



October 13, 2022

Participating States

New England Regional Transmission Initiative
transmission@newenglandenergyvision.com

Dear Regional Transmission Initiative Participating States:

In response to your Notice of Request for Information issued on September 1, 2022, Citizens Energy Corporation (“Citizens”) is pleased to submit the following comments in two requested areas:

- *Comment on ways to minimize adverse impacts to ratepayers including, but not limited to, risk sharing, ownership and/or contracting structures including cost caps, modular designs, cost sharing etc.*
- *Comment on any just-transition, environmental justice, equity, and workforce development considerations or opportunities presented by the transmission system buildout and how these policy priorities are centered in decisions to develop future infrastructure.*

The Energy Transition in general, and the addition of offshore wind (OSW) off the New England coast in particular, will drive the need for substantial new high-voltage transmission infrastructure in the region. While the cost of inaction combatting climate change is staggering, the price for the transmission needed in this fight is large – roughly \$1 billion for every 1,200 megawatts (MW) of OSW added. With up to 30 gigawatts (GW) of OSW to be developed off the New England coast, any amounts beyond ~6GW will require large-scale terrestrial upgrades to the transmission grid.

However, much-needed large-scale transmission is facing increased opposition from host communities that bear the burden of siting these projects. In New England alone, both EverSource’s Northern Pass Transmission project and Central Maine Power’s New England Clean Energy Connect – projects that would bring significant amounts of clean, low-cost, baseload electricity to a region starved for those resources – have faced costly delays and/or been abandoned due to fierce local opposition. The transmission infrastructure needed to deliver OSW in New England will be even more difficult to build than these two foundering projects due to the heavily congested and Environmental Justice (EJ) areas through which the power must pass near the coast.

As daunting as this problem is, it is one that Citizens Energy is uniquely positioned to help solve.

A New Approach to Developing Transmission Projects

Over the past 15+ years, Citizens has pioneered a unique business model in high-voltage transmission whereby Citizens partners with utilities and energy infrastructure developers to finance and own a portion of a new transmission line, while committing to use **50 percent** of its annual profits from the project to fund **energy assistance programs** in Environmental Justice communities along the project’s route. The assistance provides a meaningful, sustainable, and incremental financial benefit to EJ communities for 30+ years (the life of Citizens’ investment). Importantly, the cost of Citizens’ investment in the project is borne entirely by Citizens – not ratepayers, nor our project partners. Investing its own capital in the transmission project, Citizens earns the same return as our utility partner and shares those

profits with needy families rather than simply passing the cost of these programs through to end-customers of the utility power purchasers as is usually the case.

By bringing meaningful additional assistance to low-income families and other EJ communities in the project area, Citizens' participation in a project can help ease siting, permitting, and regulatory risks while also offsetting some of the environmental opposition inherent in projects of this scope. All of these factors contribute to increasing the likelihood of timely, cost-effective completion of the large-scale transmission projects, which is critical to achieving the energy transition envisioned by policymakers in New England.

Far from conceptual, the Citizen's transmission business model has been implemented successfully for multiple major energy infrastructure projects now in operation, building along the way a strong track record of demonstrably easing siting concerns and yielding substantial EJ benefits for host communities. Citizens has invested ~\$170 million across three transmission projects, and is currently generating and distributing what will be more than \$75 million of assistance to low-income families over 30 years. Specifically:

- Citizens partnered with San Diego Gas and Electric (SDG&E) on the Sunrise Powerlink, a 120-mile \$1.9 billion 500 kV line from the Imperial Valley of California into SDG&E's service territory completed in 2012. Under every metric for poverty, unemployment, morbidity and education outcomes, Imperial County ranks as the most marginalized of all the Golden State's counties. With a population mostly made up of farmworkers descended from Mexican immigrants, the Imperial Valley suffers from high rates of asthma and heat-related deaths caused by temperatures that routinely soar above 110 degrees Fahrenheit in the summer months. Citizens' ~\$100 million investment in the Sunrise Powerlink is produces \$1.5 million of assistance per year to the Valley's significant low-income population. Working with the local municipal utility and leveraging Citizens' \$1.5 million/yr of assistance, Citizens created the nation's largest low-income community solar project, providing more than 12,000 needy families with \$350/year of electricity savings.
- Following the success of the Sunrise Powerlink, Citizens partnered again with SDG&E to own a portion of the transfer capacity in the Sycamore-Penasquitos 230 kV project, a \$230 million 20-mile underground transmission line completed in 2018. Citizens' \$30 million investment is providing \$450,000 per year for 30 years, which helps electrify the vehicle fleet of San Diego County non-profit organizations providing critical services to the poor (e.g. Native American Health Centers, Meals on Wheels, etc.).
- Citizens partnered with the Imperial Irrigation District (IID) to fund a \$40 million upgrade to an existing 230 kV line. When operational in Q2 2023, this investment will produce \$18 million of assistance over 30 years to help ease the energy burden on IID's low-income customers.

Regulatory support for Citizens' business model is well-tested, having received regulatory approvals on numerous occasions of our commercial and partnership agreements, and rate structure from several agencies, including the Federal Energy Regulatory Commission (FERC), California Public Utilities Commission (CPUC), California Energy Commission (CEC), and the Imperial County Board of Supervisors.

While Citizens' operations-phase transmission experience to-date has been in California, we are a well-known non-profit company with a long and successful record of accomplishment internationally, nationally, and in New England. Citizens was formed during the oil-price shocks of the late 1970s to provide low-cost home heating oil to the poor and the elderly. Former U.S. Representative and current Citizens Energy Chairman Joseph P. Kennedy II founded the company with the belief that profits from

successful energy ventures could be used to write down the cost of fuel to vulnerable families having to choose between heating, eating, and other basic needs. Citizens relies on profits from the businesses it owns and operates to generate revenues for charitable and social programs. Channeling over \$600 million of assistance to the most vulnerable people around the world over its 43-year history, Citizens is currently involved not only high-voltage transmission, but also utility-scale solar (including low-income community solar), battery-energy storage, and energy microgrids.

Citizens has worked to expand our transmission business model to New England across several initiatives. Working closely with Massachusetts policy makers on the Green Communities Act of 2016, Citizens advocated for specific provisions in both Section 83C (OSW) and 83D (onshore renewables) that specifically favored proposals that included benefits to low-income households without adding to project costs. With that language included in the legislation, Citizens partnered with National Grid on several onshore HVDC project proposals (Vermont Green Line, Granite State Powerlink, and Northeast Renewable Link) that utilized the transmission business model outlined in these comments. (Note: Citizens also partnered with Vineyard Wind on a Section 83C response, which was ultimately awarded, for a non-transmission related role.)

In summary, with a proven business model that delivers tangible incremental assistance to affected EJ communities hosting transmission line projects without adding to costs, Citizens respectfully asks the Participating States of this RFI to consider requiring developers of large transmission projects to provide specifics on how they intend to deliver meaningful EJ benefits in their respective project areas without raising costs to customers. More specifically, the Participating States should consider/require any developer of a new transmission project in New England to include innovative partnerships similar to the ones Citizens has executed in other transmission projects.

Thank you for your consideration of these comments. Please let me know if you would like any further details or discussion of the information provided.

Sincerely,



Peter F. Smith
Chief Executive Officer