

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

IN RE: BLOCK ISLAND UTILITY DISTRICT :
MOTION FOR WAIVER OF CERTAIN : **DOCKET NO. 4606**
REQUIREMENTS OF R.I. GEN. LAWS § 39-1-27 :

ORDER

In this Order, the Public Utilities Commission (PUC) addresses two requests for exemptions to certain requirements of the Utility Restructuring Act which were filed by the Block Island Utility District (BIUD) under R.I. Gen. Laws § 39-1-27(g). The first, filed on January 17, 2020, requested a continued exemption from the requirement that the utility provide access to the competitive retail energy supply market.¹ The second, filed on May 7, 2020, requested an exemption from the requirement to transfer generation to an affiliated entity and from the prohibition against selling electricity generated by the utility at retail within the service territory to allow BIUD to enter into an agreement with a donor for a solar project identified in its 2020 Standard Offer Service procurement plan and rate filing.² Both filings were addressed together as they pertain to BIUD's 2020 Standard Offer Service procurement plan and rate filing.

I. Access to the Retail Competitive Energy Market

The PUC has previously granted BIUD a waiver from the requirement that the utility provide its customers access to the retail competitive energy supply market. The basis for the decision was to reduce the cost of standard offer supply to customers on the island. The absence of competitive supply (or retail choice) can reduce the risk premium embedded in wholesale supplier rates because of the reduced risk of unexpected or extreme load fluctuations that can occur

¹ Petition and Wright Test. (Jan. 17, 2020); <http://www.ripuc.ri.gov/eventsactions/docket/4606-BIPUC-Petition%201-7-20.pdf>.

² Petition and Wright Test. (May 7, 2020); <http://www.ripuc.ri.gov/eventsactions/docket/4606-BIUD-WaiverPetition%205-7-2020.pdf>.

when customers have access to the competitive market. Since previously granting the waiver, the PUC has received no comments or petitions requesting a change to the policy. The most recent exemption was granted through April 20, 2020.³ BIUD has again requested an exemption and has requested it through April 30, 2025.

BIUD's request was supported by testimony of Jeffrey Wright, President of BIUD. Mr. Wright explained that the BIUD Board of Commissioners had approved the request for a five-year extension of the exemption. He indicated that the waiver benefits the BIUD's members in the following ways: (1) retail choice would result in a risk premium, increasing the wholesale standard offer supply contract; (2) retail choice would require expensive software updates as well as ongoing costs to administer the program; (3) members may not realize savings from competitive supply contracts; and (4) BIUD's load following contracts coupled with low cost power from the New York Power Authority benefit members served by standard offer supply. He therefore asserted that the costs associated with retail choice would outweigh any benefits provided by retail choice.⁴

The PUC received no comments in response to this request other than from the Division of Public Utilities and Carriers (Division). The Division supported the request, referencing the points made by Mr. Wright in his testimony, agreeing that the added procurement costs and administrative burdens outweigh any benefit BIUD's members may derive from access to the retail competitive energy markets.⁵ On May 26, 2020, after consideration of the filings, the PUC, at an Open Meeting, approved BIUD's request finding the benefit of the exemption to ratepayers on the island outweighs the additional costs associated with retail choice.

³ Order No. 23066 (Mar. 23, 2018); http://www.ripuc.ri.gov/eventsactions/docket/4606-BIPCo-Ord23066_3-23-18.pdf.

⁴ Wright Test. (Jan. 17, 2020).

⁵ Div. Mem. (Feb. 4, 2020); <http://www.ripuc.ri.gov/eventsactions/docket/4606--DIV-Memo%202-4-20.pdf>.

II. BIUD's Retail Sale of Electricity Generated by the Utility

BIUD has requested an exemption to allow it to install solar panels on its utility-owned property and sell the electricity as part of its standard offer service plan. The solar panels will be donated to BIUD through a contractual arrangement with the donor. As part of the agreement, the donor has indicated that the proceeds from the sale of energy from the solar project are to be deposited into two accounts – a decommissioning fund and a capital investment fund to upgrade the distribution system. While the transaction may be complicated, the PUC finds that this project provides a clear benefit to all BIUD's members.⁶ The project has been reviewed by BIUD's Board of Commissioners. There has been no comment filed with the PUC on this exemption request except by the Division, which recommended approval of the exemption request. The Division noted that in the 2020 Standard Offer Service docket, it supported the solar project generally, given the philanthropic nature of the donation, the environmental benefits of renewable energy, and the capital improvements to the utility that are expected to come from the project as a whole. Accordingly, the Division stated that the requested exemptions were reasonable and in the public interest.⁷

On May 26, 2020, after reviewing the filings in this matter, the PUC approved the two exemption requests on the basis that the project provides both a public policy and a ratepayer benefit to the utility's members.

Accordingly, it is hereby,

(23851) ORDERED:

1. Block Island Utility District's request for an exemption from providing access to the retail competitive energy supply market through April 30, 2025 is hereby approved.

⁶ Wright Test. at 2-3 (May 7, 2020); <http://www.ripuc.ri.gov/eventsactions/docket/4606-BIUD-WaiverPetiton%205-7-2020.pdf>.

⁷ Div. Mem. (May 19, 2020).

2. Block Island Utility District's request for an exemption from the requirement to transfer generation to an affiliated entity and from the prohibition against selling electricity generated by the utility at retail within the service territory to allow BIUD to enter into an agreement with a donor for a solar project identified in its 2020 Standard Offer Service procurement plan and rate filing is hereby approved.

EFFECTIVE AT WARWICK, RHODE ISLAND ON MAY 26, 2020 PURSUANT TO AN OPEN MEETING DECISION ON MAY 26, 2020. WRITTEN ORDER ISSUED ON JUNE 25, 2020.

PUBLIC UTILITIES COMMISSION



Margaret E. Curran, Chairperson



Marion S. Gold, Commissioner



Abigail Anthony, Commissioner

NOTICE OF RIGHT OF APPEAL: Pursuant to R.I. Gen. Laws §39-5-1, any person aggrieved by a decision or order of the PUC may, within seven (7) days from the date of the order, petition the Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or order.