

COMMONWEALTH OF PUERTO RICO
PUERTO RICO ENERGY BUREAU

2019 JUN 26 AM 11:52

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

NO. CEPR-AP-2018-0001

**SUBJECT: PREPA'S COMPLIANCE
FILING**

PREPA'S COMPLIANCE FILING

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 Compliance Filing pursuant to the Energy Bureau's Resolution and Order of June 24, 2019.

1. On June 20, 2019, PREPA filed its "Motions (1) to Extend June 21 Compliance Deadline and (2) for Approval of Siemens Contract Amendment."

2. The Energy Bureau's June 24th order states in part: "PREPA has not complied with the November 6 Order and the December 20 Order regarding the scope of the amendment and the expected change in the contracted amount. PREPA is ORDERED to, on or before June 26, 2019, at 12:00 p.m., provide a copy of the draft contract, including the scope of the work to be performed by Siemens. Such filing must detail the contract amount that will be assigned to each proposed task."

3. PREPA already attached the proposed "Second Amendment to Contract 2018-P00176: Professional Resources – Integrated Resource Plan" as Exhibit 2 to PREPA's June 20th Motions. The proposed second Contract amendment appears as ".pdf" pages 7-13 of the Motions as posted on the Energy Bureau's web site.

4. The second to last WHEREAS clause of the proposed Contract amendment states: "WHEREAS, PREPA needs to continue receiving the Consultant's services regarding the Puerto Rico Energy Commission's requirements in matters of the IRP, services related to the compliance with the Financial Oversight and Management Board for Puerto Rico and the public policies for energy in accordance with Act No. 17-2019, among others."

5. The last WHEREAS clause states: "WHEREAS, the Consultant's services for Fiscal Year 2019-2020, requires an amount of \$2,658,000."

6. The proposed Contract amendment (third to last WHEREAS clause) shows that PREPA's existing Contract with Siemens for IRP services, as amended, has a term that ends on June 30, 2019, the final day of PREPA's Fiscal Year 2019 (July 1, 2018, to June 30, 2019). *See also* PREPA's compliance filing of November 14, 2018, which provided copies of the Contract and its first amendment.

7. PREPA contracts for professional services often have terms that end on or before the end of a PREPA Fiscal Year.

8. The proposed Contract amendment would add PREPA's Fiscal Year 2020 (July 1, 2019, to June 30, 2020) to the Contract.

9. PREPA's decision to add Fiscal Year 2020 to the Contract is necessary, prudent, and reasonable, for many reasons.

10. This IRP case obviously will extend throughout much of PREPA's Fiscal Year 2020. PREPA filed its IRP main Report on June 7, 2019, and its supporting Direct Testimony on June 14, 2019. Under the Energy Bureau's IRP regulation, Reg. No. 9021, § 3.02(A), the Bureau may take up to 30 days to review the IRP filing for compliance with

the regulation, and the Bureau may take longer, at its discretion. The IRP regulation provides for an extensive proceeding once the IRP is determined to be compliant, including but not limited to the Energy Bureau within 15 days of the IRP completeness determination setting a procedural calendar that includes discovery, hearings, filings, and other pleadings; interventions within 30 days of the IRP completeness determination; and an initial technical hearing within 45 days of the days of the IRP completeness determination. Reg. No. 9021, §§ 3.02 – 3.05. The regulation also indicates that the Bureau anticipates final comments and/or oral arguments before the Bureau issues its final order. Reg. No. 9021, § 3.08. There also will be a 20-day period for parties to seek reconsideration of the Bureau's final order, followed by the Bureau's determination of such requests and possible further proceedings on such requests. Act 38-2017, § 3.15.

11. The 2015 IRP case (no. CEPR-AP-2015-0002) took over a year to conduct, even though it was conducted in a more informal manner, e.g., there were no rounds of written testimony. There, PREPA filed its initial proposed IRP in July / August 2015; the Energy Bureau found non-completeness in August 2015; PREPA submitted a revised IRP in August / September 2015; the Bureau did not issue a determination of revised IRP completeness until December 2015, at which time the Bureau again found non-completeness and ordered PREPA essentially to submit a supplemental IRP; PREPA submitted the supplemental IRP in stages and iterations concluding in a final version in April 2016; the Bureau conducted further proceedings; the Bureau issued its Final Resolution and Order in September 2016; and, the Bureau issued its Resolution on PREPA's motion for reconsideration in February 2017.

12. Siemens obviously needs to perform a pervasive and critical role in this IRP docket going forward. Siemens are the independent experts who prepared PREPA's initial IRP filing submitted in February 2017 and PREPA's revised (replacement) filing in June 2017, subject to inputs from and collaboration with PREPA and PREPA's final decision on the Action Plan. Dr. Nelson Bacalao is one of PREPA's five witnesses who submitted Direct Testimony, and he is the main PREPA witnesses on the details of the IRP. Siemens will need to participate in answering and preparing discovery; technical conferences; analysis of Energy Bureau, Bureau Staff, and intervenor questions and positions; further written testimony; hearings; preparation of briefs / comments; and support of oral argument. In addition, Siemens has played and PREPA anticipates that Siemens will continue to play a critical role in discussions with stakeholders outside of the formally regulated aspects of this docket. Please note, again, that the proposed Contract amendment also provides for "services related to the compliance with the Financial Oversight and Management Board for Puerto Rico and the public policies for energy in accordance with Act No. 17-2019, among others."

13. The proposed Contract amendment does not define a complete granular list of specific tasks with specific dollar estimates or caps that together make up the total proposed Fiscal Year 2020 Contract amount. Flexibility is needed. Some tasks now are known only at a very general level (see the preceding paragraph of this Compliance Filing). Many other tasks are not yet known and will depend on requests of the Energy Bureau, its Staff, and intervenors, and/or on positions and proposals of intervenors. Specific tasks that are known now include evaluation of AES conversion to liquefied natural gas (LNG) or other fuel resource (the compliance filing due on July 17, 2019).

Other future specific tasks may include, for example, additional Long-Term Capacity Expansion options requested by the Energy Bureau for AES or other subjects; additional tasks requested by the Energy Bureau pertaining to the IRP approval process; and, any other requirements made by the Energy Bureau related to IRP process as mandated by Act 17-2019.

14. If the Energy Bureau wishes, PREPA can provide additional information supporting the total proposed Fiscal Year 2020 Contract amount. Siemens can provide some additional information on the breakdown of expected work, subject to the limits of what is known at this time. Accordingly, PREPA respectfully but strongly recommends that the Energy Bureau approve the proposed Contract amendment as soon as is practically possible, so that Siemens can resume and continue its work, such as its work on the Long-Term Capacity Expansion model runs and other analysis needed for the compliance filing due on July 17, 2019.

WHEREFORE, the Puerto Rico Electric Power Authority respectfully requests that the Honorable Puerto Rico Energy Bureau approve the proposed Contract amendment as soon as is practically possible and enter any other relief as is warranted.

RESPECTFULLY SUBMITTED,

IN SAN JUAN, PUERTO RICO, THIS 26th DAY OF JUNE, 2019

PUERTO RICO ELECTRIC POWER AUTHORITY

per: 

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CERTIFICATION OF FILING AND SERVICE

I hereby certify that on June 26, 2019, I have filed the above Compliance Filing with the Puerto Rico Energy Bureau at the office of the Clerk of the Puerto Rico Energy Bureau; and, further, at approximately the same time, that courtesy copies of the Motion were sent via email to the Puerto Rico Energy Bureau via email to secretaria@energia.pr.gov and wcordero@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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