

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: THE BLOCK ISLAND POWER COMPANY :
POWER PROCUREMENT PLAN : **DOCKET NO. 4690**

REPORT AND ORDER

I. Introduction

On February 13, 2018, the Block Island Power Company (BIPCo) filed its request with the Public Utilities Commission (PUC) or (Commission), to continue its Standard Offer Procurement Plan, as previously approved by the PUC's Order No. 22968. BIPCo's filing was accompanied by prefiled testimony of its consultant, David G. Bebyn.¹ BIPCo indicated that it sought to utilize load following full requirements service contracts for a period of up to eighteen months because there had been no material change in circumstances related to BIPCo or the energy market since BIPCo's existing Standard Offer Procurement Plan was approved in November 2017. On February 15, 2018, the Division of Public Utilities and Carriers (Division) filed a letter in support of the request, and assured the PUC that its consultant, Richard Hahn of Daymark Energy Advisors, had reviewed the filing and recommended approval. On February 16, 2018, the PUC found the proposed plan to be reasonable and just and approved the filing with an immediate effective date.

¹ All filings in this docket are available at the PUC offices located at 89 Jefferson Boulevard, Warwick, Rhode Island or at [http://www.ripuc.org/eventsactions/docket/4690-BIPCo-ContinueProcurementPlan\(2-13-18\).pdf](http://www.ripuc.org/eventsactions/docket/4690-BIPCo-ContinueProcurementPlan(2-13-18).pdf).

II. BIPCo's Proposed Plan

In his prefiled testimony describing the energy procurement process, Mr. Bebyn testified that BIPCo currently purchases all the energy that it sells.² Mr. Bebyn explained that BIPCo worked with Energy New England (ENE) to develop contracts and relationships with potential suppliers with the expectation of purchasing energy for the eighteen month period of April 2017 to October 2018.³ ENE negotiated three master agreement power contracts to provide BIPCo access to the wholesale energy market. Ultimately, BIPCo purchased all its energy needs in one 100% load following full requirements contract.⁴

In this filing, BIPCo sought to continue the same power procurement plan. Because conditions have not materially changed with regards to either BIPCo's financials or the energy market, BIPCo again sought to purchase all of its energy needs in a single procurement. Mr. Bebyn explained that while it is generally undesirable for a company to purchase all of its required power supply in one solicitation, BIPCo's unique characteristics make it reasonable to deviate from standard power supply portfolio practices.⁵ Mr. Bebyn further explained that BIPCo was recently granted an additional waiver by the PUC from implementing retail choice until May 1, 2020. Therefore, BIPCo sought to develop twelve- month, fourteen-month, and eighteen-month contracts that would commence when the current \$36.77 MWH contract ends in October 2018.⁶ Mr. Bebyn opined that as a smaller wholesale market participant, it would be very challenging for

² BIPCo's connection to National Grid's undersea cable became operational on May 1, 2017. Although BIPCo maintained its own diesel generators for backup generation, BIPCo did not have to provide any back-up energy generation since the cable went live. Bebyn Test. at 1 (Feb. 13, 2018).

³ This term was chosen because the PUC granted BIPCo a waiver from implementing retail choice until October 1, 2018.

⁴ Bebyn Test. at 1-2 (Feb. 13, 2018).

⁵ Bebyn Test. at 2.

⁶ *Id.*

BIPCo to purchase multiple tranches of energy purchases. Therefore, bundling all BIPCo's requirements together as a single purchase made the best sense for BIPCo and its ratepayers. Mr. Bebyn indicated that ENE's recent energy solicitation resulted in rates ranging from \$40.20/MWH, for the twelve month period of November 2018 through October 2019, to \$44.90/MWH, for the eighteen-month period of November 2018 through April 2020. At the time of its filing, BIPCo was leaning towards a middle time frame of fourteen months, from November 2018 through December 2019, for a contract with a rate of \$41.10/MWH.

III. The Division of Public Utilities & Carriers' Position

On November 17, 2017, Jon G. Hagopian, Esq., Deputy Chief Legal Counsel of the Division, filed a letter in support of the proposed Standard Offer Procurement Plan. The Division indicated that its consultant, Mr. Richard Hahn of Daymark Energy Advisors, had participated in the review of the original Standard Offer Procurement Plan which the PUC approved. Mr. Hahn reviewed the current filing and found it to be reasonable and recommended approval.

IV. Commission's Findings

On February 16, 2018, the PUC conducted a hearing on BIPCo's proposed plan. At the hearing's conclusion, the Commission issued a bench decision, finding the proposed Standard Offer Procurement Plan with a range of three potential contract periods to be just and reasonable, in accordance with R.I. Gen. Laws §39-1-1(b).

Accordingly, it is hereby

(23099) ORDERED:

The Block Island Power Company's Standard Offer Procurement Plan is hereby approved for continuation through April 2020.

EFFECTIVE FEBRUARY 16, 2018, IN WARWICK, RHODE ISLAND, PURSUANT TO A BENCH DECISION ON FEBRUARY 16, 2018. WRITTEN ORDER ISSUED APRIL 5, 2018.

PUBLIC UTILITIES COMMISSION



Margaret R. 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 Rhode Island Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision of order.