

GOVERNMENT OF PUERTO RICO
PUBLIC SERVICE REGULATORY BOARD
PUERTO RICO ENERGY BUREAU

SECRETARIA
COMISION DE ENERGIA DE
PUERTO RICO

'18 AGO 27 P5 :00

IN RE: Regulation on Retail Wheeling

CASO NÚM.: CEPR-MI-2018-000X

Subject: Request for Public Comments.

Motion to Submit PV Properties, Inc. Comments on Wheeling

COME NOW, PVP Properties, Inc. ("PVP"), through the undersigned legal counsel, respectfully states and prays:

- 1- On August 7, 2018, the Puerto Rico Energy Bureau ("Energy Bureau") requested comments regarding Wheeling to be filed on or before August 27, 2018.
- 2- The contact information for PVP's President, whom files his comments through the undersigned counsel, is the following:

Víctor Luis González
#206 Calle San Francisco
San Juan, PR 00901
787-725-7562
victorluisgonzalez@yahoo.com

- 3- Attached is a list of PVP's comments referencing each one of the Energy Bureau's questions labeled as Exhibit 1.

Respectfully submitted in San Juan, Puerto Rico, on August 27, 2018.

Roumain & Associates, P.S.C.
#1702 Avenida Ponce De Leon
2ndo Piso
San Juan, Puerto Rico 00909
787-349-9242
Email: mgrpcorp@gmail.com

Por:



Marc G. Roumain Prieto
NUM RUA: 16,816

1. General Questions Regarding the Regulations

- 1.1 PREPA should divest all of its generation assets to avoid conflict of interest with other generators.
- 1.2 A centrally dispatched wholesale market on an island requires that capacity, ancillary services, frequency and voltage response, be available. Since this will take time to procure, in our opinion, it should be done through bilateral contracts and existing operating bilateral contracts should be honored (i.e. AES, Ecoelectrica, Renewables PPOAs).
- 1.3 An independent system operator can ensure power quality, interconnection, the reasons for disconnection, and the grid use charges. In our opinion the system operator should not be involved in the financial transaction to provide a more agile market which is already regulated by the Energy Bureau of Puerto Rico as Energy Service Companies.
- 1.4 The Energy Bureau can ensure non-discriminatory open access to the grid by establishing clear and transparent rules enforced by fines for non-compliance.
- 1.5 PREPA or someone else who will be willing to act as the default provider will be essential for wheeling to get started in the short-term, yet it is always preferable that the customer have the right to choose a provider.
- 1.6 Yes, reporting requirements enabling customers to compare between wheeling suppliers and the default supplier.
- 1.7 Yes, consumer protection requirements should apply to all energy suppliers. However, consumer protection should allow for the Energy Service Companies to make reasonable profits, invest in new technology, guarantee payment and tie customers for reasonable periods of time.
- 1.8 There should be collars on contract lengths.
- 1.9 Yes, there should be a limit to market share and avoiding monopolies.
- 1.10 Community choice aggregation will help create a healthy customer choice-based market.
- 1.11 An Integrated Resource Plan should be required in Puerto Rico's future energy model, whichever it turns out to be. Wheeling will not limit the need for planning the islands energy future and it will help provide certainty for investment. Retail competition will determine the economics and financial shaping of the market but it does not necessarily need to determine where and how energy is

generated. An IRP will continue to be an essential tool for regulators to pursue maintaining a stable grid and energy market.

The default energy provider, Electric Service Companies and all interested energy producers should bear the responsibility of "procuring" resources identified in the IRP. Instead of Electric Service Companies needing to intervene in the IRP they should be included in proposing or petitioning the IRP within the scope of services/ generation they can provide. Clearly, at present, they are in a better position to procure generation assets than PREPA.

Consumers choice requires an open market where suppliers will have to invest at risk. The IRP should define what are the risks to both the supplier and the consumer. Too much uncertainty or risk could limit investment and suppliers. The IRP should allow a solar energy producer to either use the energy, sell it to the grid or pay the grid for wheeling it to himself at another location or to a consumer. Providing that choice to producers of renewable energy will take away some of the risks and help create a leveled playing field.

1.12 Our thoughts on how to level the playing field for distributed energy:

1- Eliminating PREPA from administering interconnection. It needs to be managed by a third party that is not prejudice against what PREPA considers its competition. The third party could be a private entity contracted for this purpose or the T&D concessioner described by PREPA's fiscal plan.

2- Fast tracking interconnection for small generators

3- Doing away with the restrictive and onerous interconnection requirements. Currently even interconnecting a residential distributed generator is a challenge.

4- Allow suppliers the choices addressed in 1.11

1.13 New investments should be at risk. No stranded cost. The current grid and generators have been fully depreciated for years now. What's their value when they have to be replaced? Aren't they more of a liability than an asset? Only legacy debt needs to be repaid but we see no other significant stranded costs when it comes to PREPA and precisely that is where the opportunity for new generation thrives.

1.14 Microgrids and wheeling could overlap and some considerations regarding microgrids should be considered in the development of wheeling regulations. Here some circumstances we believe should be taken into consideration:

- A microgrid could be a single wheeling unit by selling excess generation outside of its grid.
- a microgrid member could choose to use the wheeling mechanism to sell outside the microgrid or to procure outside the microgrid.
- a generation facility primarily used for wheeling could also provide energy to an onsite or nearby load forming a microgrid.

1.15 The plans to privatize PREPA included in the Fiscal Plan and recent legislation consider generation to be managed separately from transmission and

distribution. Current PREPA generation assets have limited value, the benefits of permitting new generation on those sites has its pro and contras. Wheeling will be complimentary to the privatization plans and can be considered a way of fast tracking much needed new renewables generation to replace old generation. Generation assets have a capacity and an energy price. Now, also generation assets for ancillary services are being considered and can be provided in part through storage

- 1.16 Managing supplier default is a market decision. The customer should require guarantees. Customer be aware should be the norm. Competition will sort out the bad apples.
- 1.17 The upgrades should be paid by the upgrade users. Firm service is a wheeling charge that either the producer or a third party needs to provide. Energy can be firmed at the sending, at the receiving and at other points on the T and D grid.
- 1.18 Let the market decide. The Energy Bureau needs to avoid overregulating in the beginning because it will only delay implementation.

2. Cost Recovery and Allocation

2.1 Energy Bureau oversight of the T and D operator should manage both their expenses and revenue margin.

2.2 The debt service can be charged to either suppliers using wheeling or to the wheeling customer. The charges could be based on kWhs, as stated in the current RSA, and measured by a grid meter. Wheeling will be measured by such a meter making it easy to quantify and charge.

2.3 No "exit fee" should be charged. It is contrary to customer choice. Why penalize a person or entity that decides to stay in Puerto Rico and invest in their own generation while others are leaving the island, causing the same loss to the grid, without being penalized? Exit fees will only incentivize leaving the island which would cause costs to be shifted to those that stay at a faster rate.

2.4 Regulatory entities such as the Energy Bureau determine the reasonable profits to secure the needed operation, maintenance and needed future investments. They should be allowed to receive a revenue percentage comparable to other jurisdictions.

2.5 When it comes to transmission investments and upgrades, the rule should be that those who benefit share the costs. The Energy Bureau will be the honest broker.

3. General:

Wheeling is understood to be from a renewable energy source. We suggest the Energy Bureau consider hybrid renewable energy systems (RE + BESS + ICE). Typically, at least 75% of the energy of these hybrid renewable energy systems is from renewables and the balance up to 25% from non-renewables. These hybrid systems will be able to firm the energy delivered from point-to-point without the need to use PREPA's, or its successor's, non-renewable generation fleet.