(d).³ In addition to the aforementioned parties, the Town of Burrillville intervened and was granted full party status under the Commission’s Rule of Practice and Procedure 1.13(e).

After a review of the record in this matter including written testimony, data responses, and live testimony, the Commission is of the opinion that the Burrillville Interconnection Project is needed to connect the proposed CREC to the New England electric system.⁴ The issue of the specific need for this Project was an uncontested subject in this matter. Additionally, we are of the opinion that based on the evidence presented, the proposed Burrillville Interconnection Project costs will not result in direct transmission related costs to ratepayers in Rhode Island and thus, the proposal represents the lowest reasonable cost to meet the need. The Commission urges the EFSB, however, that it make all necessary orders and/or conditions in the event it approves the Burrillville Interconnection Project to ensure that Rhode Island will not end up with a “transmission line to nowhere” thus ensuring the alignment of schedules and milestones between the CREC Project and the Burrillville Interconnection Project which is the subject of this Advisory Opinion.

II. Need

The EFSB, Applicants, and State Agencies, recognizing the “sole purpose” of the Burrillville Interconnection Project is to connect the proposed CREC to the New England electric system. According to the Applicants’ witness, David J. Beron, Principal Project Manager at

² EFSB Preliminary Order (114) at 7-8.

³ *Id.* at 7.

⁴ The Commission comprised of Commissioners Anthony and Gold, conducted a hearing on February 27, 2018. Chairperson Curran as Chairperson of the EFSB recused herself from participation in the Commission review.

National Grid USA Service Company, the proposed overhead alternative was the lowest cost, feasible alternative.⁵ This 6.8 mile route consists of a 0.8 mile segment located on a new right-of-way on property controlled by CREC with the remaining six miles located on The Narragansett Electric Company's existing right-of-way. The two existing lines on the six-mile stretch will be repositioned to make room for the new interconnecting transmission line.⁶ According to Mr. Beron, using the proposed configuration "offered more advantages, created fewer impacts, and was a more cost-effective solution than any of the other alternative structure types."⁷

Other overhead alternatives were either more expensive, would result in project delays, or were rejected by ISO-NE due to reliability concerns.⁸ The "no action" alternative was rejected because it would not address the need to interconnect the proposed CREC to the electric system and the underground routes were rejected due to cost, disruptions to area residents, unknown environmental impacts, and longer outage restoration durations.⁹

The State Agencies, in their joint recommendation to the Commission, relying on Mr. Beron's testimony that the project will only proceed if the CREC application is approved by the EFSB, concluded that if the CREC application is approved and constructed, there will be a need to construction the Burrillville Interconnection Project.¹⁰

At the hearing, Mr. Beron testified that construction of the Burrillville Interconnection Project would occur simultaneously with the construction of the CREC. He explained that National Grid could proceed with engineering of the interconnection project when it receives

⁵ Beron Test at 3; [http://www.ripuc.org/eventsactions/docket/4737-NGrid-Beron\(11-7-17\).pdf](http://www.ripuc.org/eventsactions/docket/4737-NGrid-Beron(11-7-17).pdf).

⁶⁶ One point six miles of the right-of-way is currently 300 feet wide while the remaining 4.4 miles is 600 feet wide. *Id.* at 3.

⁷ *Id.* at 5; Environmental Report, Section 5.5; http://www.ripuc.org/efsb/EFSB2/SB2017_01_Env.Rpt..pdf.

⁸ Beron Test. at 4-6; Stevens Test. at 3 (Mark Stevens is a Principal Engineer in the Transmission Planning Department at National Grid USA Service Company); [http://www.ripuc.org/eventsactions/docket/4737-NGrid-Stevens\(11-7-17\).pdf](http://www.ripuc.org/eventsactions/docket/4737-NGrid-Stevens(11-7-17).pdf); Environmental Report, Section 5.0-5.7.

⁹ Beron Test. at 4-6; Environmental Report, Section 5.0-5.7.

¹⁰ Joint Recommendation of State Agencies at 2-3.

notice to proceed and financial security from Clear River because proceeding with engineering is not dependent on approval of the power plant by siting board. Construction, however, would be dependent on whether the Company received EFSB approval and also received subsequent notices to proceed with financial security.¹¹ He explained that the overall project schedule is based on a thirty to forty-two-month timeframe, but that actual construction will take between twelve and eighteen months to complete, with a projected completion date at the end of 2020.¹² Through cross-examination, Burrillville questioned the timing and Mr. Beron agreed that, theoretically, the Burrillville Interconnection Project could proceed ahead of the CREC Project.¹³ While likely to be a remote possibility where there is an interconnection and no completed generation facility, the PUC nonetheless urges the EFSB to further clarify the two construction schedules and issue any appropriate orders and/or conditions to ensure alignment of schedules and milestones between the two projects.

III. Cost Impact

At the outset, the Commission must base its opinion on the facts in the record as they exist at the time the Commission considers the question of cost. The uncontroverted facts in the record are as follows: National Grid developed a conceptual grade estimate¹⁴ for the Burrillville Interconnection Project of \$47.2 million and those costs plus ongoing operation and maintenance costs associated with the new transmission line will be recovered from Clear River Energy LLC

¹¹ Hr'g. Test. at 28-3 (Feb. 27, 2018).

¹² Beron Test. at 7; Environmental Report at Table 4-3; H'rg. Test. at 30, 55-56.

¹³ *Id.* at 54-57.

¹⁴ A conceptual grade estimate has a plus 50%/-25% accuracy and will be affected by many factors, including time, material, and labor costs. The estimate will be further refined as the project proceeds toward construction. Hr'g Tr. at 24-25. Burrillville's counsel suggested that National Grid had no incentive to choose the lowest cost alternative because Clear River would be responsible for the costs but Mr. Reardon, on cross examination, believed that a customer or company would have an incentive to take goods or services at the lowest cost. He stated that Clear River had access to National Grid's cost estimates so that it could conduct any assessment of the reasonableness of the cost estimates itself. Hr'g Tr. at 115-17.

through the Direct Assignment Cost provision in the transmission tariffs approved by the Federal Energy Regulatory Commission (FERC).¹⁵ Because the facilities will be paid for by Clear River Energy, National Grid will not earn a return on them. In addition, fees paid by Clear River for use of The Narragansett Electric Company right-of-way will be used to the benefit of ratepayers.¹⁶ Therefore, the evidence shows that the costs of the Burrillville Interconnection Project will not result in a direct transmission charge to Rhode Island ratepayers. While there was an attempt by Burrillville to suggest the PUC should consider a previously filed petition at FERC by Clear River, attempting to shift the costs onto New England ratepayers, where that petition has been withdrawn, it is not currently an appropriate consideration for the Commission. Additionally, Clear River Energy has withdrawn its challenges to certain of the Large Generator Interconnection Agreement, although the details are still being finalized by the parties.¹⁷ Furthermore, at the hearing, counsel for Clear River stated: “If and when this project is approved and...the plant project is approved, we would be willing to accept and not object to a condition that would require that we not re-file that proceeding [at FERC].”¹⁸ This is something the PUC urges the EFSB to further explore as additional protections for ratepayers.

For all of these reasons, the PUC agrees with the State Agencies’ joint recommendation that the costs of the Burrillville Interconnection Project do not present a financial risk that will be borne by National Grid’s retail customers or ratepayers.¹⁹ The State Agencies note that Clear

¹⁵ Beron Test. at 6; Reardon Test. at 2-5 (Kevin Reardon is Lead Account Manager in the Commercial Services Department at National Grid USA Service Company); [http://www.ripuc.org/eventsactions/docket/4737-NGrid-Reardon\(11-7-17\).pdf](http://www.ripuc.org/eventsactions/docket/4737-NGrid-Reardon(11-7-17).pdf); Clear River’s Responses to PUC-1-1, 1-4, 1-5; On cross-examination at the hearing, Mr. Beron contended that the conceptual cost estimate would likely be the same whether or not CREC were a 1000MW facility or 500MW facility because it would still need to be connected via a 345 kV transmission line and the same amount of work would need to be completed. Hr’g Tr. at 50.

¹⁶ Hr’g. Tr. at 117..

¹⁷ Clear River’s Response to PUC-1-3; Clear River’s Response to State Agencies 1-1, 1-2, 1-3, 1-4; Clear River’s Response to Burrillville-1-6.

¹⁸ Hr’g Tr. at 37.

¹⁹ State Agencies Joint Recommendation at 4.

River will bear the entire financial reward or risk of the project's success or failure. Thus, the PUC, like the State Agencies, is of the opinion that the costs associated with the Burrillville Interconnection Project's construction, operation and maintenance are the lowest reasonable costs by way of reasonable alternatives (including non-wires).

IV. Conclusion

There is a need for the proposed project for the specific purpose of connecting the proposed Clear River Energy Center to the electric transmission system should its application to construct a combined-cycle electric generating facility in Burrillville, Rhode Island, which is presently pending before the EFSB, be approved, and the proposed Burrillville Interconnection Project costs will not result in direct transmission related costs to ratepayers in Rhode Island and thus, the proposal represents the lowest reasonable cost to meet the need. The Commission urges the EFSB, however, that it make all necessary orders and/or conditions in the event it approves the Burrillville Interconnection Project to ensure that Rhode Island will not end up with a "transmission line to nowhere" thus ensuring the alignment of schedules and milestones between the CREC Project and the Burrillville Interconnection Project which is the subject of this Advisory Opinion. The PUC also further urges the EFSB to fully explore Clear River's proposal to condition its license on Clear River accepting and not objecting to a condition that would require that the applicant in that case not re-file the FERC challenges to cost allocation.²⁰

²⁰ Hr'g Tr. at 37.

(23046)* Advisory Opinion



Public Utilities Commission

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

Marion S. Gold, Commissioner

A handwritten signature in blue ink, appearing to read "Abigail Anthony (egw)", is written over a horizontal line.

Abigail Anthony, Commissioner

Dated: March 9, 2018

*This number is being assigned for administrative purposes only and does not constitute an order or decision of the Commission.