



STATE OF RHODE ISLAND

DIVISION OF PUBLIC UTILITIES & CARRIERS  
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June 24, 2021

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

**IN RE: DOCKET 5151 NEED ASSESSMENT REV WIND  
ADVISORY OPINION**

Dear Luly,

Attached please find for filing with the Public Utilities Commission the Advisory Opinion of the Division of Public Utilities and Carriers in the above entitled matter.

I appreciate your anticipated cooperation in this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jon G. Hagopian".

Jon G. Hagopian  
Deputy Chief Legal Counsel

**STATE OF RHODE ISLAND PUBLIC  
UTILITIES COMMISSION**

**IN RE: REVOLUTION WIND, LLC  
ADVISORY OPINION**

**Docket No. 5151**

**THE STATE OF RHODE ISLAND DIVISION OF PUBLIC  
UTILITIES AND CARRIERS ADVISORY OPINION**

Pursuant to R.I. GEN. Laws § 42-98-9(d), in Docket No. SB-2021-01, preliminary Order No.149, effective April 26, 2021, the Energy Facility Siting Board (EFSB) requested the Public Utilities Commission (“Commission”) to conduct an investigation as to the “need” for and the “cost” of a transmission cable and ancillary equipment for interconnection of the Revolution Wind, LLC’s (“REV Wind or Project”) wind farm project to the transmission system at Quonset Point located in North Kingstown, Rhode Island. REV Wind, LLC is a 50/50 joint venture partnership between Orsted North America, Inc. (“Orsted”) and Eversource Investment, LLC (“Eversource”). The Commission has noticed a hearing to be held on July 26, 2021.

REV Wind is seeking that the EFSB grant them a license to construct and maintain the transmission facilities described in its Application filed on December 30, 2020, in Docket SB-2021-01, to interconnect their wind farm to the regional electric transmission system. The proposed transmission facilities will bring 704 MW of renewable energy generated by the offshore wind farm located in federal waters off of the Continental shelf (outside the jurisdiction of

the EFSB), to the onshore electric transmission system in Rhode Island. The proposed facilities are made up of two 23-mile submarine export cables, two new underground 1-mile 275 kV onshore transmission cables, an onshore substation and two new underground 519-foot 115 kV transmission lines which constitute transmission lines greater than 69 kV and thus qualify as major energy facilities pursuant to R.I. Gen. Laws § 42-98-4. The Division submits the following recommendation to the Commission on these issues.

### **NEED**

On June 7, 2019, the Commission approved the Power Purchase Agreement (“PPA”) between DWW Rev 1, LLC (“DWW”) and the Narragansett Electric Company (“National Grid”) pursuant to the Affordable Clean Energy Act (“ACES”)--R. I. Gen. Laws § 39-31-1 *et seq.*<sup>1</sup> Under the PPA National Grid will purchase 100% of the energy and environmental attributes associated with DWW’s 400 MW offshore wind facility. The price of the energy, renewable energy certificates and transmission related to the offshore wind facilities is \$.098425 per kWh. The PPA is a fixed price for the duration of the 20 years of the PPA.<sup>2</sup>

The Commission has found in previous cases that the Utility Restructuring Act of 1996 effectively repealed by implication the much older need assessment of the provision the Energy Facility Siting Act. Advisory Opinion to the Energy Facility Siting Board Pursuant to Section 42-98-9(d) of the General Law of

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<sup>1</sup> See, Docket 4929, Order No. 23609 p. 1 , 26.

<sup>2</sup> Pre-filed testimony of, John Dalton DPUC witness, p.17.Docket, 4929.

Rhode Island, Docket No. 3094, Order No. 16388, 7 (2000). In the post restructuring era, the need for generation plants is determined by the marketplace. The Commission has also recognized that Rhode Island's electricity markets are fully integrated with the New England electricity market. In Re: Need Assessment to Construct a Gas Fired Power Generating Facility, Docket No. 3094, DPUC Advisory Opinion at 4. Where the free market has determined there is a "need" for a generation facility, the integrated nature of the New England market requires connecting that facility into the transmission system. Thus, there is a "need" for a transmission project when the market has determined there is need for constructing a generation facility in a region. The Commission's approval of the PPA in Docket 4929 was tantamount to a determination that there is need for the generating facility which in turn creates the need for the proposed transmission facilities to transmit the power from the offshore windfarm to the regional electric transmission system. A number of points of interconnection ("POI") were identified and the Davisville POI seems to be the favored point. Each POI was evaluated based upon proximity to coastline, available lands to support the project and existing infrastructure with the capacity to accept the electricity produced by the project.<sup>3</sup> There preferred route was identified as entering Narragansett Bay via the West Passage and interconnecting at the Davisville POI.<sup>4</sup>

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<sup>3</sup> Application for Major Energy Facility, Revolution Wind Project, December 30, 2020, p. 15.

<sup>4</sup> Application for Major Energy Facility, Revolution Wind Project, December 30, 2020, p.15.

It said that the state and New England face short term and long -term energy challenges.<sup>5</sup> Planned retirements of fossil-fuel, nuclear and other electric generators, together with a lack of new interstate natural gas pipeline infrastructure and capacity into the region may exacerbate these conditions.<sup>6</sup>

The Division of Public Utilities & Carriers (Division) participated extensively in Docket 4929. The Division engaged John Dalton of Power Advisory, LLC as its power market analyst. Mr. Dalton appeared as a joint witness for the Division and OER in Docket 4929. The scope of Mr. Dalton's engagement was to review the process used to select a commercially reasonable project in accordance with the ACES statute which requires the procurement of the power to be under terms and pricing that a power market analyst would be likely to see in a transaction.<sup>7</sup> The review of Mr. Dalton resulted in the Commission making the finding that this was as a commercially reasonable power purchase agreement and approved the project.

Similarly, the State of Connecticut has made the determination that there is a need for this project to meet its energy needs as well, through their participation in the selection of REV Wind and through the procurement of approximately 304 MW of wind power.<sup>8</sup>

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<sup>5</sup> See, 39-31-1 (1), See also, Application for Major Energy Facility, Revolution Wind Project, December 30, 2020, p. 28 Purpose & Need.

<sup>6</sup> Application for Major Energy Facility, Revolution Wind Project, December 30, 2020 , p. 28 Purpose & Need.

<sup>7</sup> R.I. Gen. Laws § 39-31-3.

<sup>8</sup> Pre-filed testimony of, John Dalton DPUC witness, .15, 16, .Docket 4929.

## **COST**

The next question is whether the facilities are expected to transmit energy from the offshore wind farm to the mainland at the lowest possible cost to the consumer consistent with objective ensuring that the construction and operation of the proposed facilities will be accomplished in compliance with all of the requirements of the laws, rules and regulations. The cost of the transmission facilities contemplated here will be borne by REV Wind, LLC through the PPA and the Division is unaware of any additional ratepayer impact beyond what was previously approved in Docket 4929.

The Division's power market analyst found that pricing compared favorably and well within the range of other renewable energy projects recently contracted for by National Grid on behalf of Rhode Island consumers.

Mr. Dalton testified that the total electricity market related benefits of the Project (both direct and indirect) are projected to exceed the costs of the PPA by 91.6 million or \$5.16 /MWh (NPV 2018 \$).<sup>9</sup> The direct project benefits include a stable price for energy and RECs that is fixed over the term of its twenty year PPA.<sup>10</sup> Mr. Dalton explained that the projected market value of the energy produced and injected into the Rhode Island /southeastern Massachusetts load zone and Class 1 RECs together are greater than the cost of

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<sup>9</sup> Pre-filed testimony of John Dalton DPUC witness, p.17.Docket 4929.

<sup>10</sup> *Id.*

the total contract payments (the direct benefits) by \$4.7million (NPV 2018\$).<sup>11</sup> He further explained that on a unit basis that the direct benefit is \$0.26/MWh (2018\$).<sup>12</sup>

Mr. Dalton continued to testify that the [t]he primary indirect benefit is a reduction in Rhode Island energy prices.<sup>13</sup> The estimated energy price savings to Rhode Island consumers through 2045 (the last year in the TCR analysis)<sup>14</sup> are \$87 million (NPV 2018\$), which represents a benefit of \$4.90/MWh (2018\$).<sup>15</sup> Class 1 REC market price change impacts were also modeled but were not found to be statistically significant.<sup>16</sup>

He testified further, [t]he Project will also reduce Rhode Island's exposure to electricity market price volatility, particularly during extreme winter periods.<sup>17</sup> The ISO-NE electricity market experiences price volatility when there is sustained cold weather in the winter and natural gas supplies become constrained.<sup>18</sup>

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<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> Pre-filed testimony of John Dalton DPUC witness, p.17, Docket 4929.

<sup>14</sup> TCR refers to Tabors, Caravans and Rudkevich , Power Market Analyst on behalf of National Grid , Docket 4929.

<sup>15</sup> Pre-filed testimony of John Dalton DPUC witness, p.18, Docket 4929.

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

<sup>18</sup> *Id.*

Mr. Dalton explained Revolution Wind project's direct and indirect market benefits exceed its costs. There are other benefits which enhance the Project's value to Rhode Island consumers including environmental, economic, reliability and energy security benefits.<sup>19</sup>

For these reasons the Division asserted that the REV Wind PPA was commercially reasonable and supported its approval in Docket 4929.

### **CONCLUSION**

The Division submits there is a clear "need" for the proposed transmission project based upon to the fact that the commission previously approved the PPA for the REV Wind project in Docket 4929, finding that such a project was commercially reasonable according to the ACES statute. The Division further recommends that the Commission find that the transmission Project is cost-justified because there are no additional costs to ratepayers beyond what was included in the PPA

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<sup>19</sup> See, Pre-filed testimony of John Dalton DPUC witness, p 19-24, Docket 4929.



Division of Public Utilities and  
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By its attorney,

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Dated: June 24, 2021

**CERTIFICATE OF SERVICE**

I hereby certify that on the 24th day of June 2021 that I transmitted an electronic copy of the within Advisory Opinion to the attached service list and to Luly Massaro, Division Clerk via electronic mail.



**Docket No. 5151 –Advisory Opinion to EFSB regarding Revolution Wind, LLC Service List  
Update 5/12/2021**

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