



COMMONWEALTH OF PUERTO RICO
ENERGY COMMISSION

IN RE: INTEGRATED RESOURCE PLAN FOR THE PUERTO RICO ELECTRIC POWER AUTHORITY	ORDER NO. CEPR-AP-2015-0002 SUBJECT: Integrated Resource Plan for the Puerto Rico Power Authority
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MESA DE DIALOGO STATEMENT

TO HONORABLE COMMISSION:

Now comes the **Mesa de Diálogo Energético de PR** represented by appearing Counsel and respectfully alleges and prays:

After studying the IRP documents submitted by PREPA through the Puerto Rico Energy Commission, actively participating in the IRP Technical Conference conducted on April 6, 2016, at the Environmental Agencies Building; evaluating PREPA's presentation in that Conference and the issues brought to discussion by other participants, The Mesa de Diálogo Energético, as an interventor, wishes to express the following:

- a. *The Conservation and efficiency aspects of generation and distribution of clean green renewable energy have **not been given the appropriate weight** in the IRP's proposed scenarios.*
- b. *The IRP does not **convincingly explain** why, in the coming decades, the small percentages attributable to renewables cannot be significantly higher or comparable to other similar US Jurisdictions like Hawaii, which has a much more aggressive stance on renewable energy sources.*
- c. *The selected future scenario by PREPA needs to **take into account** the most recent changes in the fiscal and economic conditions the island is confronting and the probable effects the recently approved Government Moratorium law, to deal with the national debt, will have on PREPA's fiscal possibilities*
- d. *An appropriate weighting and characterization of Distributed Generation potential **needs to be more carefully studied**. A clear distinction needs to be made between large scale distributed generation facilities and smaller commercial and residential installations. **The IRP does not address the risk reduction factors and potential security enhancements** that a diverse and robust island wide residential generating sector can add to the grid.*
- e. ***PREPA has not developed a clearly defined demand forecast** based on the last decade population reductions and changes in consumption patterns and how these will affect future rates.*

f. **The IRP does not address the effects of a potential disconnection from the grid** from a significant large group of small and medium sized businesses (PYMES) who cannot deal with higher electrical energy rates as renewable energy technology costs, (especially photovoltaic systems) keep plummeting in the international market.

g. **PREPA's IRP does not clearly explain how it will comply with MATS requirements** as it faces the national debt moratorium recently approved by the Commonwealth Government.

h. **PREPA had the largest Battery Storage System of its time.** We recognize that the increasing role of variable renewable sources (such as wind and solar) in the grid has prompted **concerns about grid reliability** and raised the question of how much these resources can contribute before enabling technologies such as energy storage are needed. We are aware of its economic issues: It involves the integration costs of variable generation and the amount of various storage or other enabling technologies that are economically viable in a future with high penetrations of VG. It is clear that high penetration of variable generation increases the need for all flexibility options including storage, and it also creates market opportunities for these technologies.

Based on these issues The Mesa de Diálogo Energético recommends the following:

1. A more **aggressive introduction of Renewable Energy Sources** so as to have a larger universe of small distributed generators that could enhance the security of the grid by its inherent diversity if promoted and implemented islandwide.

2. A more **integrated approach to the study of demographics** and how energy consumption will be affected by the current migratory trends which could easily be higher than the increase in consumption by temporary lower rates made possible by current low oil prices.

3. A more **comprehensive study of the foreseeable cost of renewable energy sources for the coming two decades**, with particular emphasis on small scale residential and small businesses and how it might affect PREPA's imminent hike in the basic rate and additional costs to pay the corporation's debt.

4. PREPA's IRP requires more initiatives to **support and facilitate energy sector climate preparedness and resilience** at national, regional, and local levels. In addition to enhancing resilience to climate change, these actions may also have co-benefits that accommodate non-climate resilience needs (e.g., aging infrastructure, cybersecurity, physical attacks, geomagnetic storms).

5. PREPA's IRP should **include the revitalization of its 20 MW Battery Energy Storage System (BESS) in Sabana LLana** substation. PREPA must take advantage of the lessons learned and of the experience acquired to include battery storage systems on its IRP. Battery Storage Systems will greatly increase the utility's rapid response arsenal and ability to provide clean, high-quality power with fewer load-shedding events. PREPA's Governing Board at the time of the 20 MW BESS construction originally approved a plan for 100 MW of distributed energy storage. Following that plan will strengthen the utility's competitive position during and after industry restructuring. Evaluating the role of storage with VG sources requires continued analysis, improved data, and new techniques to evaluate the operation of a more dynamic and intelligent grid of the future.

6. *A continuous, open and transparent information sharing and **participatory processes** from PREPA to the different interventors who have interacted in the Commission's Technical Conference.*

WHEREFORE: appearing party requests Commission to receive this statement and act accordingly.

Respectfully submitted by Mesa de Diálogo Energético de PR

I HEREBY CERTIFY that the foregoing was sent via certified mail, return receipt requested to and via email to: Nelida Ayala Jimenez, Esq. General Counsel, Puerto Rico Electric Power Authority, PO Box 36928, San Juan, Puerto Rico 00936-3928; n_ayala@aepr.com, Copy was sent via regular mail to the following parties:

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RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, on April 29, 2016.



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