



STATE OF RHODE ISLAND

DIVISION OF PUBLIC UTILITIES & CARRIERS

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Memorandum

DATE: May 26, 2023

TO: Luly Massaro
Clerk, Public Utilities Commission

FROM: Joel A. Munoz
Assistant to the Chief Accountant, Division of Public Utilities and Carriers

SUBJECT: Docket No. 23-15-EE
Block Island Utility District - 2023 Demand Side Management Plan

BACKGROUND

To date, the Block Island Utility District (BIUD) has filed four consecutive annual Demand Side Management (DSM) Plans. The first iteration of BIUD DSM Plan was filed with the Public Utilities Commission (Commission) on February 10, 2020 (the 2020 Plan). The 2020 Plan had a budget of \$120,000, funded by a combination of \$60,000 in revenue from a per kWh charge to customers (the DSM charge) and a \$60,000 grant from the Office of Energy Resource's (OER) Renewable Greenhouse Gas Initiative (RGGI) fund.¹ Due to the COVID-19 pandemic and the late launching of the 2020 Plan, the second iteration of the BIUD DSM Plan filed on March 30, 2021 (the 2021 Plan) had a \$99,540 carryover of unspent funds. The 2021 Plan had a proposed budget of \$159,540, which included the substantial carryover plus a collection of \$60,000 in DSM charges to ratepayers.² The Commission at its Open Meeting on May 26, 2021, disallowed \$40,000 in unallocated, roll-over funds and level-set the budget at approximately \$120,000. The third iteration of the BIUD DSM Plan filed in Docket No. 5244 on March 31, 2022 (the 2022 Plan) had a carryover \$36,811, another grant of \$60,000 from OER, and a budget of \$119,540. The

¹ OER allocated a total of \$180,000 in RGGI auction proceeds disbursed over three years to support the annual BIUD DSM Plans from 2020-2022.

² BIUD agreed to defer the \$60,000 RGGI grant from OER until 2023 because of the substantial carryover from 2020.

Commission held an evidentiary hearing on May 10, 2022 and discovered that BIUD had not yet used any RGGI funds and instead had been funding all DSM Plan expenses through the DSM charge. The Division of Public Utilities and Carriers (Division) made a series of recommendations including recommending that BIUD use RGGI funds to cover all eligible expenses prior to the use of ratepayer monies, including reaching back into the 2021 Plan expenses. The BIUD filed an amended 2022 DSM Plan on May 17, 2022 with an increased carryover and a lower DSM charge. At its Open Meeting on May 19, 2022, the Commission found that availability of carry-over in unspent funds from the 2021 Plan was sufficient to fund the 2022 Plan and therefore ordered that the DSM charge be \$0.00 per kWh.³ The fourth and most recent iteration of the BIUD DSM Plan was filed on April 22, 2023 (the 2023 Plan). The 2023 Plan has no DSM charge to ratepayers, a budget of \$93,160, an estimated customer funded carryover of \$28,464, an estimated RGGI funding carry over of \$44,628, plus another \$60,000 in RGGI funding from OER.

Table 1: Demonstrates the surcharges, proposed budgets, and the amounts of the budgets spent for all the BIUD DSM Plans filed to date.⁴

Plan Year	Peak Months per kWh	Shoulder Months per kWh	Proposed Budgets	Actual Spend
2020	\$0.01000	\$0.00395	\$120,000	\$20,460
2021	\$0.00330	\$0.00132	\$159,540 ⁵	\$83,189
2022	\$0.00000	\$0.00000	\$119,540	\$31,454
2023	\$0.00000	\$0.00000	\$ 93,160	TBD

COMMENTS

The Division has reviewed the 2023 Plan and finds that the BIUD has made modifications to its DSM plan consistent with both the Division and Commission’s recommendations and comments, hired a new consultant, ENE, which also happens to be the implementation contractor, filed an annual report with cost-effectiveness analysis as required by Commission Order No. 24610. The Division also finds that there is more than sufficient carryover of DSM charge monies collected in previous years as well as RGGI money carryover and another installment of \$60,000 from OER to support the 2023 Plan.

Based on Table 1 (above), the Division remains concerned about the overall success of the DSM program as it continues to fall short of expectations. The major barriers remain availability of contractors willing to travel to and work on the island and difficulty engaging owners of rental units and busy business owners. The BIUD continues to use its direct outreach to customers as an effective tool to address these barriers. The BIUD also reviewed the administrative component of its plan and acting by synergizing its consultant/program administrator and its implementation contractor into one. As recommended by the Division and ordered by the Commission, all eligible

³ Commission Order No. 24610 at page 5.

⁴ The Peak Months include July and August. The Shoulder Months include May, June, September, and October. There is no surcharge for the Off-Peak Months of November, December, January, February, March, and April.

⁵ Commission Order No. 24094 disallowed \$40,000 in unallocated, roll-over funds and allowed a total budget of \$119,540.

expenses are paid with RGGI monies first and then administrative costs are funded by previously collected DSM charges to ratepayers.

As a ratepayer advocate, the Division finds little risk and even less harm to ratepayers in approving the 2023 Plan as filed by BIUD because there is no charge to them at all. For those who do take advantage of the programs offered, there will be a benefit to those residential and/or business owners. The BIUD has sufficient funds to continue to explore the true nature of demand on the island for these programs and to right-size the program to that demand. The BIUD will have time to gather more information that will inform future filings. As laid out in Order# 24610, OER has made clear that the RGGI funding does not operate under a “use it or lose it” mechanism and that the monies not used in one plan year may be rolled over to the next year.⁶ Also, OER has stated that an extension of the period for which funding would be available would likely be granted.⁷ Therefore, the 2023 Plan should be approved as filed in order to give the BIUD and its new consultant the opportunity to see if their modifications to the plan, including increases in incentives, will yield a higher demand and participation level among the island’s customers. The Division would recommend that the BIUD continue to file annual reports, explore collaboration with the Block Island Solar Initiative, leverage other funding sources such as the Inflation Reduction Act, and utilize the cohort model to group together jobs for contractors to work on per trip to the island. Finally, the Division would recommend that the Commission consider waiving an evidentiary hearing in this case because there is no rate or charge whatsoever to ratepayers.

⁶ Commission Order No. 24610 at page 3.

⁷ Id. at page 4.