

# McElroy & Donaldson

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May 7, 2020

Luly E. Massaro, Clerk  
Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, RI 02888

Re: Block Island Utility District –  
Waiver Request under R.I.G.L. § 39-1-27(g) – Docket No. 4606

Dear Luly:

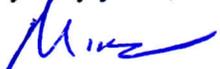
As you know, this office represents Block Island Utility District (BIUD).

Enclosed for filing in this matter is the following:

1. Petition of BIUD pursuant to R.I.G.L. § 39-1-27(g) for exemption (1) from the requirement to transfer ownership of generation facilities to an affiliated company, and (2) from the prohibition against selling electricity at retail. Both requests are related to the installation and operation of a rooftop solar project on BIUD's buildings. The project is being donated to BIUD.
2. Direct testimony of Jeffery Wright, President of BIUD in support of this request.

If you have any questions or you need any further information, please feel free to call.

Very truly yours,

  
Michael R. McElroy

MRMc:tmg  
cc: Service List

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

IN RE: BLOCK ISLAND UTILITY DISTRICT : DOCKET No. 4606  
PETITION PURSUANT TO R.I.G.L. § 39-1-27(g) :

PETITION OF BLOCK ISLAND UTILITY DISTRICT PURSUANT TO R.I.G.L. § 39-1-27(g) FOR EXEMPTION (1) FROM THE REQUIREMENT TO TRANSFER OWNERSHIP OF GENERATION FACILITIES TO AN AFFILIATED COMPANY, AND (2) FROM THE PROHIBITION AGAINST SELLING ELECTRICITY AT RETAIL

1. Pursuant to the R.I.G.L. § 39-1-27(d), “. . . electric distribution companies shall be prohibited from selling electricity at retail and from owning, operating, or controlling generation facilities, although such facilities may be owned by affiliates of electric distribution companies.”

2. Pursuant to R.I.G.L. § 39-1-27.6(b)(1), “the employees of the electric distribution company engaged in distribution system operations must function independently of its employees, or the employees of any of its affiliates, who are engaged in the business of a nonregulated power producer,” among other standards of conduct imposed as a result of deregulation.

3. Chapter 357 of the Public Laws of 1997 enacted a provision which allowed certain electric utilities to request an exemption from the Utility Restructuring Act (or any provision thereof) upon certain requirements and conditions. (R.I.G.L. § 39-1-2(26)).<sup>1</sup>

4. R.I.G.L. § 39-1-27(g) provides:

After notice and public hearing, the commission may exempt electric distribution companies subject to this paragraph from: (1) the requirement to transfer ownership of generation and transmission facilities to affiliated

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<sup>1</sup> An exemption request can be requested under this subsection if (1) “the utility is not selling or distributing electricity outside of the service territory in effect for that utility on the date of passage of the Utility Restructuring Act”; and (ii) “the number of kilowatt hours sold or distributed annually by the utility to the public is less than five percent (5%) of the total kilowatt hours consumed annually by the state.” BIUD meets those tests.

companies pursuant to subsection (a); and (2) the prohibition against selling electricity at retail pursuant to subsection (d) of this section with respect to sales within the service territory of such electric distribution company, **if it determines that such exemptions are in the public interest.** (Emphasis added).

5. As set forth in the Supporting Testimony of Jeffery Wright, President of BIUD, there are a number of reasons why granting the exemptions requested by BIUD is in the public interest.

6. The purpose of these exemptions is to facilitate the installation and operation of a small rooftop solar project on certain buildings located on the BIUD property. This project is valued at about \$300,000 and is being donated to BIUD.

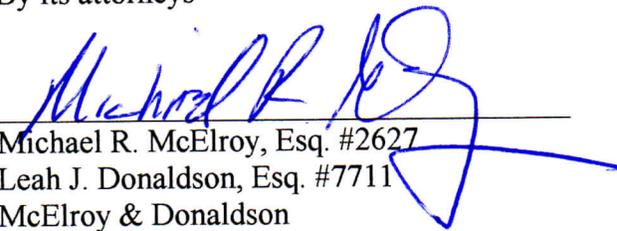
7. If the waivers are granted, BIUD will own and operate the solar generation project. The power generated (and the related Renewable Energy Certificates) will be sold to produce revenue for BIUD. As required by the donor, the revenues will be dedicated to making capital improvements on BIUD's electric system.

WHEREFORE, BIUD respectfully requests that, in the public interest, and pursuant to the authority granted in R.I.G.L. § 39-1-27(g), BIPCo be granted exemptions from the Utility Restructuring Act as follows:

1. Exempt BIUD from the URA's requirement that it transfer ownership of the proposed rooftop solar generation facility; and
2. Exempt BIPCo from the URA's prohibition against selling to its customers the electricity generated by the solar rooftop generating facility at retail within its service territory.

Respectfully submitted,  
BLOCK ISLAND UTILITY DISTRICT  
By its attorneys

Dated: May 7, 2020



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**CERTIFICATE OF SERVICE**

I hereby certify that on the 7<sup>th</sup> day of May, 2020, I sent a copy of the foregoing to the attached service list.

  
\_\_\_\_\_  
Theresa Gallo

**Docket No. 4606 – Block Island Power Co. – Waiver/Exemption Requests  
under R.I.G.L. § 39-1-27 Service List as of 4/21/17**

<b>Name/Address</b>	<b>Email</b>	<b>Phone</b>
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Shirlyn Gobern, Interim Town Manager	<a href="mailto:townmanager@new-Shoreham.com">townmanager@new-Shoreham.com</a> ;	
<b>File an original &amp; nine (9) copies w/:</b> Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	<a href="mailto:Luly.massaro@puc.ri.gov">Luly.massaro@puc.ri.gov</a> ; <a href="mailto:Cynthia.WilsonFrias@puc.ri.gov">Cynthia.WilsonFrias@puc.ri.gov</a> ; <a href="mailto:Alan.nault@puc.ri.gov">Alan.nault@puc.ri.gov</a> ; <a href="mailto:Margaret.Hogan@puc.ri.gov">Margaret.Hogan@puc.ri.gov</a> ; <a href="mailto:Todd.bianco@puc.ri.gov">Todd.bianco@puc.ri.gov</a> ;	401-780-2107
<b>Interested Persons</b>		
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Huma McGhee	<a href="mailto:Huma.mcghee@biaero.com">Huma.mcghee@biaero.com</a> ;	908-626-0500
Mike Delia & Maggie Delia	<a href="mailto:mikdelia@biaero.com">mikdelia@biaero.com</a> ; <a href="mailto:maggie@biaero.com">maggie@biaero.com</a> ;	908-268-8116
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**Direct Testimony  
of  
Jeffery M. Wright  
Regarding Waiver Request under  
R.I. General Laws 39-1-27(g)**

**Block Island Utility District d/b/a Block Island Power Company**

**Docket No. 4606**

**May 7, 2020**

1 **Q. Please state your name and business address for the record.**

2 A. My name is Jeffery M. Wright. My principal business address is 100 Ocean Avenue, Block  
3 Island, Rhode Island 02807.

4  
5 **Q. By whom are you employed and in what capacity?**

6 A. I am the President of the Block Island Utility District d/b/a Block Island Power Company  
7 (BIUD).

8  
9 **Q. What is the purpose of your testimony?**

10 A. The purpose of my testimony is to support BIUD's request for a waiver (exemption)  
11 from certain requirements of the Utility Restructuring Act (URA) under R.I.G.L 39-1-27(g)  
12 so that BIUD can own and operate a small roof top solar project to be installed on  
13 existing BIUD facilities. The project is being donated to BUID.

14

15 **Q. Who is donating this roof top project and what is the value of the project?**

16 A. The donor is a long-term Block Island resident who wishes to remain anonymous. The  
17 estimated total cost of the project slightly exceeds \$300,000.

18

19 **Q. Who is administering the donation and who will construct the project?**

20 A. The donor has asked a Block Island non-profit corporation, HBC Affordable Apartments,  
21 Inc. ("HBCAA"), to administer his donation. HBCAA has hired Cool Energy, a Florida  
22 based solar developer, to perform the construction.

23

24 **Q. What will be done with the energy produced by the solar project?**

25 A. The project will be metered and the output will be sold to BIUD's members/consumers.

26

27 **Q. What is the solar project rated and what will be the estimated annual output available  
28 for retail sale to your members/consumers?**

1 A. The DC nameplate capacity of the panels is 92.0 kilowatts. The AC nameplate output  
2 rating of the inverter is 70.1 kilowatts. The estimated annual output of the project is  
3 103,300 kilowatt-hours per year.

4  
5 **Q. What is BIUD’s total energy requirement per year and what percentage of that would  
6 be supplied by the project.**

7 A. In Docket 4690, BIUD projected total energy deliveries to be 15,264,000 kilowatt-hours  
8 for the period May 2020-April 2021. The solar project’s estimated annual generation is  
9 estimated to be 103,000 kilowatt-hours. Therefore, this project would satisfy 0.6% of  
10 our total annual energy requirement.

11  
12 **Q. Why does BIUD want to sell the energy produced from the project to its  
13 members/consumers as opposed to using the generation to reduce its overall energy  
14 expense?**

15 A. The donor has offered to pay for the full installation of the project and assign ownership  
16 of the project to BIUD, pending approval by the RI-PUC, and subject to the following  
17 conditions: 1) the Solar PV Equipment must be separately metered, 2) generation  
18 produced by the Solar PV Equipment must be valued at the prior year’s Net Metering  
19 Rate as approved by the RIPUC in BIUD’s Annual Standard Offer and Transmission  
20 Reconciliation Filing, 3) any value attributable to the generation produced by the Solar  
21 PV Equipment must be paid into a restricted account (“Solar Restricted Fund”), and 4)  
22 monies in the Solar Restricted Fund must be used as directed by the BIUD Board of  
23 Commissioners, a) to create a decommissioning fund for the Solar PV Equipment, (b) for  
24 maintenance of the Solar PV Equipment, and (c) for BIUD capital projects related to  
25 BIUD’s distribution system. Operation of the Solar PV Equipment shall not be subject to  
26 the above conditions unless and until the RIPUC approves them.

27  
28 The full terms of the Solar Initiative Project Agreement are included in Attachment  
29 JMW-1.

1 **Q. Based on these conditions, how much revenue does BIUD expect to generate from the**  
2 **project?**

3 A. The project will generate approximately \$17,263 in revenues for a full twelve-month  
4 period, based on the developer's estimated generation output (Note: The value of  
5 \$15,132 set forth in Docket 4690 was the estimated revenues generated during an  
6 eleven month period due to the commissioning timeline of the project).

7  
8 **Q. Mr. Wright, in your professional opinion, will the BIUD member/consumers be better**  
9 **off if this project is built and under BIUD ownership than if it is not?**

10 A. Yes. The revenues generated by the sale of the projects output to our  
11 members/consumers will be invested in the BIUD distribution system instead of being  
12 paid to a non-local third-party independent energy producer.

13  
14 **Q. Will BIUD incur any costs from operating and owning this project?**

15 A. No. The revenues generated by the sale of the project's output will first fund the solar  
16 project's O&M expenses in addition to funding a de-commissioning fund.

17  
18 **Q. Do you feel that BIUD can safely and reliably operate the solar project without any**  
19 **negative impacts to its distribution plant?**

20 A. Yes. BIUD's staff is qualified to operate a generation facility and safely integrate the  
21 output onto its system. As a requirement of the project design, BIUD has required the  
22 installation of disconnect switches that can manually take each array off-line, primarily  
23 for O&M activities, but also for purposes of disconnecting the intermittent generation  
24 from its system if any instability results when BIUD is powering the island from its  
25 emergency back-up diesel generators.

26  
27 **Q. Does BIUD have any technical concerns interconnecting this project to its grid?**

28 A. BIUD has no concerns with interconnecting the generation to its grid while connected to  
29 the National Grid's transmission system and taking power from the submarine cable.

1 BIUD also has no concerns with interconnecting the generation to its grid while the  
2 submarine cable is out of service. However, in planning for future advancements of  
3 intermittent renewable energy on Block Island, we required disconnect switches to  
4 allow us to disconnect the project if system stability becomes a concern in the future.  
5

6 **Q. Will this project qualify as an ISO asset?**

7 A. Due to its size, this project does not meet the ISO-NE registration requirements and will  
8 not be registered as such.  
9

10 **Q. Who will own the Renewable Energy Certificates (“RECs”), and if the answer is BIUD,  
11 does BIUD plan to retire or sell the RECs?**

12 A. BIUD plans to sell the RECs to maximize the financial benefits from the project. BIUD  
13 would use its power supply consultant, Energy New England (“ENE”) to administer the  
14 sale of the RECs. BIUD will be required to create a NEPOOL GIS account for BIUD and  
15 register the project for RI REC status.  
16

17 **Q. What will BIUD do with the revenues generated by the sale of RECs?**

18 A. Any revenue generated from the sale of the RECs will be assigned as an additional  
19 source of revenue to the “Restricted Solar Account” per the Solar Initiative Agreement.  
20

21 **Q. Will ownership of this project impact the rates BIUD charges its memberS/consumers?**

22 A. Not directly. The price per kilowatt-hour that a member/consumer will pay for this  
23 energy will be the same as what they pay for all other energy and transmission charged  
24 through BIUD’s Standard Offer and Transmission charges. Indirectly however, the  
25 project will have a positive effect on rates by reducing BIUD’s capacity obligations and  
26 transmission expenses.  
27

28 **Q. Does this conclude your testimony?**

29 A. Yes.

## **SOLAR INITIATIVE PROJECT AGREEMENT**

This Solar Initiative Project Agreement ("Agreement") is made and entered into by and between HBC Affordable Apartments, Inc ("HBCAA") and the Block Island Utility District d/b/a The Block Island Power Company ("BIUD") (each a "Party," and collectively the "Parties").

WHEREAS, HBCAA is a not for profit corporation operating on Block Island which has a business address of P.O. Box 484, Block Island, RI 02807.

WHEREAS, BIUD is a not for profit quasi-municipal corporation which operates as a member-owned public utility engaged in the business of providing safe, reliable and affordable utility products and services to customers on Block Island and has a business address of 100 Ocean Avenue, P.O. Box 518, Block Island, RI 02807.

WHEREAS, HBCAA intends to fund the purchase and installation of solar photovoltaic panels on Block Island in order to increase the use of clean, local solar energy on Block Island and reduce reliance on fossil fuels.

WHEREAS, BIUD supports the use of clean, local solar energy on Block Island and wishes to install solar photovoltaic panels and related equipment on BIUD property.

WHEREAS, the Parties desire to set forth in this Agreement the terms and conditions upon which HBCAA intends to fully fund the purchase and installation of solar photovoltaic panels and related equipment on BIUD property.

WHEREAS, the Parties desire that ownership of the solar photovoltaic panels and all related equipment shall be granted to BIUD at no cost to BIUD.

NOW THEREFORE, for valuable consideration and intending to be legally bound hereby, the Parties agree as follows:

1. HBCAA and BIUD shall jointly select the solar photovoltaic panels and related equipment (“Solar PV Equipment”) to be installed on BIUD property.
2. HBCAA shall purchase the Solar PV Equipment.
3. HBCAA and BIUD shall jointly select a qualified solar installation company to install the Solar PV Equipment.
4. HBCAA and BIUD shall jointly negotiate and execute an agreement with the solar installation company to set forth all terms related to the installation of the Solar PV Equipment, including but not limited to site access, insurance coverage, and other matters.
5. All costs directly related to the installation of the Solar PV Equipment on BIUD property shall be paid by HBCAA.
6. During installation, the Solar PV Equipment shall remain the personal property of HBCAA.
7. The Commercial Operation Date (“COD”) for the BIUD Solar Initiative Project shall be the date on which the Solar PV Equipment is mechanically complete, operational, and capable of delivering solar generation as certified by an engineer employed by the solar installation company at the expense of HBCAA. This certification shall be recorded in the land evidence records of the Town of New Shoreham.
8. Effective as of the COD, ownership of the Solar PV Equipment shall automatically transfer from HBCAA to BIUD.
9. Thereafter, BIUD shall own all Solar PV Equipment, all generation produced by the Solar PV Equipment, and all renewable energy certificates (“RECs”) associated with all renewable energy produced by the Solar PV Equipment.

10. BIUD is a regulated public utility and this Agreement is therefore subject to the review and approval of the Rhode Island Public Utilities Commission (“RIPUC”).

11. Operation of the Solar PV Equipment by BIUD shall be subject to the following conditions, if approved by the RIPUC: (a) the Solar PV Equipment shall be separately metered, (b) generation produced by the Solar PV Equipment shall be valued at the prior year’s Net Metering Rate as approved by the RIPUC in BIUD’s Annual Standard Offer and Transmission Reconciliation Filing, (c) any value attributable to generation produced by the Solar PV Equipment shall be paid into a restricted account (“Solar Restricted Fund”), and (d) monies in the Solar Restricted Fund shall be used as directed by the BIUD Board of Commissioners (i) to create a decommissioning fund for the Solar PV Equipment, (ii) for maintenance of the Solar PV Equipment, and (iii) for BIUD capital projects related to BIUD’s distribution system. Operation of the Solar PV Equipment shall not be subject to the above conditions unless and until the RIPUC approves them.

12. HBCAA and BIUD shall coordinate and cooperate with each other when making public announcements regarding the BIUD Solar Initiative Project.

13. This Agreement may be amended, modified, or supplemented only by written instrument executed by all Parties.

14. This Agreement shall automatically apply and be binding upon the successors and assigns of the parties. No transaction resulting in a succession or assignment shall release any Party from its duties and obligations under this Agreement.

15. All questions or disputes arising out of or under this Agreement shall be governed by the laws of the State of Rhode Island.

16. If any provision of this Agreement is deemed invalid or unenforceable, the balance of this Agreement shall remain in full force and effect.

17. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be signed by their authorized representatives as of \_\_\_\_\_, 2020.

**Block Island Utility District d/b/a The Block Island Power Company**

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**HBC Affordable Apartments, Inc:**

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_