

# PUC holds hearing on Deepwater Contract

By Ryan Drugan - Providence Statehouse Examiner

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As state leaders give their support for the Deepwater contract agreement with National Grid, small business and concerned citizens voice their opposition.

“The cost figure give the appearance of being reverse-engineered from a required rate of return rather than derived from basic engineering estimates,” stated Robert McCullough an energy consultant from Oregon working on the Block Island wind farm project. McCullough commented that the agreement between Deepwater and National Grid is written poorly, contains numerous errors, and lacks key information regarding maintenance costs and the type of turbines that will be constructed. Amid the numerous fallacies of the contract, McCullough stated that prices for current projects in Rhode Island are higher when compared to similar projects in Europe and Massachusetts, Cape Wind Power recently negotiated a price of 18 cents per kilowatt an hour and the price negotiated by Deepwater is 25 cents per kilowatt an hour (this price is capped).

In an open hearing this week before the Public Utilities Commission, Robert McCullough stated, “the proposed contract’s pricing sections are poorly written and several other sections may contain drafting errors.” National Grid, Deepwater, and the Conservation Law Foundation presented written statements and gave testimony regarding the contract. Michael McElroy, attorney representing two local businesses, stated that his clients would be paying a higher rate on energy if the Public Utilities Commission accepted the contract. McElroy stated that one client would be paying more than \$304,000 in the first year and another \$7.3 million over the contracts duration. Furthermore, McElroys second client would be paying more than \$46,000 in the first year and an estimated \$1.1 million over two decades. McElroys two clients are large consumers of electricity in the states.

In an attempt to save the contract and the image of National Grid, company executive Madison Milhouse stated that local communities and the state will benefit greatly from a clean, renewable source of energy. However, when asked if local companies would pay more for electricity and receive benefits for their energy consumption, he said no.

After hearing lengthy testimony from all sides and prior to adjournment, Public Utilities Commission Chairwoman Elia Germani stated that she was surprised that no testimony or submitted evidence supported the claims of state leaders that the economy would experience a boom in revenue, savings, and job growth. Additionally, none of the testimony submitted by National Grid addressed the economic development so closely associated with the contract or the turbine project off Block Island.

Rhode Island and the Public Utilities Commission are in a difficult situation. The Public Utilities Commission in any other circumstance could make changes to a contract of energy production and distribution. However, the General Assembly passed legislation during the final days of the session, which limited the Commission to either approving,

or rejecting the contract. The Governor signed the bill. If the PUC does not approve the contract than it can be targeted as anti-job creation and anti-green.

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