

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

**IN RE: BLOCK ISLAND UTILITY DISTRICT :
DEMAND SIDE MANAGEMENT PLAN :**

DOCKET NO. 5013

ORDER

On March 30, 2021, Block Island Utility District (BIUD) filed with the Public Utilities Commission (PUC) its second Demand Side Management Plan (Plan).¹ The Plan budget was set at \$159,540, to be funded through a combination of \$60,000 in revenues from utility rates and a \$99,540 carryover of unspent funds from program year 2020. BIUD had originally planned on funding from a \$60,000 grant offered by the Office of Energy Resources (OER) from the Renewable Greenhouse Gas Initiative (RGGI) fund, but agreed to defer that funding until 2023 based on the substantial carry-over from 2020.² The Plan 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

On May 6, 2021, the Division of Public Utilities and Carriers (Division) submitted a memorandum summarizing the filing. The Division noted that because of the initial planning period and contracting with the energy consultant in the first year, BIUD did not officially launch its program until November 2020. The effect of the launch occurring in the low usage season/off-tourist season coupled with a COVID-19 resurgence limited the ability of BIUD to meet its goals.

¹ A copy of the Plan is attached as Appendix A.

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

³ Plan at 7-16.

This resulted in a large carry-over of unspent funds for the 2021 Plan.⁴ The Division noted that the 2021 Plan is substantially the same as the approved 2020 Plan but for the increased budget and deferral of the RGGI funding. The Division recommended approval of the 2021 Plan as filed.

On May 5, 2021, OER submitted comments from Commissioner Nicholas Ucci, in support of BIUD's filing. He advised that OER continued to support BIUD's Plan as a continuation of the work that commenced in 2020. He explained that OER remained committed to supporting the Plan through RGGI dollars but because of the COVID-related delays, the \$180,000 allocated from RGGI auction proceeds⁵ would be disbursed over four years (through 2023) instead of the originally planned three-year period.⁶

The Division and PUC issued data requests for clarification on certain aspects of the Plan and the PUC conducted an evidentiary hearing on May 20, 2021. At the hearing, in response to questions about BIUD's ability to deliver under the increased spending plan, BIUD's President, Jeffrey Wright, advised that he believes there is pent up demand for the program and that once information about the program is more widely known, he expects an increase in activity. Despite this hope, he agreed that he was not confident that there would be a desire to have measures installed during the summer tourist season. One of BIUD's consultants, Jake Millet, explained that once the DSM programs begin gaining traction there is a "bandwagon effect." He explained that one issue will be the ability of contractors to conduct installations on the island. He stated, "once there's a level of demand that warrants their attention, then it will be worthwhile for a contractor or contractors to come out and do as much as possible." He continued that once the pent-up demand is there, the companies will support the energy efficiency installations.⁷

⁴ Div Mem. at 1-2.

⁵ Commissioner Ucci referenced the 2015 and 2018-B RGGI Allocation Plans.

⁶ Ucci Comments at 1.

⁷ Hr'g Tr. at 19-20, 25-27, 30-32. (May 20, 2021).

One of the proposals in BIUD's filing was to provide additional incentives to installers out of the carry-over funds. The Commission also had several questions about data collection and future analysis of the program, particularly on the effectiveness of the heat pump incentive to replace outdated equipment and provide energy savings.⁸ The Commission asked about the ability to use data from BIUD's advanced metering infrastructure to identify electric resistance heating. Mr. Wright responded that it would review its data, but that a customer survey could be more useful.⁹ Mr. Wright also explained that there was a donor from the island who was providing incentives to customers to install heat pumps. He committed to coordinating with the donor as part of the utility's DSM rollout for the 2021 program year.¹⁰

At an Open Meeting held on May 26, 2021, the Commission reviewed the record and approved the DSM program but reduced the budget by \$40,000, carrying over the amount of unspent funds from the 2020 program year to fund a \$120,000 budget in 2021, with a lower billed charge. The Commission noted that this treatment is consistent with the treatment of uncommitted funds in other energy efficiency budgets. There was also some concern that the proposal for the funds was to provide additional incentives to installers instead of as direct rebates to customers. While this is BIUD's second DSM filing, it is clear from the record that it will be the first full year of administration. Until BIUD has a full year's worth of experience, it is difficult to justify a larger budget when there was a carryover of nearly \$100,000 in the program's first year of operation.

⁸ Hr'g. Tr. at 34-47, 52-56, 65-70. PUC Data Request 2-2 is copied here in full for reference:

Both the 2020 and 2021 DSM Plans estimated their associated electric (MWh), oil (MMBtu), and propane (MMBtu) savings. Why doesn't BIUD seek to estimate the associated reductions in peak demand (MW) attributable to the DSM Plans? RESPONSE: For the 2020 and 2021 DSM plans, BIUD did not have any historical data regarding peak demand reduction from previous efficiency efforts and thus opted not to generate any estimates of potential peak demand (MW) reductions absent data to support them. BIUD and its consultant will track these data in PY2021 and include the peak demand reductions in the PY2021 annual report. Based on these results, we will include a specific peak demand estimate in the 2022 plan.

⁹ Hr'g Tr. at 40-43; BIUD's Response to PUC 2-2.

¹⁰ Hr'g. Tr. at 48-50.

Further, because the 2020 program year did not result in a lot of activity as BIUD worked to engage its consultant and set up the administration, the Commission will require the same reporting requirements as it did in 2020. The Commission is also interested in BIUD's success in identifying and encouraging the replacement of inefficient heating systems and/or cooling systems with heat pumps and the associated energy (particularly electric) savings.¹¹ Block Island Utility District should include in its 2022 DSM filing, an explanation of the coordination between the utility company and an independent donor of heat pump incentives.

Accordingly, it is hereby,

(24094) ORDERED:

1. Block Island Utility District's proposed 2021 Demand Side Management Plan budget is reduced by \$40,000. With that modification, Block Island Utility District's 2021 Demand Side Management Plan is hereby approved.
2. Block Island Utility District's Compliance Tariffs filed on May 27, 2021 are hereby approved for effect June 1, 2021.
3. In its 2022 Demand Side Management Filing, Block Island Utility District shall directly address the rationale for the continuation of, or changes to, the rate design of the charge in the 2022 Demand Side Management filing.
4. Block Island Utility District's 2022 Demand Side Management filing shall include additional quantitative analysis of the benefits of the measures included in the Plan, particularly the costs and benefits to the electric power system on the island.
5. Block Island Utility District's Compliance Tariff filed on May 27, 2021 is hereby approved.

¹¹ BIUD is encouraged to file the results of any member survey conducted about the energy efficiency plan, heating and cooling use, and any other related DSM inquiries.

6. 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 26, 2021. WRITTEN ORDER ISSUED JULY 23, 2021.

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.