

COMMONWEALTH OF PUERTO RICO
PUERTO RICO ENERGY COMMISSION

IN RE: AGUIRRE SITE ECONOMIC ANALYSIS

CASE NO.: CEPR-AP-2017-0001

SUBJECT: Ruling on PREPA's Motion for
Limited Amendments.

RESOLUTION AND ORDER

On February 10, 2017, the Puerto Rico Energy Commission ("Commission") issued an Order Initiating the Proceeding on the Aguirre Site Economic Analysis ("February 10 Order"). In the Order, the Commission established the requirements for the economic analysis to be filed by the Puerto Rico Electric Power Authority ("PREPA"), which shall include an assessment of the specified resource plans, as well as the information that must be available for intervenors who wish to file an independent economic analysis.

On March 3, 2017, PREPA filed a *Verified Motion for Limited Amendments to the Commission's February 10, 2017, Order* requesting amendments to two subjects within the February 10 Order.

A. Section II(1)(d) – LNG Market Research

PREPA requested to amend Section II(1)(d) of the Order, which required it to "perform sufficient market research to obtain at least three quotes of near-term delivered prices for LNG at AOGP, as well as at least one quote of delivered containerized LNG or CNG prices."¹ PREPA argues that seeking quotes requires the involvement of commercial third parties and the execution of non-disclosure agreements to guarantee confidentiality of the data provided. Furthermore, PREPA alleges that sharing such quotes with intervenors "likely would cause commercial harm to the commercial third parties submitting the quotes, and thereby could affect the quotes."² PREPA also argued that it could give competitors an unfair advantage. PREPA is also concerned with the use of quotes since they could provide unrealistic information and could be affected by the preferences of the commercial third parties regarding the outcome of this process.

After careful examination of PREPA's arguments, the Commission reasserts that PREPA must obtain quotes, as required in Section II(1)(d) of the February 10 Order. The Commission will use such quotes to validate PREPA's forecasts and ensure projected fuel price ranges (e.g. Henry Hub estimates discussed below) used by PREPA in its economic analysis are reliable. Ensuring the reliability of the information used to evaluate a proposed project is an essential component of effective resource planning. In order to properly assess

¹ Order Initiating Proceeding on Aguirre Site Economic Analysis, CEPR-AP-2017-0001, February 10, 2017, at 7.

² PREPA's Verified Motion for Limited Amendments to the Commission's February 10, 2017, Order, ¶ 7.

the economic benefits of the AOGP proposal, the Commission must be able to evaluate with confidence the fuel prices available to PREPA.

For the economic analysis itself, PREPA and any intervenor submitting independent economic analysis shall use Energy Information Administration-based “Henry Hub estimates plus an appropriate adder”³ style forecasts. The estimates used for the economic analysis must be made available to all parties in the proceeding, subject to any specific confidentiality claim against a specific party, which the Commission will address accordingly.

Regarding PREPA’s concerns over the confidential nature of fuel price quotes, the Commission determines that the quotes obtained by PREPA will only be disclosed to the Commission and its Staff. Consequently, fuel price quotes obtained and submitted by PREPA will be deemed confidential and will not be disclosed or made available to intervenors.

Therefore, the Commission **AMENDS** the language of Section II(1)(d) of the February 10 Order to read as follows:

*To inform these forecasts, PREPA shall perform sufficient market research to obtain at least three quotes of near-term delivered prices for LNG at AOGP, as well as at least one quote of delivered containerized LNG or CNG prices. PREPA shall also obtain at least one long-term (at least 20 year) forecast of LNG prices in particular, incorporating and explicitly specifying liquefaction and delivery costs. The foregoing price quotes obtained by PREPA shall be deemed confidential trade secrets and submitted only to the Commission and its Staff. Such price quotes shall not be disclosed with any other party. The provisions of Resolution No. CEPR-MI-2016-0009 shall apply, unless otherwise stated by the Commission.*⁴

B. Section II(2)(c)

PREPA requested to amend a portion of the obligations stated on the February 10 Order regarding the intervenors who wish to submit an independent economic analysis. Specifically, PREPA is concerned with its obligation to share “PROMOD inputs in native PROMOD format” to any intervenor who requests such information. PREPA alleges that the PROMOD files need to be protected, as they contain Critical Energy Infrastructure Information (“CEII”) and trade secrets. Furthermore, PREPA states that this issue had been previously addressed by the Commission during the IRP proceeding through its April 28, 2016 Resolution and Order.⁵

³ *Id.*, at ¶ 10.

⁴ Policy on Management of Confidential Information in Procedures Before the Commission, as amended.

⁵ In Re: Integrated Resource Plan for the Puerto Rico Electric Power Authority, CEPR-AP-2015-0002.

In light of the arguments presented by PREPA, the Commission understands the value the CEII and trade secrets contained in the PROMOD files represent to PREPA. Nonetheless, in order for the Commission to prudently assess AOGP's economics, as well as alternative options presented by any independent economic analysis from intervenors, all analyses must use the same point of reference. In other words, as stated on the February 10 Order, "the results presented by PREPA and intervenors must be comparable to one another on fair and even grounds."⁶

Therefore, the Commission **ORDERS** PREPA to have the following information available, in spreadsheet format, for intervenors who request inputs for their independent economic analysis:

- System sales
- System peak
- Fuel prices
 - #2 fuel oil
 - #6 fuel oil
 - Natural gas to Costa Sur
 - Natural gas at Aguirre
 - Base and excess energy charges at EcoEléctrica
 - Coal at AES
- By-unit parameters
 - Thermal operational and cost parameters as included in the by-unit tables in Appendix B of the Base IRP, with any necessary updates. This includes at least:
 - Maximum and minimum generating capacity
 - Fuel type or fuel mix
 - Variable and fixed operational and maintenance costs
 - Heat rates at maximum and minimum capacities
 - Forced outage rate
 - Minimum downtime
 - Minimum runtime
 - Ramp rates
 - Operational and cost parameters as included in Table 4-2 of the Base IRP, with any necessary updates (for example, to assumed project online dates). This includes at least:

⁶ Order Initiating Proceeding on Aguirre Site Economic Analysis, CEPR-AP-2017-0001, February 10, 2017, at 8.

- Capacity
- Annual capacity factor
- All-in cost of energy

Therefore, the Commission **AMENDS** the language of Section II(2)(c) to read as follows:


Intervenors may request PREPA unit operational parameters and costs in spreadsheet format. The Commission will not require PREPA to provide model inputs in other formats. If an intervenor needs additional information to assess their independent economic analysis, it shall inform PREPA and the Commission, who will address the request accordingly.

For the benefit of all the parties involved, the Commission issues this Resolution and Order in both English and Spanish languages. Should any discrepancy between each version arise, the English version shall prevail.

Be it notified and published.



Agustín F. Carbó Lugo
Chairman



Ángel R. Rivera de la Cruz
Associate Commissioner

CERTIFICATION

I hereby certify that the majority of the members of the Puerto Rico Energy Commission has so agreed on March 15, 2017. The Associate Commissioner José H. Román Morales did not intervene. I also certify that a copy of this Resolution and Order regarding Case No. CEPR-AP-2017-0001 was notified by electronic mail to the following: n-ayala@aepr.com, n-vazquez@aepr.com, c-aquino@aepr.com, jperez@oipc.pr.gov, codiot@oipc.pr.gov, francisco.rullan@ae.pr.gov; epo@amgprlaw.com, acasellas@amgprlaw.com, ladrian@gasnaturalfenosa.com, rstgo2@gmail.com, cfl@mcvpr.com, carlos.reyes@ecoelectrica.com, ccf@tcmrslaw.com, agraitfe@agraitlawpr.com, hmc@mcvpr.com, molinilawoffices@gmail.com, sierra@arctas.com, tonytorres2366@gmail.com, richard.houston@na.engie.com, mgrpcorp@gmail.com, serdar.tufekci@na.engie.com, victorluisgonzalez@yahoo.com, lfortuno@steptoe.com, equinones@qaclaw.com, vcandelario@qaclaw.com and gmartinez@qaclaw.com. I further certify that on March 15, 2017, I have proceeded with the filing of this Resolution and Order and I have sent a copy thereof to:

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For the record, I sign this in San Juan, Puerto Rico, today, March 15, 2017.

María del Mar Cintrón Alvarado
Clerk