

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

SECRETARIA
COMISION DE ENERGIA DE
PUERTO RICO

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IN RE: REVIEW OF THE PUERTO
RICO ELECTRIC POWER
AUTHORITY INTEGRATED
RESOURCE PLAN

NO. CEPR-AP-2018-0001

SUBJECT: PREPA'S INFORMATIVE
MOTION, PROPOSAL REGARDING
COMPLIANCE SCHEDULE, AND
UPDATE QUESTION

**PREPA'S INFORMATIVE MOTION, PROPOSAL REGARDING
COMPLIANCE SCHEDULE, AND UPDATE QUESTION**

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

COMES NOW the Puerto Rico Electric Power Authority ("PREPA") and respectfully submits, to the honorable Puerto Rico Energy Bureau (the "Energy Bureau"), PREPA's Informative Motion, Proposal Regarding Compliance Schedule, and Update Question.

1. PREPA and its independent expert IRP consultants, Siemens, carefully reviewed, and have been working diligently on compliance with, the Energy Bureau's Resolution and Order issued on April 5, 2019, under which PREPA's compliance filing in the form of a revised IRP is due on May 10, 2019.

2. PREPA and Siemens have developed an aggressive timeline for compliance with that deadline. PREPA and Siemens wish to inform the Energy Bureau, however, that, based on their analysis of the April 5th order, compliance will require, among other things: (1) 25 new Long Term Capacity Expansion ("LTCE") model runs plus (2) 14 "non-LTCE" model runs of which five will require re-dispatch runs. As noted in a prior PREPA filing, an LTCE run, on average, with diligent effort, takes roughly a week to prepare and conduct, including the approximately two days that it takes for the

supercomputer to run the program. The IRP team can work on more than one LTCE run at a time, but there are practical limits on how many runs can be in progress at the same time.

3. PREPA, in these circumstances, and with a desire to accelerate the interim provision of information to the Energy Bureau and the Energy Bureau's staff and consultants while at the same time affording sufficient time for PREPA's preparation and submission of a complete and accurate compliance filing, proposes as follows regarding the compliance schedule:

- a. PREPA will share with the Energy Bureau and the Energy Bureau's staff and consultants the results of the LTCE runs as they are produced and analyzed, as well as key results;
- b. PREPA will make its best efforts to prepare and submit by May 10th a revised IRP, also including the required work papers, the certification of compliance, and the two lists required by the April 5th order; and
- c. PREPA also will review its Petition and Informative Motion, Testimony, Motion for Confidential Treatment, and Motion for Limited Waivers filed in February 2019, and, if and as needed, will prepare and file updated versions of those items.

4. PREPA and Siemens also wish to inform the Energy Bureau and its staff and consultants of the following assumptions or premises that PREPA and Siemens are employing in preparing the compliance filing, in case the Energy Bureau has any concerns with any of these items:

- a. For the demonstration of compliance or not with the new high efficiency fossil generation definition, they will use the reference of 2018 \$ 100/MWh and compare it with the Levelized Cost of Energy ("LCOE") for various capacity factors and using 2018 fuel costs. Note that PREPA and Siemens currently anticipate that the large combined cycle gas turbines ("CCGTs") will comply with this requirement with capacity factors over 60%, which is expected for these units, and that for the peaking units they currently anticipate that their LCOE's will be higher than the reference above as these units are designed to provide a different service than the base load units.
- b. PREPA and Siemens intend to model energy efficiency with gains of 2% per year as necessary to reach 30% gains as indicated in new Act 17-2019 (Bill 1121). However, that is expected to happen by 2031 / 2032.
- c. With respect to purchasing Renewable Energy Certificates ("REC's") from the customer-owned distributed generation ("DG"), PREPA and Siemens currently do not have a price for those REC's. In our opinion, for those clients benefiting from net-metering, the REC's should be made available to PREPA at no cost, in return for the service PREPA will be providing by storing the energy during the day for delivery at night. However, given that PREPA and Siemens currently expect that PREPA will meet the RPS (renewable portfolio standard) just accounting for the LCOE economically installed renewable generation, or will get very close to it, PREPA and

Siemens will run the LTCE's considering that only utility-scale renewable generation contributes to the renewable portfolio standard ("RPS") requirement and will provide an indication of the maximum price for these DG REC's as the shadow price of the RPS constraint (whenever binding).

5. Finally, PREPA and Siemens seek direction from the Energy Bureau on one update item due to Act 17-2019. Sensitivity 3 provides for allowing the economic retirement of the AES facility that generates electricity from coal. However, Act 17-2019 provides for barring the use of coal to generate electricity after 2028. Do PREPA still need to model the economic retirement, or is that now unnecessary? PREPA and Siemens respectfully request direction on this item at the Energy Bureau's earliest convenience. If this case is necessary, then the number of LTCE runs increases to 26.

WHEREFORE, the Puerto Rico Electric Power Authority respectfully requests that the Honorable Puerto Rico Energy Bureau accept this Informative Motion, approve the proposal regarding the compliance schedule, and clarify the update item.

RESPECTFULLY SUBMITTED,

IN SAN JUAN, PUERTO RICO, THIS 17th DAY OF APRIL, 2019

PUERTO RICO ELECTRIC POWER AUTHORITY



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CERTIFICATION OF FILING AND SERVICE

I hereby certify that on April 17, 2019, I have filed the above filing with the Puerto Rico Energy Bureau in hard copy format at the office of the Clerk of the Puerto Rico Energy Bureau and further, at approximately the same time, that courtesy copies of the filing were sent via email to the Puerto Rico Energy Bureau via email to secretaria@energia.pr.gov and mcintron@energia.pr.gov, and to the office of the Energy Bureau's internal legal counsel via email to legal@energia.pr.gov and sugarte@energia.pr.gov.



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