

GOVERNMENT OF PUERTO RICO
PUERTO RICO ENERGY COMMISSION

SECRETARIA
COMISION DE ENERGIA DE
PUERTO RICO

IN RE: REVIEW OF THE PUERTO RICO ELECTRIC POWER AUTHORITY INTEGRATED RESOURCE PLAN	CASE NO. CEF-IRP-2018-0001 SUBJECT: IRP 2018 Prefilling Process, Determination of Completeness of August 1, 2018 Compliance Filing with Commission's July 2, 2018 Order
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INSTITUTO DE COMPETITIVIDAD Y SOSTENIBILIDAD ECONOMICA DE PUERTO RICO, INC. (ICSE) SUBMITTAL OF CONSIDERATION QUESTIONS FOR COMMISSION'S CONSIDERATION

TO THE COMMISSION:

NOW COMES, ICSE, through its attorney and respectfully alleges and prays:

Next Tuesday August 14, 2018, the Puerto Rico Energy Commission ("PREC") will hold a Technical Conference ("Conference") regarding the Puerto Rico Electric Power Authority's ("PREPA") Integrated Resource Plan ("IRP"). During the Conference, PREPA will answer questions regarding the IRP process.

In response to the PREC's request the Instituto de Competitividad y Sostenibilidad Económica (ICSE) respectfully submit the following questions:

1. IRP Planning Period

- Question 4 addresses the planning period of this IRP. Considering PREPA dilatory tactics on the implementation of the 2016 Approved Modified IRP, can PREPA now evaluate and PREC implement a planning period that recovers valuable lost time by the PREPA consumers, besides the presented time span of July 2018 to June 2038?

2. Legislative Changes

- Question 8 addresses legislative changes that have occurred since the last IRP filing. Section 6 of Act 120, 2018 provides that "[t]he Contracts granted in relation to any Transaction of the PREPA, may provide exemptions to the following statutory provisions (and any regulatory provision or related action) that the Partnership Committee determines are reasonable under the circumstances to ensure the viability of the Transaction of the PREPA: ... (ii) Any subsection of Section 6B of Act 83; as long as the Partnership Committee has the advice of the Commission"; and Section 6B(h) of Act 83 stands for Integrated Resources Plan. Please explain the how this section will be interpreted during this process.

3. Load Forecast

- In terms of load scenario assumptions, in its response to question 12, PREPA indicates possible ways of capturing future power demand events, as increasing demand from electric cars. Please explain that if instead of monitoring or forecasting demand, PREPA plans a strategy to increase demand from electric cars and other sources.
- Since the PREC commenced a proceeding on Wheeling, Case No: CEPR-MI-2018-0010, it is important that PREPA consider the effect on such regulation on demand and load forecast. Please explain how the new "Wheeling" proceeding affects the load forecast, per consumer class.

4. Fiscal Oversight Management Board (FOMB) Critical Projects

- Question 21 addresses FOMB Critical Projects. Tittle V of PROMESA indicates that *"[f]or each submitted project, the Revitalization Coordinator in consultation with the Governor and relevant Puerto Rico Agencies identified in subsection (a)(2) shall develop a Critical Project Report within 60 days of the project submission, which shall include: ... (D) In the case of an Energy Project that will connect with the Puerto Rico Electric Power Authority's transmission or distribution facilities, a recommendation by the Energy Commission of Puerto Rico, if the Energy Commission determines such Energy Project will affect an approved Integrated Resource Plan, as defined under Puerto Rico Act 54-2014"*. However, PREPA indicates in its response to question 21 that *"FOMB's critical project process under Section 503 of PROMESA is a separate process outside the timeline of the IRP development."* Please explain.

5. Supply Side Resources

- In its response to question 23, PREPA explains its plans for new supply-side resources and Portfolios *"based on two strategies; the first one will be centered predominantly distributed resources which will come naturally for renewable generation and storage but also will apply to new thermal generation. To achieve this, the system will be split in a number of electrical islands (called minigrids) and the optimal capacity expansion plan will seek to achieve 100% load generation balance at the minigrid level."* It also defines the second strategy *"where we accept that the minigrids will depend partly on resources located in other areas (centralized generation)."* Please define further the distributed resources strategy in terms energy produced by PREPA consumers.

6. IRP Scenarios

- In its response to question 32, PREPA presents different scenarios in terms of fuel infrastructure. Please explain why the Palo Seco Plant is not considered in the "gas to the north" scenario.

7. Limitations and Constrains

- In its response to question 40, PREPA indicates that “[t]he IRP evaluates the highest public good and the protection of the interests of the residents of Puerto Rico, **which may not necessarily be identical to the interests of PREPA if viewed from a narrow utility perspective**”. Since PREPA is a public corporation, please explain why the highest public good and the protection of the interests of the residents of Puerto Rico, which is PREPA customer base, is not in line with the interests of PREPA.

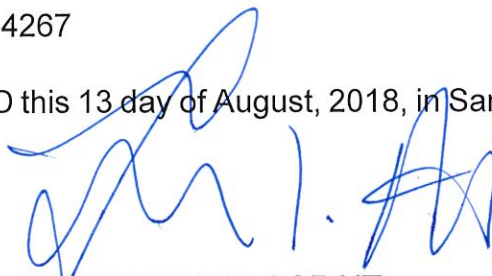
WHEREFORE, ICSE respectfully requests that the Commission to consider the questions presented.

CERTIFICATION

I also certify that on this date a copy of this motion regarding the Case No. CEPR-AP-2018-0001 was notified by electronic mail to the following: n-vazquez@aepr.com, jorge.ruiz@prepa.com and astrid.rodriguez@prepa.com. I certify that today, August 13, 2018, I have proceeded with the filing of the motion by the Puerto Rico Energy Commission and I have sent a true and exact copy to the following:

Puerto Rico Electric Power Authority
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RESPECTFULLY SUBMITTED this 13 day of August, 2018, in San Juan, Puerto Rico.



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