

TEC RI

THE ENERGY COUNCIL OF RHODE ISLAND

Advocating for affordable energy prices and a robust supply of power in Rhode Island

RI Public Utilities Commission
89 Jefferson Blvd
Warwick, RI 02888

March 19, 2019

RECEIVED
2019 MAR 19 PM 5:41
PUBLIC UTILITIES COMMISSION

RE: Docket # 4822

Madam Chair and Members of the Commission,

This moment is déjà vu for me and closes a circle which started almost a decade ago, while I was in the legislature as a state representative.

While I was in the legislature, Deepwater Wind proposed the Block Island Wind project. The PUC had rejected the Deepwater Wind proposal, I think three times, based on the law at that time which mandated that the PUC primarily consider costs in approving an energy project. The proposed high cost of 24.4 cents a kilowatt hour, with a rider 3% increase every year for 20 years, was untenable to large energy users in the state and most business interests and from their perspective, rightfully so! The cost of doing business in Rhode Island is painfully high and this would be just one more burden on the business community.

I clearly remember the long, long debate in the House that evening that would change the law to allow cost to be considered, but not mandate the PUC to reject the proposed project, based solely on cost and other issues as well.

After a lot of listening, I decided to vote for the proposal and took heat from the business community for doing so, especially as a businessman myself.

I finally bought into the idea that this was a prototype project that would lay the groundwork, or is it “waterwork”, for lower costs in the future and at the same time, build the infrastructure required for future development of larger projects,

As proposed, this project has a vastly different proposed price structure. The business community's objection to the Block Island project was totally about price at 24.4 cents and a 3% increase every year for 20 years. The Revolution Wind project is also about cost, with a proposed kilowatt hour cost of 7.4 cents over 20 years, with no % increase, a flat cost over 20 years.

Businesses like stability and predictability of costs. There is nothing that shakes the stock market up more than unpredictability.

The proposed levelized 7.4 cents per kilowatt hour is not quite competitive with the current costs our membership is able to negotiate with the suppliers of the raw power, but it is very, very close. We believe that with technology advancement and growing competition within the offshore wind industry, we believe offshore wind could become lower than current raw power pricing in the very near future. The prototype project has also provided data, which points to its highest peak output in the cold winter months, where the supply of natural gas to Rhode Island is in short supply and prices spike. This Revolution Wind project could diminish the need for additional gas in the wintertime, further stabilizing prices.

I am pleased to say that TEC-RI supports this proposed Revolution Wind project and also pleased to say that my advocacy when I was in the legislature has proved to be true. A "wind wind for me" and a "wind wind for large energy users and all ratepayers in Rhode Island".

Lastly, you should also know that The Energy Council and the RI Manufacturers Association have signed a NDA, non-disclosure agreement, with Orsted in an effort to reach agreement to purchase power directly from Deepwater Wind, certainly another juxta position for TEC-RI and RIMA.

We urge you, after appropriate digestion of the complexities of this docket and reflective analysis to approve this proposal, thank you and I am glad to answer any questions you may have.

as well as employee skills in the workforce. My other notion was that as high as the proposed costs were, its contribution to the grid at 40 megawatts, was a fraction of 1 percent and its costs would be marginalized by the other 99+%, diluting the impact of the high kilowatt cost. I took a leap of faith in the face of the naysayers saying "it won't happen". I left the legislature in 2010.

Fast forward to 2015, I was recommended for a position to be the Executive Director of The Energy Council (TEC-RI), which I accepted, as I had worked in Governor Garrahy's Energy Office in the 1980's and now also knew the inner workings of the legislature, where much of energy policy is now decided. As you are all keenly aware, TEC-RI is a membership organization of large energy users, whose prime mission is to advocate for affordable energy and a robust supply of power in Rhode Island....and offshore wind power wasn't one of them.

I advocated in the best interests of my constituents when I was in the legislature for the Block Island project and now advocate for the best interest of large energy users in Rhode Island. On the subject of offshore wind, my constituent's interests were diametrically opposed with the business community on the offshore wind subject, certainly a juxta position for me in my current role. As you know I have consistently testified before the PUC advocating for TEC-RI's mission of low cost and reliable energy in Rhode Island and at every opportunity testified that we were for "all of the above energy projects, including gas pipeline expansion to the northeast, solar, on land based wind, "but not offshore wind" as the costs were too high!

Offshore wind energy was not affordable, not by a long shot. In fact, you may recall that Toray, one of the largest users of electricity in the state and a strong participant within the TEC-RI organization as well as Attorney general Patrick Lynch, sought to block the favorable PUC decision on the Deepwater project after the law was changed, all the way to the RI Supreme Court. The Supreme Court ruled in favor of the project and the rest is now history.

Fast forward once again to tonight's public hearing regarding the 400 megawatt proposal by Deepwater/now Orsted US Offshore Wind in the proposed Revolution Wind project off of Rhode Island's shores.