

**COMMONWEALTH OF PUERTO RICO  
PUERTO RICO ENERGY COMMISSION**

IN RE: PROPOSED REGULATION ON  
INTEGRATED RESOURCE PLAN

CASE NO. CEPR-MI-2018-0005

COMMENTS OF PUERTO RICO SOLAR ENERGY INDUSTRIES ASSOCIATION

The Puerto Rico Solar Energy Industries Association (PR-SEIA) thanks the Commission for this opportunity to comment on the proposed IRP rules. They improve on the 2015 Regulation 8594, especially in the greater detail provided in Section 2.03 for the guidance of PREPA in preparing its IRP.

PR-SEIA's comments focus on Section 2.03.

**Section 2.02**, IRP structure and filing requirements. The IRP would benefit from having separate chapters for supply-side and demand-side resources given the different characteristics of these subjects. PR-SEIA will elaborate further below on the treatment of demand-side resources

**Section 2.03.E, Resource Needs Assessment.** This assessment is to “identify current and/or future expected capacity and/or energy requirements.” PR-SEIA recommends that this be amended to “current and future” requirements. Needs are bound to change over a 20-year planning horizon. An IRP must be a plan to address foreseeable future needs.

**Section 2.03.F)1), New Supply-Side Resource Option Identification.** Something needs to be included about the sources PREPA may use in this identification. PREPA could rely on generic information or market research from governmental and academic entities and reputable consulting firms, including both cost and performance information about each technology. This comment also applies to **2.03.F)2) Distributed Generation Options**, and **2.03.F)4 Storage options**.

**Section 2.03.F)3), New Demand-Side Resource Option Identification.** An IRP should be based on a comprehensive review of the demand-side options. Ideally this would take the form of a Market Potential Study conducted by a third party to identify cost-effective energy- and demand-saving measures specific to Puerto Rico, considering its end uses and customer mix. Alternatively, the utility could rely on the types of information identified in the preceding paragraph and on the experience of other utilities, public utility commissions and third-party administrators (as in Vermont and Oregon).

Demand-side options should also include **demand-side rate designs**. Certain kinds of rates, such as time-of-use rates (TOU) and inclining block rates (which charge higher rates for usage above an initial “block” or “tier” of basic energy use as measured in kWh), have the potential to save energy and/or demand.

**Section 2.03.F)3)d.** The regulation should specify that bundles of demand-side resources should include energy efficiency and demand-response resources and demand-side rates.

**Section 2.03.F)3)e.** PR-SEIA agrees with the standard of 2% savings per year for the first ten years. The rule should specify that this means energy savings. Many states have adopted mandatory goals such as this, known as Energy Efficiency Portfolio Standards or Energy Efficiency Resource Standards. Top-achieving states such as Massachusetts and Rhode Island have achieved 3% savings year on year, so these goals are eminently achievable. Energy efficiency is the least-cost energy resource, so such standards are for the benefit of customers. For demand response, capacity savings targets could also be devised. Standards of beyond 2% savings per year should be encouraged based upon the maximum achievable potential savings possible each year, as calculated by a qualified 3rd-party consulting firm.

**Section 2.03.H)2)a)i)B**, Resource Plan Development. This requires demand-side resources to be considered in a “competitive framework” with supply-side. The regulation should further require that resource plans include both demand-side and supply-side options. Given the island’s extremely high costs of importing fossil fuels, all proposed plans should contrast investments in nonrenewables (including fuel purchasing, operation and maintenance and any upgrades to existing fossil fuel plants, and the construction of any new fossil fuel plants) with investments in new solar and wind generation, and any accompanying storage, taking into account the zero cost of fuel for such renewable sources. Unless the Commission specifies otherwise, all IRP options presented should be required to demonstrate the soonest retirement of fossil fuel plants, the most aggressive implementation of energy efficiency measures, and the most rapid replacement of fossil fuel generation with renewable energy generation.

### **Section 2.03 and Article IV**

Article IV of the regulation (Energy Efficiency and Demand Response) requires much information that should be included in Section 2.03 if it is to result in a truly integrated plan. This relates to the comment made above on Section 2.02, that demand-side resources merit a separate and more comprehensive chapter in the IRP.

**Section 4.01.B.** The data required of the Annual Report is all useful in screening end-use measures and programs for inclusion in an IRP, but in the Annual Report these data are only used retrospectively.

**Section 4.01.C.** The information sought in the EE & DR Plan is all useful in identifying cost-effective measures and bundling them into programs. Incorporating this information into the IRP would satisfy much of the need PR-SEIA identifies in its comment to **Section 2.03.F)3)** above.

**Section 4.01.C)1)** says that the Commission will designate a cost-effectiveness test. Such a test should be used in the IRP process for screening end-use measures and evaluating programs for their impact on the present value of revenue requirements.

The Commission should, at a minimum, incorporate the utility cost test (UCT) and total resource cost test (TRC) into the IRP. Both tests compare avoided utility costs to program costs, with the difference that the TRC includes participant contributions as costs (the share of measure costs borne by customers) while the UCT does not.

Respectfully Submitted,

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