

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

IN RE: BLOCK ISLAND UTILITY DISTRICT :
DEMAND SIDE MANAGEMENT PLAN : **DOCKET NO. 5244**
2022 PROGRAM YEARS :

REPORT AND ORDER

On March 31, 2022, Block Island Utility District (BIUD) filed with the Public Utilities Commission (Commission) its third Demand Side Management Plan (Plan).¹ The Plan budget was set at \$119,540, to be funded through a combination of \$60,000 in revenues from utility rates and a \$36,811 carryover of unspent funds from program year 2021. BIUD continued to be eligible for a \$60,000 grant offered by the Office of Energy Resources (OER) from the Renewable Greenhouse Gas Initiative (RGGI) fund.²

The Plan was a continuation of the prior year's approved plan and was designed to provide energy assessments, efficient lighting, water- and energy-saving devices, and rebates for weatherization for residents and businesses. It would also provide heating and water heating rebates to all customers, including rebates for various types of electric heat pumps and programmable thermostats. The budget also included funding for program administration and inspections of completed work, along with advertising and outreach.³ Although there was growth in program participation in 2021, it still fell short of expectations. The Plan highlighted the difficulties BIUD and its consultants faced in 2021 which inhibited delivery of the plan, including staffing and contractor availability.⁴ BIUD found that direct outreach to customers on the island,

¹ A copy of the Amended DSM Plan submitted on May 18, 2022 as a compliance filing is attached as Appendix A. All filings in this matter can be accessed from the Commission's website at <https://ripuc.ri.gov/eventsactions/docket/5244page.html> or at the Commission's office at 89 Jefferson Blvd., Warwick, RI.

² Plan at 5-6; BIUD Response to PUC 1-2.

³ Plan at 7-16.

⁴ Plan at 4.

particularly businesses, was the most effective tool for growing participation. BIUD will continue such efforts in 2022.⁵

On May 6, 2021, the Division of Public Utilities and Carriers (Division) submitted a memorandum summarizing the filing. The Division made several recommendations including that BIUD should continue its personal outreach to promote audits and schedule visits for audits and that BIUD should begin to consider ways in which it can simplify the DSM program to focus on measures and programs for which actual demand exists and which result in actual energy savings; Although concerned with the low participation in the program to date, the Division supported the 2022 Plan and recommended the approval of its budget. The Division also recommended BIUD correct certain errors in Schedules 1 and 2.⁶

On May 10, 2022, the Commission conducted an evidentiary hearing at its offices in Warwick, Rhode Island. BIUD presented its President, Jeffrey Wright, Dr. Katherine Johnson of Johnson Consulting Group, Jake Millette of Michaels Energy, and David Bebyn, its accountant. In response to questions from the Division, Mr. Wright described difficulties in delivering the program, including challenges engaging owners of rental units and busy business owners. BIUD

⁵ *Id.* at 4-5.

⁶ Munoz Mem. (May 4, 2022); The Division included six recommendations in its memorandum. Munoz mem. at 4-5. “1. The Division recommends that the BIUD continue its personal outreach to promote audits and schedule similar visits, such as the one held on October 18, 2021, if it finds there is not the anticipated pent-up demand for audits. 2. The Division would like to evaluate the best way to continue funding the plans after 2023. The Division recommends that the BIUD begin to consider in its rationale for maintaining the current rate design a full funding of the DSM plan from the customer DSM surcharge alone. 3. The Division also recommends that the BIUD begin to consider ways in which it can simplify the DSM program to focus on measure and programs for which actual demand exists and which result in actual energy savings. 4. The Division also recommends the Commission order BIUD to perform a quantitative benefits-cost analysis to the electric power system in the 2023 Plan filing, prior to the Program Year 2022 reporting period (ending May 31, 2023). The Division believes that this recommendation provides sufficient time for BIUD to complete the analysis and we fully expect the results to be incorporated into the 2023 Plan filing. 5. Although the Division is disappointed with the limited success of the program to date and in the BIUD’s lack of reporting of benefits of the program, the Division recognizes that the program was launched at an inopportune and difficult time, over which BIUD did not have any control or foreseeability. Therefore, the Division will support the 2022 Plan and recommends the approval of its budget this year. 7 However, the Division expects to see more data-driven analysis of the overall benefits and costs of the program. The Division will revisit its support of future DSM plans based on submitted benefit-to-cost analysis. 6. Finally, the Division recommends that the BIUD refile Schedules 1 and 2 to address the errors in calculation noted in Footnote 3.”

indicated it did not object to any of the recommendations contained in the Division's memorandum.⁷

In response to questions about funding, Mr. Wright explained that to date, BIUD has not used any RGGI funds, but instead, has funded the entire spending amounts through the per kWh charge to customers, instead deferring the use of RGGI funds.⁸ Although audits and rebates constitute eligible expenses for the RGGI funding, Mr. Wright stated that BIUD had not yet requested release of any RGGI funding to cover the actual audit and rebate expenses it had incurred during the 2020 and 2021 program years.⁹ Mr. Wright further indicated that OER had committed \$60,000 per year for a total of \$180,000. This was the same commitment that had been included in the 2020 and 2021 filings. The commencement of funding from RGGI had been pushed out for two years such that \$180,000 was still available at \$60,000 per year.¹⁰ In response to questioning from the bench, Mr. Wright explained his belief that eligible expenses would be split 50/50 between ratepayers and RGGI funding. He stated that because of the small amount of spend, the entire commitment had simply been extended for another three years with no spending from the RGGI funds.¹¹

The OER presented Nathan Cleveland for the sole purpose of responding to questions from the Commission with respect to the confusion about the availability and use restrictions of RGGI funds.¹² Mr. Cleveland explained that OER had made \$180,000 available to BIUD over a period of three years to support the DSM program.¹³ He indicated that the funding does not operate as a "use-it-or-lose-it" mechanism. In other words, if BIUD only required \$10,000 of the \$60,000 in

⁷ Hr'g. Tr. at 65-66.

⁸ *Id.* at 60-61

⁹ *Id.* at 62-63.

¹⁰ *Id.* at 71-76.

¹¹ *Id.* at 75-76.

¹² *Id.* at

¹³ *Id.* at 118-119.

one year, it could roll the remaining \$50,000 over to the following year. If, at the end of the third year, there were still funds remaining from the original \$180,000, Mr. Cleveland explained that an extension of the period for which funding would be available would likely be granted. He also stated that if BIUD provided invoices for eligible expenses from the 2021 Plan, those would be covered by the RGGI funding.¹⁴ He clarified that while RGGI funding had initially assumed a 50/50 split of RGGI and ratepayer funding, the RGGI portion “of the budget has been and is available to [BIUD].”¹⁵ He reiterated that the RGGI funds are available for all eligible measures without any matching requirement from BIUD.

Following the testimony of BIUD’s witnesses and Mr. Cleveland, the Division’s witness, Joel Munoz testified that while he still supported the recommendations made in his May 4, 2022 memorandum, he clarified that the Division recommended BIUD pay for any eligible expenses – including those incurred for the 2021 Plan¹⁶ - with RGGI funding prior to using ratepayer funding

On May 18, 2022, BIUD filed an Amended DSM Plan that included updated savings numbers, provided further detail on the budget expense budget allocations, and updated revenues based on more recent billing data. Instead of a \$36,811 carryover, there was now a surplus of \$49,359. This resulted in a proposed reduction of the DSM charge from \$0.022 per kWh to \$0.0007 per kWh for the period May 2022 through October 2022.¹⁷

At an Open Meeting held on May 19, 2022, the Commission reviewed the record and approved the Amended DSM Plan with a DSM charge of zero, finding that the availability of RGGI funding combined with the carry-over of unspent funds from the 2021 program year was

¹⁴ *Id.* at 120-125.

¹⁵ *Id.* at 129-130.

¹⁶ *Id.* at 133.

¹⁷ Amended DSM Plan.

sufficient to fund the 2022 DSM program. The Commission also required the Annual Report contemplated by the DSM plan to be filed no later than July 31, 2022.

The Commission notes that for the second year in a row, the DSM Plan has not been as successful as hoped. While this is in part because of COVID-19 impacts and staffing challenges, some of the challenges appear to be likely more persistent, including a shortage of available contractors willing to travel to the island. The Commission is led to wonder if the Plan is sufficiently connected to actual needs and costs facing those on the island and whether the components of the plan are realistic given available contractor supply and customer demand. The utility has routinely explained that Block Island is different from other places in Rhode Island and that it needs state officials to appreciate that uniqueness. BIUD should ensure it is incorporating as much community participation into the development of the Plan as possible. In addition, BIUD should review its administrative expense to determine whether cost efficiencies could be achieved from changing their Plan development and administration model. The Commission appreciates that BIUD is cognizant of the challenges and expects that the utility will consider modifications to the Plan as it deems necessary in next year's filing.

Accordingly, it is hereby,

(24610) ORDERED:

1. Block Island Utility District's demand side management charge, effective May 1, 2022 shall be \$0.00 per kWh.
2. Block Island Utility District's Amended 2022 DSM Plan is approved with the ordered modification to the proposed rate.
3. Block Island Utility District shall file its Annual Report for the 2021/2022 Program Year by July 31, 2022.

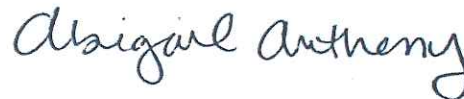
4. Block Island Utility District's Compliance filing made on June 6, 2022, removed the DSM charge.
5. Block Island Utility District shall comply with all other orders and requirements of this Order.

EFFECTIVE AT WARWICK, RHODE ISLAND ON JUNE 1, 2021, PURSUANT TO AN OPEN MEETING DECISION ON MAY 19, 2022. WRITTEN ORDER ISSUED MARCH 1, 2023.

PUBLIC UTILITIES COMMISSION



Ronald T. Gerwatowski, Chairman



Abigail Anthony, Commissioner



John C. Revens, Jr., 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.