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VIA CERTIFIED MAIL
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Mr. Agustín F. Carbó-Lugo
President
Puerto Rico Energy Commission
268 Muñoz Rivera Avenue
World Plaza Suite 400
San Juan, Puerto Rico 00918

Re: Comments to Puerto Rico Energy Commission's
Order No. CEPR-MI-201-0001

Dear Mr. Carbó-Lugo:

We make reference to Order No. CEPR-MI-201-0001 ("Order") issued on December 18, 2014, whereby the Puerto Rico Energy Commission (the "Commission") established the standards and requirements to be followed by the Puerto Rico Electric Power Authority ("PREPA") in adopting or amending any rule or regulation concerning the net metering program and its interconnection procedures for distributed power generation systems. The Commission's Order afforded interested parties a term of thirty (30) days to submit comments thereon.

Our client, SunEdison Puerto Rico, LLC, a subsidiary of SunEdison, LLC and a leading renewable energy company with over 1.5 GW of renewable energy systems deployed globally, is pleased to provide the following comments regarding the Order.

A. General Comments

1. Section A.1 of the Order – Uniform Administrative Procedures

SunEdison agrees with the Commission in requiring PREPA to specify what methods will be adopted to ensure uniform processes throughout PREPA's Regional Offices related to participation in the net metering program and the interconnection process. SunEdison submits

that certainty and uniformity are essential to meet the policy goals outlined in the Puerto Rico Energy Transformation and RELIEF Act, Act 57-2014.

2. Section A.2, and A.4 of the Order – Electronic Filing and Evaluation Period

SunEdison's experience has been that PREPA's evaluation of applications takes longer than provided in the applicable regulations. The implementation of an electronic filing system and PREPA's obligation to evaluate interconnection and net-metering applications within ten (10) and five (5) days, respectively, are vital to create efficiencies that will drive down project costs and will keep projects moving forward.

3. Section A.3 of the Order – Implementation of FERC's SGIP and SGIA and IREC's Model Rules

SunEdison submits that the implementation of recognized industry best practices regarding interconnection, as well as standardized agreements and net metering rules, are needed to ensure efficient and cost-effective processes, subject to just and reasonable terms and conditions. The Federal Energy Regulatory Commission's ("FERC") Small Generator Interconnection Procedures ("SGIP") and Small Generator Interconnection Agreements ("SGIA") and the International Renewable Energy Congress' Model Interconnection Procedures and Net Metering Model Rules represent best practices all around and SunEdison fully supports them. These procedures and model rules were designed to standardize and facilitate the deployment of distributed generation in a safe, just and reasonable manner.

We wish to bring to the Commission's attention PREPA's practice under the current regulations which requires systems with a capacity above 1 MW to meet Alternative Technical Requirements or "ATRs." These requirements, which are not mentioned or addressed in the SGIP or in the IREC rules, require the installation of energy storage devices, among other equipment, and significantly increase system costs. SunEdison fully supports PREPA's mandate to operate the grid in a safe and reliable manner but the need for any ATRs and their technical parameters should be established by case-specific studies, not by prescriptive rules. Further, the Commission should consider adopting the policy outlined in FERC Order 755, which recognizes the tremendous value associated with battery support of the grid, and directs grid operators to compensate generators that support the grid via battery support accordingly.

4. Section A.5 of the Order – See *Specific Comments* below

5. Section A.6 and A.7 of the Order – Virtual Net Metering and Shared Renewable Energy

SunEdison strongly supports the Commission's directive to PREPA to adopt Virtual/Aggregated Net Metering and Shared Renewable Energy Programs. Said programs offer a way to ensure that everybody can benefit from renewable energy, even if their homes or workplaces cannot accommodate a renewable energy system.

Virtual Net Metering and Shared Renewable Energy Programs are being adopted throughout the United States and policy makers are realizing that these programs allow residential and commercial customers (particularly, renters, residents of multifamily properties and other customers that may not have an ideal location for their own renewable installation) to benefit from clean energy. In Massachusetts, SunEdison is making a difference for low-income customers in apartments, because the company is offering solar power through Virtual Net Metering that helps them save money on their utility bills.

6. Section A.8 and A.10 of the Order – External Manual Switches and General Liability Insurance for Systems up to 300 kW are no longer required

SunEdison supports the Commission's mandate to eliminate the requirement to install an external manual switch in inverter-based distributed generation systems of up to 300 kW. The company also agrees with Commission's directive that no General Liability Insurance policy shall be required for systems of up to 300 kW. In our experience, the current requirements are unreasonable and unnecessary, only serving to add expense that deters the development of small renewable energy systems.

7. Section A.9 of the Order – See *Specific Comments* below

8. Section A.11 of the Order – See *Specific Comments* below

9. Section A.12 of the Order – Interconnection Agreement shall not Expire

SunEdison agrees that Interconnection Agreements should not be subject to expiration dates, and should only be terminated upon notice by the interconnection customer or in case of breach, after notice and opportunity to cure the alleged breach. The 5-year term in PREPA's current interconnection agreements are a deterrent to the financing of renewable energy systems, because the term of the loan may exceed the term of the agreement and financing parties will not be assured that they will be able to fully recoup their investment.

10. Section A.13, A.14, and A.15 of the Order – Maintenance of the System, Replacement of Equipment and Components, and PREPA Inspections

SunEdison shares the views of the Commission that each interconnection customer should be responsible for the proper maintenance of its distributed generation system and for the replacement of any of its components.

11. Section A.16 of the Order – See *Specific Comments* below

12. Section A.17 of the Order – Periodic testing not required in systems under 25 kW

SunEdison strongly supports the Commission's directive since there is no need to require systems under 25 kW to conduct periodic testing. Such systems pose no concerns for the power grid.

13. Section A.18 of the Order – Legal remedies available to Customers

SunEdison agrees with the Commission that any regulation adopted or modified by PREPA, in addition to the Interconnection Agreement, should inform interconnection customers about their right to request review of PREPA's decisions before the Commission. This is an important step towards more transparent, fair and impartial processes.

14. Section A.19 and A.20 of the Order – Distributed Generation System Registry and Exchange of Information by Electronic Means

SunEdison considers that requiring PREPA to keep an up-to-date electronic registry of interconnected distributed generation systems is fundamental, both for PREPA and for the future of the renewable energy industry. The information on interconnected systems – which SunEdison believes should be publicly available – will permit a better understanding of the system, its capacity, limits and behavior. In addition, SunEdison agrees that the electronic exchange of information and documents between installers and PREPA will bring much-needed efficiencies to various processes. The electronic exchange of information, however, should not be limited to the Plug and Play process, but should apply to all other communications.

B. Specific Comments

15. Clarification of what encompasses PREPA's distribution system

The Order makes repeated references to the interconnection of distributed generation to PREPA's electric distribution system. PREPA, however, divides its system in transmission and distribution. Moreover, PREPA's current regulations permit the interconnection of distributed generators at voltages termed by PREPA as "transmission" and "sub-transmission."

While we believe that the Order intends to address the interconnection of distributed generators to PREPA's *electrical grid as a whole*, the use of the phrase "distribution system" could be misconstrued to mean that it only applies to the interconnection of distributed generators with PREPA's distribution system, thereby excluding interconnection at transmission and sub-transmission voltages. This reading is far too limited. SunEdison respectfully submits that the Commission should issue a clarification regarding the applicability of the Order.

16. Section A.5 of the Order – Re-evaluation of the Maximum Aggregated Capacity that can be interconnected with PREPA's power grid

SunEdison is very supportive of the need for PREPA to reevaluate the limits it has set on Maximum Aggregated Capacity that can be interconnected with PREPA's power grid. However, SunEdison wishes to urge the Commission to ensure that the foregoing reevaluation is subject to review by the public, so that interested parties and the regulated community can review the findings, provide comments and present data and analysis.

17. Section A.9 of the Order – Transfer of Net Metering and Interconnection Agreements

Our company supports the idea that PREPA's clients should be able to transfer or assign their rights and obligations under PREPA's Interconnection Agreement and the Agreement for the Net Metering Program. However, Section A.9 of the Order appears to be limited to instances where the property on which the net metering system is installed is sold to a third party.

SunEdison respectfully submits that there are other instances in which the assignment of the foregoing agreements should be permitted. For example, the collateral assignment of the agreements may be necessary to facilitate financing and should be authorized without the need to obtain PREPA's consent. Section 7.1 of the SGIA provides sufficient flexibility for purposes of any such required assignment. The adoption of the SGIA by PREPA should address the foregoing issues, but a clarification that Section A.9 is not meant as a limitation on assignments may be appropriate.

18. Section A.11 of the Order – Expedited Plug and Play Process

SunEdison submits that the adoption and implementation of an Expedited Plug and Play Process ("Expedited Process") for solar photovoltaic systems of up to 10 kW that use certified equipment and are installed on residential or commercial roofs is vital to make small scale solar projects a less complicated and time-consuming affair for residential and commercial customers.

Nonetheless, SunEdison recommends that the process regarding equipment replacement included in Section A.13 of the Order should be part of the Expedited Plug and Play Program. That is, when a person certifies to PREPA that replacement equipment is on the Plug and Play list and is of the same capacity as the old equipment, then further review and approval should not be necessary. The interconnection customer's certification, with evidence of the proper equipment replacement, should be sufficient.

19. Section A.16 of the Order – Termination of the Interconnection Agreement by PREPA

Pursuant to Section A.16 of the Order, PREPA may terminate the Interconnection Agreement, subject to prior notice, if the client is in breach of any of the principal obligations under the Agreement. SunEdison respectfully submits that, in case of breach, the non-breaching party should be afforded reasonable opportunity to cure the breach and that termination should ensue only if the breach is not cured. The "Default" provision under Section 7.6 of the SGIA provides such reasonable cure opportunity. The adoption of the SGIA by PREPA should address this issue, but a clarification that Section A.16 of the Order is not meant as a limitation may be appropriate.

SunEdison appreciates this opportunity to present the foregoing comments and contribute to the analysis of the reforms needed to promote the renewable energy industry in Puerto Rico. Should the Commission hold a public hearing regarding the Order, SunEdison would be pleased to attend to the same to present and elaborate upon its position.

Sincerely yours,



Carlos J. Fernández Lugo