

State of Rhode Island

Public Utilities Commission

Minutes of Open Meeting Held on December 20, 2022

An Open Meeting of the Public Utilities Commission (Commission or PUC) was held Tuesday, December 20, 2022 at 9:30 A.M. in Hearing Room A, 89 Jefferson Boulevard, Warwick, Rhode Island to discuss, deliberate, and/or vote on the following dockets.

In attendance: Chairman Ronald Gerwatowski, Commissioner Abigail Anthony, Commissioner John Revens, Patricia Lucarelli, John Harrington, Todd Bianco, Emma Rodvien, Alan Nault and Luly Massaro.

- I. Chairman Gerwatowski called the Open Meeting to order at 9:30 A.M. A quorum was present.
- II. **Renewable Energy Resource Eligibility Applications** – The Commission reviewed and voted on the applications submitted in the following dockets:

Docket No. 22-30-RES – Parkview Exchange LLC– The Company applied for eligibility of the Parkview Exchange – Bldg 3 Generation Unit. PUC consultant recommended approval. Chairman Gerwatowski asked for motion to accept PUC consultant’s recommendation to approve the application and Commissioner Anthony so moved. Commissioner Revens seconded the motion and the motion was unanimously passed. **Vote 3-0.**

The Commission considered the next three dockets together. These facilities are not yet operational. PUC consultant recommended conditional approval:

- **Docket No. 22-37-RES – GD West Greenwich Nooseneck I, LLC’s** application for eligibility of the GD West Greenwich Nooseneck I, LLC (South Array) Generation Unit.
- **Docket No. 22-38-RES – GD West Greenwich Nooseneck I, LLC’s** application for eligibility of the GD West Greenwich Nooseneck I, LLC (North Array) Generation Unit.
- **Docket No. 22-46-RES – Ecogy Energy RI XIV LLC’s** applications for eligibility of the OSJL Cranston Ecogy Rooftop Solar Project Generation Unit.

Chairman Gerwatowski asked for motion to accept PUC consultant’s recommendation to conditionally approve the applications and Commissioner Anthony so moved. Commissioner Revens seconded the motion and the motion was unanimously passed. **Vote 3-0.**

- III. **Docket No. 22-40-EE – Pascoag Utility District** - Pascoag Utility submitted its Demand Side Management (DSM) Program for Year 2023, including proposed

budget and associated charge effective for consumption January 1, 2023. The Commission deliberated and voted as follows:

Chairman Gerwatowski moved to approve the Pascoag Utility District's 2023 Demand Side Management Programs and associated budget as filed. Commissioner Anthony seconded the motion and the motion was unanimously passed. **Vote 3-0.**

Chairman Gerwatowski moved to approve a factor of \$0.0033 per kilowatt-hour in accordance with R.I. Gen. Laws §39-2-1.2, with \$0.003 per kilowatt-hour to be applied to the Demand Side Management Programs and \$0.0003 per kilowatt-hour to be administered by the Rhode Island Commerce Corporation for renewable energy programs. This rate shall apply to energy consumed on or after January 1, 2023. Commissioner Anthony seconded the motion and the motion was unanimously passed. **Vote 3-0.**

Chairman Gerwatowski moved to approve Pascoag Utility District's Revised Demand Side Management Tariff filed November 29, 2022. Commissioner Anthony seconded the motion and the motion was unanimously passed. **Vote 3-0.**

The Commission ordered that Pascoag Utility shall file its 2024 DSM Filing not later than November 1, 2023.

- IV. **Docket No. 22-41-EL - Pascoag Utility District** - Pascoag Utility submitted proposed rate changes arising out of the reconciliation of its tariff adjustment provisions for the Power Supply Service, Transmission Charge and Purchase Power Restricted Fund Credit Reconciliation effective for consumption January 1, 2023. The Commission review the record and voted:

Chairman Gerwatowski moved to approve Pascoag Utility's Power Supply Service Charge of \$0.068549 per kWh for usage on and after January 1, 2023. Commissioner Anthony seconded the motion and the motion was unanimously passed. **Vote 3-0.**

Chairman Gerwatowski moved to approve Pascoag Utility's Transmission Charge of \$0.048506 per kWh for usage on and after January 1, 2023. Commissioner Anthony seconded the motion and the motion was unanimously passed. **Vote 3-0.**

Chairman Gerwatowski moved to terminate Pascoag Utility's Purchase Power Restricted Fund credit as of January 1, 2023. Commissioner Anthony seconded the motion and the motion was unanimously passed. **Vote 3-0.**

Chairman Gerwatowski moved to approve Pascoag Utility's supply procurement plans as required by R.I. Gen. Laws § 39-1-27.8. Commissioner Revens seconded the motion and the motion was unanimously passed. **Vote 3-0.**

V. **Docket No. 4290 – Dept. of Human Services (DHS)** - In accordance with statute, DHS submitted the Low-Income Home Energy Assistance Program (LIHEAP) Plan rates for calendar year 2023 applicable to any person taking service from an electric and gas distribution company. DHS requested that the Commission set the monthly LIHEAP charge for each electric or gas distribution customer, or, in the alternative, set the charge at an equivalent monthly amount so as not to exceed the statutory annual funding cap of \$7,500,000. The Division filed a memorandum summarizing its review of DHS' request and recommended approval of a LIHEAP charge of \$0.79 applicable to electric and gas distribution customers for effect January 1, 2023. Setting the charge at \$0.75 is designed to achieve \$7.5 million. After review, Chairman Gerwatowski moved to approve a LIHEAP charge of \$0.79 as recommended by the Division. Commissioner Anthony seconded the motion and the motion was unanimously passed. **Vote 3-0.**

VI. **Docket No. 4978 - The Narragansett Electric Co. d/b/a Rhode Island Energy (Company)** - This docket relates to Rhode Island Energy's Last Resort Service (LRS) rates submitted pursuant to the LRS Procurement Plan approved in this docket. On November 3, 2022, the Company submitted proposed base Last Resort Service Rates for the Industrial Group for the period January 1, 2023 through March 31, 2023. The filing included a motion for protective treatment of confidential procurement records. The Division submitted a memorandum summarizing its review and finding that RI Energy's proposed Last Resort Service rates are correctly calculated and comply with the approved Last Resort Procurement Plan approved on July 23, 2020.

After review, Chairman Gerwatowski moved to approve the Company's LRS Rates for the Industrial Group for the period for the period January 1, 2023 through March 31, 2023. Commissioner Anthony seconded the motion and the motion was unanimously passed. **Vote 3-0.**

Chairman Gerwatowski moved to approve the Company's request for protective treatment of confidential procurement records. Commissioner Anthony seconded the motion and the motion was unanimously passed. **Vote 3-0.**

VII. **Docket No. 22-50-EL – The Narragansett Electric Co. d/b/a Rhode Island Energy** – The Company submitted a tariff advice filing to create a new tariff that will govern the utilization of RGGI funds to provide relief for the A-60 rate class for effect February 1, 2023. The Company will apply \$1.5 million of RGGI funds as bill credits in the amount of \$41.46 on A-60 customer's bills in February 2023. After review, Chairman Gerwatowski moved to approve the tariff. Commissioner Anthony seconded the motion and the motion was unanimously passed. **Vote 3-0.**

VIII. **Docket No. 22-45-EL – The Narragansett Electric Co. d/b/a Rhode Island Energy** - Pursuant to the Long-Term Contracting for Renewable Energy Recovery Provision (LTC Recovery Provision), RI Energy submitted its LTC Recovery Factor for the period January 2023 through June 2023. The Company is proposing a LTC Recovery Factor that is a credit of \$0.00267 per kWh, applicable to all customers, effective

January 1, 2023. The Division submitted a memorandum summarizing its review and supported approval of the proposed factor. After review, Chairman Gerwatowski moved to approve the credit as filed by the Company and recommended by the Division. Commissioner Anthony seconded the motion and the motion was unanimously passed. **Vote 3-0.**

- IX. **Docket No. 22-33-EE – The Narragansett Electric Co. d/b/a Rhode Island Energy (Company)** – On September 30, 2022, RI Energy submitted its annual Energy Efficiency Program Plan for 2023. The Plan includes proposed budgets to implement the electric and natural gas energy efficiency programs to Rhode Island energy consumers and the associated Energy Efficiency Program (EEP) charges to be collected from its electric and gas customers effective January 1, 2023. The Commission discussed the Company’s proposed Energy Efficiency Program Plan. The outstanding issues were deliberated and voted:

Resistance Heating Program

Commissioner Anthony took notice of the RI Energy Efficiency Market Potential Study prepared by Dunsy Energy Consultants. This study was prepared for the Energy Efficiency Resource Management Council (EERMC) and filed in Docket No. 5023. Commissioner Anthony noted that the Dunsy study found that electric resistance to heat pump conversions was the number one residential and residential low-income electric energy measure during the period 2021-2026. The study also indicated that the energy efficiency provider could ramp up over three years (from 2021-2023), to a point where they would be conducting 750 electric resistance to heat pump residential conversions, with about 75% in non-income eligible residences and about 25% in income-eligible residences. The Dunsy study found that approximately 7% of Rhode Island residential customers heat their home with electric resistance, similar to the 8% figure cited by the company’s witness.

Commissioner Anthony moved that the Commission direct the Company to file with the Commission, the EERMC and the Division, within 60 days, a plan for ramping up to 750 electric resistance to high efficiency heat pump conversions annually in the next three years. Approximately 25% of those conversions should be in income eligible residences. Commissioner Revens seconded the motion and the motion was unanimously passed. **Vote 3-0.**

The Commission expects the Company to achieve the 750 benchmark. If 750 is impossible, then the Company can propose a different number and provide evidence to justify that number. Commissioner Anthony said the Commission expects the plan should include any incremental electric resistance to heat pump conversion incentives that the Company can include in the program year 2023 energy efficiency plan. Also, the plan should include any additional spending the Company will need for those incentives and include adjustments to the performance incentives mechanism for any additional expenses or savings the company would realize. The Company should also include a plan for identifying electric resistance customers, identifying the benefits and costs associated with these conversions, identifying critical challenges, and proposing methods to overcome those challenges.

Budget Reallocations

Commissioner Anthony moved to direct the Company to make the following budget reallocations:

- That the Company reallocate \$1,092,000 million, specifically \$900,000 from the income eligible multi-family and \$192,000 from income eligible single-family, from the fuel switching program to the electric resistance to heat pump conversion study. .
- That the Company reallocate \$93,750 from the electric innovation pipeline, specifically \$31,250 from the C&I innovation pipeline and \$62,500 from the Residential innovation pipeline to the electric resistance to heat pump conversion study
- That the Company maintain their EM&V budget at \$2.4 million and reallocate the difference to the electric resistance to heat pump conversion study.
- That the company reallocate \$37,132 from the electric moderate-income incentives to the electric resistance to heat pump conversion study. This budget amount is no longer needed to provide moderate income incentives because the Company indicated that RIGG funds is available for this.

Commissioner Revens seconded the motion and the motion was unanimously passed. **Vote 3-0.**

Commissioner Anthony requested that the Company show the reallocation as a new line under regulatory on Table E-2 and subsequent tables when they submit their compliance filing.

Commissioner Anthony moved to direct the Company to reduce the gas program budget by \$54,486 from the moderate-income incentives because it is funded by RIGG funds. Commissioner Revens seconded the motion and the motion was unanimously passed. Vote 3-0.

Allocation to Office of Energy Resources (OER) and EEMRC Budgets

Chairman Gerwatowski moved to provide OER the full allocation of 60% of 3% of the amount collected under the SBC charge. Commissioner Anthony seconded the motion and the motion was unanimously passed. **Vote 3-0.**

Commissioner Anthony moved to approve the EEMRC's revised budget as filed on November 23, 2022 subject to the statutory cap contained in R.I. Gen. 39-2-1.2. The motion was seconded by Commissioner Revens and unanimously passed. **Vote 3-0.**

After discussion regarding the reporting of outstanding expenses/invoices not paid to EEMRC and adjustment to the fund balance, Atty. John Harrington framed a motion that the Commission order the Company to transfer the fund balance any funds remaining from the 2022 budget allocation per the EERMC and the funds remaining from the transfer of the EERMC bank account after retaining sufficient funds to account for any invoices already received but not yet paid and retaining a reasonable estimation of funds needed to pay further invoices that are not yet been

received for 2022. Chairman Gerwatowski moved to adopt the motion and Commissioner Anthony seconded the motion. The motion was unanimously passed. **Vote 3-0.**

Updated Spending Forecast

Chairman Gerwatowski moved to require the Company to make an updated spending forecast filing by no later than June 30, 2023. Commissioner Anthony seconded the motion and the motion was unanimously passed. **Vote 3-0.**

Energy Efficiency Program Budgets

Commissioner Anthony moved to approve Rhode Island Energy's proposed electric energy efficiency budget as filed on November 29, 2022 subject to the modifications the Commission made at this Open Meeting and updated fund balance projections. Chairman Gerwatowski seconded the motion and the motion was unanimously passed. **Vote 3-0.**

Commissioner Anthony moved to approve Rhode Island Energy's proposed gas energy efficiency budget as filed and corrected by the Company, and as modified by the Commission at this Open Meeting and any updated fund balance projections. Commissioner Revens seconded the motion and the motion was unanimously passed. **Vote 3-0.**

After discussion to set the System Benefit Charge (SBC), Commissioner Anthony moved to set the SBC to collect to \$95 million plus the recalculated Performance Incentive Mechanism (PIM), Commissioner Revens seconded the motion and the motion was unanimously passed. Vote 3-0. Commissioner Revens moved to reconsider the prior motion. Commissioner Anthony seconded the motion and the motion was unanimously passed Vote 3-0. Atty. John Harrington then framed a motion that the Commission direct the Company to set the SBC to collect \$95 million plus the recalculated Performance Incentive Mechanism (PIM), minus other sources of funding. After reconsideration, Commissioner Revens moved to adopt this motion to set the SBC. Commissioner Anthony seconded the motion and the motion was unanimously passed. **Vote 3-0.**

Unspent Ratepayer Funds – Refund

The company underspent ratepayer funds by approximately \$38.7 million. Given the energy price crisis, the Commission was not comfortable having the company hold on to this amount, specially, when relief is needed and it could be used by customers during January, February and March. The Commission reached a consensus to direct the Company to refund unspent ratepayer funds of \$20 million.

Based on the discussion, Staff Todd Bianco framed a motion to direct the Company to set a rate based on kWh projected to be sold in January, February and March to return \$20 million to customers and then propose a rate effective April 1 for the remaining kWh in 2023 to collect consistent with the Commission's previous votes the remaining unnecessary funds for the energy efficiency programs.

Commissioner Revens moved to adopt this motion. Commissioner Anthony seconded and the motion was unanimously passed. **Vote 3-0.**

Chairman Gerwatowski moved that the Commission direct the Company to submit a compliance filing by the close of business December 21, 2022. Commissioner Anthony seconded the motion. The motion was unanimously passed. **Vote 3-0.**

Chairman Gerwatowski moved that the Commission authorize the Company to implement the programs described in the 2023 plan as modified by Commission's previous motions in this docket. and Commissioner Anthony seconded the motion. The motion was unanimously passed. **Vote 3-0.**

- X. There being no further business to discuss, the Chairman adjourned the Open Meeting at 10:52 A.M. A web video of the Open Meeting discussion can be accessed at <https://video.ibm.com/channel/WqQyXw296dg>.