

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

SECRETARIA
COMISION DE ENERGIA DE
PUERTO RICO

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IN RE: PV PROPERTIES, INC.

CASO NÚM.: CEPR-AP2018-0001

Subject: Public Comments during Prefiling
Process

**Motion to Submit Questions and Comments
Regarding Information Presented at the Technical Conference of August 14,
2018**

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

- 1- On August 14, 2018, the Puerto Rico Energy Bureau ("Energy Bureau") held a Technical Conference in the instant case as part of Phase 1 of the Integrated Resource Plan ("IRP") Prefiling Process.
- 2- On August 21, 2018 the Puerto Rico Energy Bureau issued a Resolution and Order stating "any person interested in submitting additional questions or comments to the Energy Bureau may do so on or before August 27, 2018".
- 3- PVP did not submit questions initially but was present at the hearings.
- 4- **At the hearing the Puerto Rico Electric Power Authority ("PREPA") made, in our view, misleading statements concluding that the Renewable Portfolio Standard ("RPS") established by Act 82-2010 is not applicable**

to distributed generation. This causes great concern to Puerto Rico's 173, and growing, megawatts of distributed generation renewable assets.

- 5- Specifically, the mentioned information is on pages 7,59,60 and 76 of PREPA's presentation titled *PREPA PREC Technical Conference Aug 14 2018*.
- 6- Attached is a list of PVP's questions/comments and the referenced pages of the presentation as Exhibit 1.

Respectfully submitted in San Juan, Puerto Rico, on August 24, 2018.

Por:



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Exhibit 1

Page 7 – Policy – Renewable Portfolio Standard (RPS):

“Act 82 of July, 2010 defines specific requirements to promote energy diversification by creating an RPS. This rule requires load serving entities to supply increasing shares of retail sales with qualified renewable and alternative sources starting at 12 percent in 2015 increasing to 15 percent in 2027 and 20 percent in 2035. PREPA has not met RPS targets to date.

In the RPS statute there are grounds for non-compliance (Act 82-2010, Section 2.12(d)), e.g., “insufficiency of sustainable renewable energy or alternative renewable energy producers” and “the excessive cost of acquisition of the electric power generated by a renewable energy producer”.

PREPA’s first paragraph on this topic uses confusing language and references which are not taken from the statutes it refers to. They should clarify this language and substitute it with the correct legal references:

1. Who are the “load serving entities” PREPA states Act 82 of 2010 requires compliance from? PREPA is the only entity which meets Act 82 requirements.
2. What exactly does PREPA mean by the phrase “to supply increasing shares of retail sales with qualified renewable and alternating sources”?
3. Doesn’t Act 82 clearly define a specific minimum percentage for years 2015 to 2020 and from 2020 to 2027? Why then do you use the term “increasing shares”?
4. Do you agree that the required percentage is based on retail sales which in PREPA’s case is the kWh sold that they report?
5. Are RECs the mechanism to show compliance with the required percentage of retail sales?
6. Is there any other mechanism?
7. Who do you consider to be “renewable energy producers”?
8. How much renewable energy did the “renewable energy producers” produce in 2015, 2016, 2017 and 2018 natural year?
9. Do you agree that Act 82 also allows RECs produced in 2013 and 2014 to be used to meet the 2015 requirement?
10. Have you compared the cost of RECs you have purchased in Puerto Rico with the cost that New Jersey or other jurisdictions with similar RPS requirements were paying for RECs in those years? How do the REC’s price in Puerto Rico compare?
11. Do you consider paying \$35 for a REC (1,000kWh) a reasonable cost?
12. What was the amount of insufficient renewable energy in those years?

13. What renewable energy producers did you include and which did you exclude?
14. Did you include producers not interconnected to the grid? Does Act82 define off-grid renewable energy producers as ineligible to participate in the RPS?
15. Did you consider producers interconnected at transmission voltage?
16. Did you consider producers interconnected at distribution voltage?
17. What is the cut-out voltage between transmission and distribution?

Page 59 - Carbon Regulation:

"No CO2 cap is assumed in the analysis noting that at this time there is no existing or proposed policy capping or otherwise regulating CO2 emissions from power generators in Puerto Rico. Carbon pricing may be included as a sensitivity of the analysis to account for the implications of carbon regulation on future supply portfolios. The price of carbon proposed is based on a consensus of publicly available U.S. carbon price forecasts which starts around \$10/ton CO2 in 2022 and increases to around \$80/ton CO2 (nominal\$). "

1. What amount of CO2 does a 1MWh of current PREPA generation produce? Is the CO2 number different for Fuel, coal and natural gas?
2. Can you provide the specific number for each energy source and the blended number?
3. Can you provide that for five days of your choice in July of 2018?
4. Will the RPS and the RECs provide a "future supply portfolio" with less sensitivity to the impact of a future "carbon tax"?

Page 60 – Puerto Rico RPS:

"Current RPS requirement for 12 percent of load served by renewable and alternative resources will be set starting in 2020, and increase along with the defined standard of 15 percent in 2027 and 20 percent in 2035. Additional sensitivities to be conducted with higher RPS targets. The costs to comply will be based on the cost of new build renewables, REC values are not an input. Distributed solar generation is not assumed to count towards RPS targets but will be tracked in the analysis."

1. What data or information did you use to state that "12 percent of load served by renewables and alternative resources will be set starting in 2020"?
2. What was the 2017 percentage of renewables generation?
3. What do you mean by "load served by renewables"? Act 82 clearly states the percentages are of power sold by the retail energy provider.

4. What loads do renewables serve?
5. Are water heating loads considered as "loads served by renewables"?
6. Why do you say that the cost to comply "will be based on the cost of new build renewables"?
 - a. Isn't the value of the RECs the "cost to comply"? Is the value of RECs set by supply and demand?
 - b. Is this statement meant to imply that current already built renewables will not be a factor in the "costs to comply"?
 - c. Why not?
 - d. Why does PREPA state that REC values are not an input?
 - e. PREPA has been buying RECs since 2013. Shouldn't that cost be an input considered in the analysis of the 'costs to comply' with the RPS? What then are these RECs?
7. Why do you use the word "assumed" when you say that Distributed solar generation is not "assumed" to count towards RPS targets?
8. Do you define distributed solar generation based on the interconnection voltage? On whether it has a net-metering contract? Do you consider off-grid renewable generation as a distributed renewable generation?
9. Are you providing a legal representation that distributed solar generation doesn't count towards RPS?
 - a. If it were to count, how will your analysis change?

Page 76- Distribution and Transmission Level DG:

- *The DG in Puerto Rico includes distribution level DG and transmission level DG. Both categories are primarily rooftop solar.*
- *IRP models DG as "lumped" generation resources, reflecting distribution DG and transmission DG separately by eight zone areas.*
- *Most of the DG is located in the north of the island, largely in parallel with the location of the load. Below table shows existing DG locations.*
- *Under current arrangements, DG is not eligible for the RPS compliance.*

	Share	MW	Region
North	71%	122.76	S. Juan, Bayamón, Carolina, Caguas & Arecibo
South	16%	28.09	Ponce
West	13%	21.09	Mayaguez
Total	100%	172.75	

1. What is the basis for PREPA's determination that DG RECs are not eligible for RPS compliance? Act 82 Art. 2.11(a) provides otherwise.
2. If the CEPR were to determine that DG is eligible who will pay for the RECs, penalties and interest that will result from the failure of PREPA to buy these eligible and available DG RECs?
3. Will the DG penetration be different if the RECs from DG are eligible for the RPS?

4. Will renewable energy generated by Wheeling facilities, micro-grids or self-supply and off-grid producers be eligible for RPS compliance?
5. What will make them eligible or not eligible?
6. Is that decision based on what Law 82 says?
7. What is the forum to interpret Law 82, the CEPR, the PROMESA federal court, or local courts?
8. Has PREPA consulted any of those forums?