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Memorandum

DATE: April 3, 2020

TO: Luly Massaro, Commission Clerk
Rhode Island Public Utilities Commission

FROM: Alfred Contente,
Utility Analyst

SUBJECT: Block Island Utility District (BIUD) – 2020 Demand Side Management Plan
RIPUC Docket #5013

2020 Demand Side Management Program Filing

On February 10, 2020, Block Island Utility District (“BIUD” or “District”) filed with the Rhode Island Public Utilities Commission (“Commission”) a proposed Demand Side Management (“DSM”) Program budget for calendar year 2020. The total proposed budget for 2020 is \$120,000, which is comprised of \$60,000 from projected DSM rate revenues and a grant of \$60,000 from The Rhode Island Office of Energy Resources (“OER”).

BIUD’s Introduction and Background:

Demand side management (DSM) is important because it can provide benefits to both customers as well as the electric grid. The Block Island Utility District (BIUD, the District) is proposing to establish a DSM program to provide its 1,900 customers access to energy efficiency programs that will benefit them and improve the service and reliability of the island's electric grid. A DSM program provides access and incentives for measures that allow customers to optimize their energy usage and reduce their utility bills. Reducing energy usage, particularly during peak seasons or times of day, can also have substantial benefits such as reduced grid maintenance and capital expenditures, reduced peak charges for customers, and greater service reliability.

The proposed 2020 DSM plan is based on the *Block Island Saves* pilot program. That program ran from 2015-2017 and was administered and funded solely by the OER. Based on the estimated participation numbers, the District estimates that the 2020 plan could deliver approximate annual savings of 115 MWh of electricity, 100 MMBtu of oil, and 50 MMBtu of propane.

The OER assured the investment of \$60,000 for each of the years 2020 through 2022 matching the District’s estimated \$60,000, which is based on forecast kWh sales. BIUD proposed the following Efficiency Surcharge: \$0.01/kWh for all customers during the peak months of July and August and \$0.00395/kWh for the shoulder months of May, June, September, and October as displayed in table below. There is to be no Energy Charge during the low-demand winter months. According to testimony from Richard LaCapra¹ the rate design best matches cost-causation rationale.

Proposed Block Island Utility District Rate Structure											
OFF-PEAK				SHOULDER		PEAK		SHOULDER		OFF-PEAK	
JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
				\$0.00395/kWh		\$0.01/kWh		\$0.00395/kWh			
				EFFICIENCY SURCHARGE							

It should be noted there is an expected undercollection in year 2020 as the rates are not expected to go into effect until June 1, 2020 but are calculated annually starting on May 1. The estimated \$4,026.00 shortfall is anticipated and will be adjusted for within the overall BIUD annual budget.²

The total customer count on the island is approximately 1,900, in which roughly 700 are classified commercial. All customers are eligible to participate in the program.

On the next page is a table from BIUD’s filing that summarizes the proposed 2020 Plan followed by a descriptive narrative.

¹ Testimony Richard LaCapra, pp 11-12, Dkt 4975

² Testimony Jeffery M. Wright, p 4, lines 12-15

Proposed 2020 DSM Plan Budget Allocations		
<u>Budget Category</u>	<u>Proposed Budget</u>	<u>Notes</u>
<u>Assessment & Installation</u>		
Residential Assessments and Weatherization	\$45,350.00	Energy Assessments & Weatherization
Residential HVAC & Water Heating	\$7,700.00	Programmable Thermostats; Heat Pump Water Heaters; Heat Pump Heating & Cooling Systems: Weatherization Bonus
Business Assessments, Lighting, and Weatherization	\$27,600.00	Energy Assessments, Lighting Measures, and Weatherization
Business HVAC & Water Heating	\$5,000.00	Programmable Thermostats; Heat Pump Water Heaters; Heat Pump Heating & Cooling Systems
Total	\$85,550.00	
<u>Inspection and Program Administration</u>		
Inspection Services		Inspections for Residential Weatherization; Business Direct Install measures, Lighting, and Weatherization
Program Administration		Efficiency Consultant Services
Total	\$29,200.00	
<u>Customer Outreach</u>		
Total	\$5,250.00	Advertising in Local Publications, Bill Inserts, Online, and in Community Bulletin
Total Budget	\$120,000.00	

Energy Assessments:

A no-cost energy audit will be performed and includes direct install measures for both residential and commercial buildings. In the energy audit, there is a whole building evaluation including the installation of energy efficient products such as LED light bulbs and smart power strips. Residential buildings will include the installation of low-flow shower heads and sink aerators. Commercial buildings will include the installation of motion sensors for lighting controls. The heating systems will be inspected and customers will receive an energy action plan outlining additional energy savings measures they can implement, the estimated costs, and BIUD incentives associated with those measures, as well as information and tips on how to better manage their energy use and reduce costs.

Building Heating/Cooling and Water Heating:

Rebates are available for programmable thermostats, heat pump water heaters, and heat pump heating/cooling systems as well as weatherization for both residential and commercial customers. All HVAC rebates are based on sizes and efficiency levels of equipment installed.

Energy audits and direct install measures such as light bulbs and shower heads will be installed by a vendor which will also be certified to do building weatherization. A second qualified vendor will be used to do post-installation inspections and installation of any non-direct install measures such as water heaters, thermostats and HVAC equipment. Additionally, an efficiency consultant BIUD proposes hiring will help manage the program and its implementation, including the processing of rebates, the collection of data, and reporting on program performance. The consultant will be helping oversee the programs and assisting with the Plan's implementation, the consultant will also assist the District with quarterly progress reports, which will help inform a mid-year and year-end report as well as provides guideposts for program performance throughout the year. The District will also continue to leverage OER's past experience with *Block Island Saves* by working with the office throughout the three years that funding will be available.

Outreach:

1. Bill inserts will be included with customer bills at four different times during the year to provide information about how customers can participate and highlight incentive opportunities.
2. BIUD will take out quarter page advertisements in the local publications for multiple weeks during both peak and off-peak seasons.
3. BIUD will also utilize several no-cost engagement channels, such as the community bulletin and the District's Facebook page.
4. Lastly, BIUD office staff will be trained on the programs, available offerings, and ways customers can engage with energy efficiency.

Comments and Recommendation:

As noted in the filing, this is BIUD's first DSM Program and has a proposed budget of \$120,000 of which with \$60,000 will be generated through rates. Of the total budget, \$85,550 will go towards assessments and installations which provide direct customer benefits and \$34,450 is budgeted for administration and outreach. Since the budget includes funding from OER, the direct benefits to customers exceed the amounts generated through rates by almost 1.5 times. Though the Division didn't conduct a detailed review of each of the individual proposed programs, based on our reading of the proposal and the fact that the direct benefits exceed the amounts generated through rates, we believe the program will be beneficial to ratepayers and recommend the Commission approve BIUD's 2020 DSM Program as filed. On March 23, 2020, the Public Utilities Commission issued several data requests in this docket and responses are currently pending. Though the Division doesn't expect the responses to impact our recommendation, the Division reserves its right to update its position after review of the data responses.