

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 Compliance Filing of
December 26, 2018

RESOLUTION

On December 20, 2018, the Puerto Rico Energy Bureau ("Energy Bureau") issued an Order to Show Cause ("December 20 Order"), in which the Puerto Rico Electric Power Authority ("PREPA") was ordered to, within five (5) days of the notification, show cause for which it should not be fined for a violation to an Energy Bureau's Order.¹

On December 26, 2018, PREPA filed before the Energy Bureau a document titled *PREPA's Compliance Filing* ("Compliance Filing"). In its Compliance Filing, PREPA argues that on September 17, 2018 it provided the Energy Bureau with a 14-page partial draft of the Regulation for Interconnection of Microgrids ("Partial Draft Regulation").² The Energy Bureau hereby clarifies that said Partial Draft Regulation is not part of the docket in the instant case since it was not submitted by PREPA on September 17, 2018, as PREPA alleges.

Although PREPA did file a motion on September 17, 2018, titled *The Puerto Rico Electric Power Authority's Motion to Stay or Extend Due Date for Proposed Interconnection Regulation* ("September 17 Motion"), the Partial Draft Regulation that PREPA refers to in the Compliance Filing was not filed as an attachment to said motion.³ Moreover, nowhere in the September 17 Motion does PREPA make any reference to the Partial Draft Regulation that PREPA alleges was submitted with said motion. On October 31, 2018, the day the interconnection regulation submission was due, PREPA filed 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"). As with the September 17 Motion, the October 31 Motion, failed to mention that PREPA had submitted a Partial Draft Regulation on September 17, 2018 and did not include any attachments. It is not until the December 26, 2018 Compliance Filing, following the December 20 Order, that PREPA included, as part of its submission, said Partial Draft Regulation.

¹ See *Resolution and Order*, November 8, 2018.

² PREPA's Compliance Filing, December 26, 2018, p.1, ¶ 1.

³ *Id.*

Throughout the September 17 Motion, PREPA states it has been “working diligently on” and “has made considerable progress on”, a draft interconnection regulation.⁴ According to PREPA, the United States Department of Energy (“USDOE”) has been directly involved with PREPA on the development of the regulation. PREPA argues it has conducted “significant consultation” and has received assistance from the USDOE, on the research stage, for the development of the interconnection regulation.⁵ Despite the foregoing, the Partial Draft Regulation that PREPA presented does not represent considerable progress on the matter. In fact, the Partial Draft Regulation submission is merely an outline of a generic regulation and does not contain any detailed information pertaining to the technical and/or operational aspects of the interconnection of microgrids.

PREPA has expressed various concerns about the impact that certain types of microgrids might have on the Puerto Rico grid as a whole. PREPA is concerned that multiple customer microgrids will, in effect, become “mini-utilities” and could present significant financial, planning, rate and operational issues. It is important to note that, the most beneficial characteristic of microgrids is their ability to operate in “island mode”, separate from the main grid, while maintaining reliable service to its customer(s), in the event of an outage that affects the main grid. Moreover, PREPA has expressed qualms on the level of optionality a microgrid might have in terms of switching back and forth from the main grid, alluding to “very large or even enormous amounts of load going onto and off of the system repeatedly and unpredictably”, and how this would affect the grid.⁶ Another PREPA concern is the possibility that a microgrid operator could arbitrage power for profit, depending on the costs of the local generation resources versus the cost of PREPA’s supply.

The Energy Bureau understands PREPA’s concerns. These concerns, along with other potential impacts, will be taken into consideration during the development of the microgrid interconnection regulation in order to prevent them from becoming obstacles in the future development of microgrids as an initiative to promote a more sustainable and resilient energy service. Hence, these are the issues the interconnection regulation process intends to address.

It is imperative that the interconnection of all types of microgrids be regulated to promote the deployment of this technology into the Puerto Rico electric grid. The Energy Bureau acknowledges the importance of PREPA’s involvement in the matter and is willing evaluate recommendations that could benefit the final outcome. Nevertheless, PREPA has requested on two (2) separate occasions, that the development of the interconnection regulation be stayed indefinitely.⁷

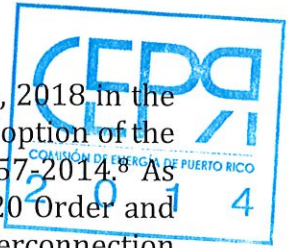
⁴ September 17 Motion, p.2, ¶ 5 and p.3 ¶ 11.

⁵ *Id.*

⁶ PREPA’s Compliance Filing, December 26, 2018, p.25, ¶ 57.


⁷ September 17 Motion, p.5 ¶ 21. See also, October 31 Motion, ¶ 8.

As previously expressed on the Resolution and Order of September 24, 2018 in the instant case, the Energy Bureau has already commenced the process for the adoption of the microgrid interconnection regulation, in accordance with the provisions of Act 57-2014.⁸ As such, the Energy Bureau **DENIES** PREPA's request to dismiss the December 20 Order and **DENIES** PREPA's request to return the task of preparing the microgrid interconnection regulation.

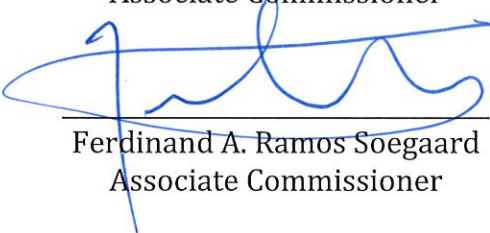



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Associate Commissioner

CERTIFICATION

I hereby certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on January 31, 2019. I also certify that on this date a copy of this Resolution 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, January 31, 2019, I have proceeded with the filing of the Order issued by the Puerto Rico Energy Bureau and I have sent a true and exact copy to the following:

Puerto Rico Electric Power Authority

Attn.: Nitza D. Vázquez Rodríguez; Astrid I. Rodríguez Cruz
Jorge R. Ruíz Pabón
PO Box 364267
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For the record, I sign this in San Juan, Puerto Rico, today January 31, 2019.


María del Mar Cintrón Alvarado
Clerk

⁸ See Article 6.3(rr), *The Puerto Rico Energy Transformation and RELIEF Act*, as amended.