



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

**IN RE: REGULATION ON THE  
INTERCONNECTION OF MICROGRIDS**

**CASE NO.: CEPR-MI-2018-0008**

**SUBJECT: PREPA's Request to Stay or  
Extend Due Date for Proposed  
Interconnection Regulation**

**RESOLUTION AND ORDER**

On May 16, 2018, the Puerto Rico Energy Bureau ("Energy Bureau") approved the Regulation on Microgrid Development ("Regulation 9028").<sup>1</sup> That same day, the Energy Bureau ordered the Puerto Rico Electric Power Authority ("PREPA") to develop a regulation to govern the interconnection of microgrid systems to the electric grid, and to file the proposed regulation before the Energy Bureau within 120 days of the date that the Order was notified ("May 16 Order").<sup>2</sup>

On September 17, 2018, PREPA filed a motion titled *The Puerto Rico Electric Power Authority's Motion to Stay or Extend Due Date for Proposed Interconnection Regulation* ("September 17 Motion").<sup>3</sup> Through the September 17 Motion PREPA requested the Energy Bureau to stay the May 16 Order, or to extend the due date for filing the draft of the proposed regulation to February 2019. On September 24, 2018, the Energy Bureau denied PREPA's September 17 Motion, and ordered PREPA to file the draft regulation on or before October 31, 2018.<sup>4</sup>

On October 31, 2018, PREPA filed before the Energy Bureau a motion titled *The Puerto Rico Electric Power Authority's Second Motion to Stay or Extend Due Date for Proposed Interconnection Regulation* ("October 31 Motion"). PREPA argued that Regulation 9028 is "an unusual and novel regulation" that provides an extraordinary degree of optionality to PREPA's customers that could create potential financial risks for PREPA and may be inconsistent with the public policy of the Government of Puerto Rico.<sup>5</sup> PREPA also argues

<sup>1</sup> See, *Regulation on Microgrid Development*, Regulation No. 9028 of May 18, 2018; Case No. CEPR-MI-2018-0001.

<sup>2</sup> The initial due date was September 13, 2018.

<sup>3</sup> The September 17 Motion was filed under Case No. CEPR-MI-2018-0001.

<sup>4</sup> See *Resolution and Order*, Case No. CEPR-MI-2018-0008 ("September 24 Resolution and Order"). Although the September 17 Motion was filed under Case No. CEPR-MI-2018-0001, it corresponds to the instant case.

<sup>5</sup> October 31 Motion, p. 2, ¶ 4(b).

that although it has been working with the United States Department of Energy ("US DOE") on the interconnection regulation, the US DOE has expressed concerns about "the lack of any regulatory construct in the mainland, the newness of the technology, and the difficulty of implementing real solutions, in particular when dealing with multiple customers."<sup>6</sup> Finally, PREPA argues that the "Bureau's creation of three kinds of microgrids 'in front of the meter' is novel and does not appear to have any precedent on the US mainland, to the best of PREPA's knowledge".<sup>7</sup>

First of all, the development of microgrids is part of the Puerto Rico Energy Policy.<sup>8</sup> The ability of these systems to interconnect to the electric grid, administered at this time by PREPA, is an essential component for the successful implementation of microgrid systems as a solution to Puerto Rico's energy needs and to comply with the provisions of the Puerto Rico Energy Policy.<sup>9</sup> Moreover, PREPA seems confused regarding the microgrid definition and the purpose of the interconnection regulation. According to Section 1.08(20) of Regulation 9028, a Microgrid is "a group of interconnected loads and Distributed Energy Resources within **clearly defined electrical boundaries** that acts as a **single controllable entity** that can **connect and disconnect from the Electric Power Grid** to enable it to operate in either grid-connected or off-the-grid (islanded) mode."<sup>10</sup> Therefore, the "optionality" that PREPA describes as problematic in its October 31 Motion is, in fact, the primary feature of a microgrid: a system that has loads/customers and energy sources behind the single interconnection point and has the ability to operate interconnected or off-the-grid.

Regarding the interconnection of microgrids, PREPA will only provide metered service at the interconnection point, similar to the service provided to net metering costumers. As such, the delivery point for PREPA's service will be the microgrid's single interconnection point. Hence, the only PREPA client will be the microgrid itself. As described in Regulation 9028, the Microgrid Operator has the responsibility to serve the customers and/or the loads of the microgrid.<sup>11</sup> Therefore, contrary to PREPA's assertions, the microgrid structures created by Regulation 9028 are not "in front of the meter" but are, in fact, behind PREPA's meter which, as stated before, will be located at the microgrid interconnection point. The microgrid interconnection regulation will govern the interconnection between the microgrid and PREPA.

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<sup>6</sup> *Id.*, p. 3, ¶ 4(c).

<sup>7</sup> *Id.*

<sup>8</sup> See in general, Statement of Motives, Act 133-2016 and Senate Bill 1121.

<sup>9</sup> See *Resolution and Order*, Case No. CEPR-MI-2018-0008, September 24, 2018.

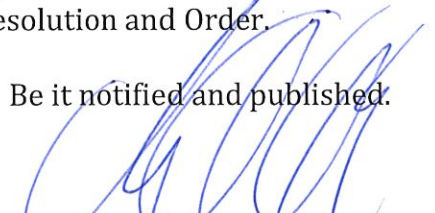
<sup>10</sup> Emphasis supplied.

<sup>11</sup> See Section 1.08(21) of Regulation 9028.



After reviewing PREPA's arguments, the Energy Bureau **DENIES** PREPA's request to stay the May 16 Order, or to extend the due date for filing the draft of the proposed regulation to February 2019. As expressed in the September 24 Resolution and Order, the Energy Bureau will soon commence the process for the adoption of the microgrid interconnection regulation, in accordance with the provisions of Act 57-2014.<sup>12</sup> Furthermore, PREPA is hereby **ORDERED** to file with the Energy Bureau copies of any information and or documentation PREPA received, compiled, gathered and/or prepared with regard to the microgrid interconnection regulation **on or before ten (10) days** from the notification of this Resolution and Order.


Be it notified and published.



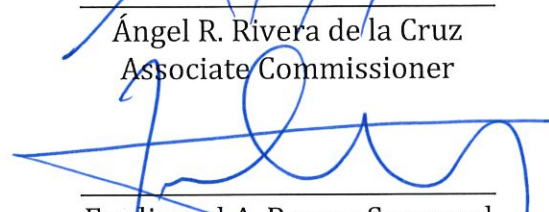
Edison Avilés Deliz  
Chairman



Lillian Mateo Santos  
Associate Commissioner



Ángel R. Rivera de la Cruz  
Associate Commissioner



Ferdinand A. Ramos Soegaard  
Associate Commissioner

## CERTIFICATION

I hereby certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on November 8, 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@prepa.com, astrid.rodriguez@prepa.com, jorge.ruiz@prepa.com. I also certify that today, November 9, 2018, I have proceeded with the filing of the Resolution and Order issued by the Puerto Rico Energy Bureau and I have sent a true and exact copy to the following:

<sup>12</sup> See Article 6.3 (rr), *Puerto Rico Energy Transformation and RELIEF Act*, as amended.



**Puerto Rico Electric Power Authority**

Attn.: Nitza D. Vázquez Rodríguez

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Correo General

San Juan, PR 00936-4267

For the record, I sign this in San Juan, Puerto Rico, today November 9, 2018.

María del Mar Cintrón Alvarado  
Clerk