



**GOVERNMENT OF PUERTO RICO  
PUERTO RICO ENERGY COMMISSION**

**IN RE:** REVIEW OF THE PUERTO RICO  
ELECTRIC POWER AUTHORITY  
INTEGRATED RESOURCE PLAN

**CASE NO.:** CEPR-AP-2018-0001

**SUBJECT:** Commencement of Review  
Proceeding and Order Establishing Initial  
Submission Timeline.

**RESOLUTION AND ORDER**

Through this Resolution and Order the Puerto Rico Energy Commission (“Commission”) initiates an administrative proceeding for the review of proposed updates to the Integrated Resource Plan (“IRP”) to be filed by the Puerto Rico Electric Power Authority (“PREPA”) and authorizes PREPA to file an updated IRP for Commission review by October 2018.

**I. Periodical Review of PREPA IRP**

- a. The three-year term provided in Act 83<sup>1</sup> and Act 57-2014<sup>2</sup> for review of an existing IRP shall be computed from the date such existing IRP became legally binding and enforceable.

Section 6B(h)(i) of Act 83 establishes that PREPA’s IRP “shall be revised every three (3) years to show changes in the energy market conditions, the environmental regulations, fuel prices, capital costs, and other factors.” Article 6.23(d) of Act 57-2014 further provides that “[e]very three (3) year, the Commission shall carry out another review process, and if applicable, modify such plans.”

The aforementioned provisions clearly require PREPA’s IRP to be reviewed by the Commission every three (3) years. However, they do not specify the date from which such three-year period is to be computed. This leaves two possible alternatives: (i) the three-year period is to be computed from the date in which the existing IRP was first filed for review before the Commission; or (ii) the three-year period is to be computed from the date in which

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<sup>1</sup> The Puerto Rico Electric Power Authority Act, Act No. 83 of May 2, 1941, as amended.

<sup>2</sup> The Puerto Rico Energy Transformation and RELIEF Act, as amended.

an existing IRP was approved by the Commission and became legally binding and enforceable.<sup>3</sup>

Selecting the filing date as the date from which to compute the three-year term for review presents one practical problem: it does not take into account the amount of time that may pass between the filing of an IRP proposal and the date on which an approved IRP becomes legally binding and enforceable. Take the review process for PREPA's existing IRP as an example. PREPA's existing IRP was initially filed with the Commission on July 7, 2015. The Commission gave its final approval to PREPA's Modified IRP on February 10, 2017.<sup>4</sup> The IRP became legally binding and enforceable on March 13, 2017 (30 days after the date in which the Commission's final approval of PREPA's IRP was issued).

If the Commission adopted July 7, 2015 as the date from which to compute the aforementioned three-year term, the subsequent review process would have been required to begin on July 2018. This would result in PREPA's existing IRP being in full force and effect slightly over a year before PREPA was required to update the IRP and submit for Commission consideration any revision or modification.<sup>5</sup> The Commission finds that such timeline would produce an unreasonable result, one inconsistent with prudent resource planning practices. The purpose of, absent substantial changes, as noted later on, requiring a three-year period in between IRP review processes is to avoid frequent changes and modifications to long-term planning decisions, which would delay the implementation of much-needed capital and maintenance investments, and would reduce certainty in the continuity of identified planning scenarios.

Therefore, the Commission finds that the date from which the three-year period provided in Act 83 and Act 57-2014 for reviewing PREPA's IRP is to be computed shall be the date on which the then-existing IRP entered into full force and effect (i.e. the date on which it became legally binding and enforceable). The aforementioned is consistent with the overall spirit of Article 6.23(d) of Act 57-2014, which states that "[a]fter the approval of [an

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<sup>3</sup> Pursuant to the Uniform Administrative Procedure Act of the Government of Puerto Rico, Act 38-2017, an IRP is deemed to be legally binding and enforceable once any post-administrative decision remedies have been fully exhausted or unless otherwise ordered by a court with competent jurisdiction.

<sup>4</sup> See the Resolution on the Verified Motion for Reconsideration of the Puerto Rico Electric Power Authority, issued on February 10, 2017, Case No. CEPR-AP-2015-0002. (<http://energia.pr.gov/wp-content/uploads/2017/02/10-feb-2017-Resolution-Ruling-on-PREPAs-Verified-Motion-for-Reconsideration.pdf>).

<sup>5</sup> Furthermore, because July 2018 would be the date in which PREPA would be required to submit its updated IRP for Commission review, PREPA would have been required to begin a new IRP development process shortly after its existing IRP entered into effect.

IRP], the Commission shall supervise and oversee compliance therewith,” such compliance being part of the periodical review process established therein.<sup>6</sup>

- b. Per Act 83 and Act 57-2014, the periodical review of PREPA’s existing IRP (the February 2017 Modified IRP) shall commence no later than March 13, 2020.

As previously noted, PREPA’s existing IRP was initially filed with the Commission on July 7, 2015. The Commission gave its final approval to PREPA’s Modified IRP on February 10, 2017.<sup>7</sup> The IRP became legally binding and enforceable on March 13, 2017 (30 days after the date in which the Commission’s final approval of PREPA’s IRP was issued).

Accordingly, pursuant to Section 6B(h)(i) of Act 83 and Article 6.23(d) of Act 57-2014, any update, revision or modification to PREPA’s existing IRP is required to be filed before the Commission no earlier than March 2020. However, as discussed below, Act 83 contemplates the possibility in which a review of an existing IRP may commence prior to the three-year term provided therein.

## II. Review and Update of PREPA’s Existing IRP (the February 2017 Modified IRP)

PREPA has signaled its intention of developing an updated IRP ahead of the scheduled three-year period provided in Act 83 and Act 57-2014.<sup>8</sup> On March 10, 2018, PREPA published a Request for Proposal (“RFP”) seeking proposals for the “provision of professional services for performing an [IRP].”<sup>9</sup>

Section 6B(h)(i) of Act 83 provides that “in the case of substantial change in the energy demand or group of resources [the Commission’s periodical review process] shall be carried out before the three (3) years provided herein to respond to and/or mitigate such changes.” The Commission finds that a review of PREPA’s existing IRP (the February 2017 Modified IRP) prior to the three-year term established in Act 83 and Act 57-2014 is warranted in order to determine the effects hurricanes Irma and María may have had on Puerto Rico’s resource needs and determine whether any proposed update, revision or modification is necessary to mitigate “substantial changes in demand or group of resources.”

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<sup>6</sup> Article 6.23(d) provides that, as part of the subsequent IRP review process, the Commission shall “issue and post on its website, a detailed report showing compliance with integrated resource plans and the modifications made thereto after the review process.”

<sup>7</sup> See the Resolution on the Verified Motion for Reconsideration of the Puerto Rico Electric Power Authority, issued on February 10, 2017, Case No. CEPR-AP-2015-0002. (<http://energia.pr.gov/wp-content/uploads/2017/02/10-feb-2017-Resolution-Ruling-on-PREPAs-Verified-Motion-for-Reconsideration.pdf>).

<sup>8</sup> See February 1, 2018 PREPA Governing Board Press Release (<https://www.aeepr.com/Noticias/noticiasread.asp?r=YQVATMSJWX>).

<sup>9</sup> See Request for Proposal Invitation (<https://www.aeepr.com/Docs/Invitation%20letter.pdf>).

Accordingly, the Commission hereby establishes the applicable timeline for the submission of an updated IRP for Commission review.



Pursuant to Section 6B(h)(i) of Act 83 and Article 6.23(d) of Act 57-2014, the Commission **AUTHORIZES** PREPA to file an updated IRP **on or about October 2018**. Based on its experience with PREPA's previous IRP submission, the Commission finds that October 2018 provides PREPA with sufficient time to develop a comprehensive, fully compliant IRP update proposal which will avoid undue delays in the Commission's evaluation, modification and approval of such proposal.<sup>10</sup>

The Commission reserves the right to allow PREPA to file an updated IRP prior to October 2018 if it concludes that PREPA's proposed updated IRP fully complies with all information and technical requirements required by Act 83 and Act 57-2014 and established by the Commission through regulation; provided PREPA gives at least 60-day prior notice to the Commission of its intention to file a proposed updated IRP prior to October 2018.

Be it notified and published.

Ángel R. Rivera de la Cruz  
Associate Commissioner

José H. Román Morales  
Associate Commissioner  
Interim Chairman

## CERTIFICATION

I hereby certify that the majority of the members of the Puerto Rico Energy Commission has so agreed on March 14, 2018. I also certify that on this date a copy of this Resolution and Order was notified by electronic mail to the following: n-vazquez@aepr.com, c-aquino@aepr.com y a n-ayala@aepr.com.

María del Mar Cintrón Alvarado  
Clerk

<sup>10</sup> See, in general, Part IV of the Commission's September 23, 2016 Final Resolution and Order on the First Integrated Resource Plan of the Puerto Rico Electric Power Authority, which details the many shortcomings identified in PREPA's proposed IRP, which ultimately delayed by many months the Commission's ability to issue a final determination in approving an IRP for PREPA. (<http://energia.pr.gov/wp-content/uploads/2016/09/23-sept-2016-Final-Resolution-and-Order-IRP-CEPR-AP-2015-0002.pdf>).

I certify that today, March 15, 2018, I have proceeded with the filing of the Resolution and Order issued by the Puerto Rico Energy Commission and I have sent a true and exact copy to the following:



**Autoridad de Energía Eléctrica de Puerto Rico**

Attn.: Nitza D. Vázquez Rodríguez  
Nélida Ayala Jiménez  
Carlos M. Aquino Ramos  
PO Box 364267  
Correo General  
San Juan, PR 00936-4267

For the record, I sign this in San Juan, Puerto Rico, today March 15, 2018.

A handwritten signature in blue ink, appearing to read 'M. del Mar Cintrón Alvarado'. The signature is written in a cursive style and is positioned above a horizontal line.

María del Mar Cintrón Alvarado  
Clerk