



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

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

CASE NO.: CEPR-AP-2018-0001

SUBJECT: PREPA's Motion to extend
schedule

RESOLUTION AND ORDER

On May 31, 2019, the Puerto Rico Electric Power Authority ("PREPA") filed before the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") a document titled "PREPA's Motion to Extend Schedule". PREPA requested additional time to prepare a compliant Integrated Resource Plan ("IRP"). PREPA requested to move the due date from May 31, 2019 to June 7, 2019, and to add (5) five additional business days to submit the new Direct Testimony, which would move the due date from June 7, 2019 to June 14, 2019.

On April 26, 2019, the Energy Bureau issued a Resolution and Order through which it clarified the requirements for the formulation of PREPA's IRP refiling, and reminded PREPA that the May 10, 2019 deadline for the refiling of its proposed IRP remained unaltered.

On May 9, 2019, the Energy Bureau issued a Resolution and Order granting PREPA's request to file the results of the IRP by May 31, 2019, and the required documentation by June 7, 2019, based on the different issues encountered by PREPA while performing the IRP analysis.

Upon review of PREPA's arguments, the Energy Bureau **GRANTS** PREPA the extension as requested. PREPA is authorized to file the IRP by **June 7, 2019**, and the updated testimony on support of its IRP filing by **June 14, 2019**. The Energy Bureau severely reprimand PREPA's delay pattern and **WARNS** that any further delays in the refiling of the IRP or the updated testimony will result in the imposition of an administrative fine in the amount of \$25,000.00 per day.


For the benefit all parties involved, the Energy Bureau publishes this Resolution and Order in both, Spanish and English. Should any discrepancy arise between these two (2) versions, the English version shall prevail.

Be it notified and published.




Edison Avilés Deliz
Chairman


Lillian Mateo Santos
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 June 5, 2019. Associate Commissioner Ángel R. Rivera de la Cruz dissented with a written opinion. I also certify that on June 5, 2019 a copy of this Resolution and Order was notified by electronic mail to the following: astrid.rodriguez@prepa.com, jorge.ruiz@prepa.com and n-vazquez@aeepr.com. I also certify that today, June 5, 2019, 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:

Puerto Rico Electric Power Authority

Attn.: Nitza D. Vázquez Rodríguez
Astrid I. Rodríguez Cruz
Jorge R. Ruíz Pabón
PO Box 364267
San Juan, PR 00936-4267

For the record, I sign this in San Juan, Puerto Rico, today June 5, 2019.


Wanda I. Cordero Morales
Clerk



**GOVERNMENT OF PUERTO RICO
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Schedule.

Associate Commissioner Ángel R. Rivera de la Cruz, dissenting

Today, the majority of the Puerto Rico Energy Bureau ("Energy Bureau") determined to extend the May 31, 2019, IRP filing deadline to June 7, 2019, and to extend the June 7, 2019 deadline to file updated testimony in support of its IRP filing, to June 14, 2019. For the reasons I express herein, I dissent.

* * *

On May 9, 2019, the Energy Bureau issued a Resolution and Order ("May 9 Resolution and Order") through which it extended to May 31, 2019, the May 10, 2019 deadline for the Puerto Rico Electric Power Authority ("PREPA") to file the results of the Integrated Resource Plan ("IRP"), as well as additional required documentation regarding completeness. Furthermore, the Energy Bureau ordered PREPA to file updated testimony in support of its IRP filing on or before June 7, 2019. This was the third extension the Energy Bureau granted PREPA to refile the IRP.¹

On May 31, 2019, instead of filing the required documents, as established on the May 9 Resolution and Order, PREPA filed a document titled *PREPA's Motion to Extend Schedule* ("Motion"). On its Motion, PREPA requested to extend the May 31, 2019 deadline to June 7,

¹ On February 13, 2019, PREPA filed the draft IRP. On March 14, 2019, the Energy Bureau issued a Resolution and Order through which it determined that PREPA's draft IRP was not in compliance with Regulation 9021, *Regulation on Integrated Resource Plan for the Puerto Rico Electric Power Authority*. The Energy Bureau ordered PREPA to file the updated IRP within thirty (30) days of the notification of the February 13, 2019 Resolution and Order. On March 26, 2019, PREPA filed a document titled *PREPA's Clarification Questions and Motions Regarding Schedule*, through which, among other things, requested a thirty five-day (35) extension to file the updated IRP, since it required some clarifications regarding the March 14, 2019 Resolution and Order. On April 5, 2019, the Energy Bureau issued a Resolution and Order through which it ordered PREPA to refile its proposed IRP within thirty-five (35) days of the notification of said Resolution and Order. On April 26, 2019, the Energy Bureau issued a Resolution and Order through which it clarified the March 14, 2019 Resolution and Order and April 5, 2019 Resolution and Order. The Energy Bureau also established May 10, 2019 as the new deadline to file the IRP. On May 3, 2019, PREPA filed its *Informative Motion and Motion to Extend Due Date for Revised IRP*, through which it requested a three-week extension, from the May 10, 2019 deadline, to file its proposed IRP. On May 9, 2019, the Energy Bureau issued a Resolution and Order extending until May 31, 2019 the deadline for PREPA to file its IRP.

2019, and to extend the June 7, 2019 deadline to June 14, 2019. PREPA provided a memorandum prepared by its IRP consultant, Siemens, in support of its request to extend the established deadlines.

According to PREPA, even though its consultant has worked diligently to meet the deadline, it has had to “perform significantly more Long Term Capacity Expansion (“LTCE”) model runs than Siemens did or could previously anticipate.”² PREPA also explained that it has had to perform additional unexpected model runs since initial model runs yielded results that underbuilt battery storage, yielded unacceptable levels of energy not served, and/or caused very high curtailment levels.³ Moreover, PREPA argued that a key member of the Siemens IRP team resigned, forcing Siemens to bring “other resources to the project, but there was always the unavoidable lost time to bring the new resources up to date in the project.”⁴

PREPA was aware of these issues long before May 31, 2019. However, it decided to wait until the last minute to file its Motion. As the Energy Bureau stated before, the practice of waiting until the day of the deadline to request a time extension is disruptive to Energy Bureau’s procedures and is not aligned with the public interest.⁵ At the same time, PREPA’s actions limit the Energy Bureau’s decisional power regarding the extension request, since it does not provide for adequate time to evaluate it and make a decision on its merits before the deadline expires.

It seems that, by filing on the last day of the term, PREPA assumes the extension will be automatically granted without any consequences. PREPA is wrong.

Not filing the IRP on or before the established deadline and instead filing a request for extension on the last day of the term, is a blatant violation of the May 9 Resolution and Order. To that effect, Article 6.36 of Act 57-2014⁶ establishes, in the pertinent part, that “[t]he Energy Bureau shall impose administrative fines **for violations of this Act, or the regulations and orders issued thereunder**, committed by any person or electric power company subject to its jurisdiction, of up to a maximum of twenty-five thousand dollars (\$25,000) per day.”⁷

² PREPA’s Motion, p. 2.

³ *Id.*

⁴ *Id.*, p. 5.

⁵ Resolution and Order, Case No. CEPR-AP-2015-0001. *In Re: Puerto Rico Electric Power Authority Rate Review*, May 31, 2019, p. 2.

⁶ *The Puerto Rico Energy Transformation and RELIEF Act*, as amended.

⁷ Emphasis supplied.

Since February 13, 2019, the Energy Bureau granted three different extensions for PREPA to file the updated IRP and the testimony in support of it. The issues PREPA described in its Motion were foreseeable, thus PREPA and Siemens could have taken corrective action and inform the Energy Bureau in a timely manner. Moreover, stating that time was lost due to the departure of an IRP team member does not represent just cause to extend the deadline. PREPA and specially Siemens should have been prepared for this contingency. They were not.

PREPA's actions are another example of the dilatory attitude PREPA has shown in this and many other critical Energy Bureau proceedings.⁸ Moreover, by not meeting the deadlines established by the Energy Bureau, especially when PREPA suggested the deadline date, reveals PREPA's and Siemen's lack of proper planning and time mismanagement that have been the norm throughout this process.

Approving the IRP is the most important step to guarantee the orderly and integrated improvement of the Puerto Rico electric system.⁹ In addition, the IRP is a critical component of our economic development and stability, and serves as the cornerstone to determine the capital investments necessary to transform the Puerto Rico electric system from our current status into a robust, resilient and efficient system.¹⁰ Delaying the IRP approval process is detrimental to Puerto Rico and is not aligned with the public interest.

It is important to note that, in its May 9 Resolution and Order, the Energy Bureau warned PREPA that "any further delays in the refiling of the IRP will result in additional and more severe administrative fines, at the Energy Bureau's discretion."¹¹ The Energy Bureau should have exercised its discretion today. As such, I would have **denied** PREPA's request to extend the IRP filing deadline and would have **imposed an administrative fine** in the amount of **twenty-five thousand dollars (\$25,000.00) per day**, in accordance with Article 6.36 of Act 57-2014, from the original deadline of May 31, 2019 until the date PREPA files the IRP before the Energy Bureau.

I would have also denied PREPA's request to extend the deadline to file the updated testimony in support of the IRP. Furthermore, I would have warned PREPA that noncompliance with the latter deadline would be considered an additional violation of the

⁸ See for example, Resolución, Case No. CEPR-AP-2015-0001. *In Re: Puerto Rico Electric Power Authority Rate Review*, April 5, 2019, Associate Commissioner Rivera de la Cruz, dissenting, p. 3. "Solicitar a última hora que se recalendarice una vista técnica que es esencial para la implementación de la tarifa permanente el 1 de mayo de 2019, debido a que la Autoridad inoportunamente alega tener un compromiso con otra agencia, es un eslabón más en la larga cadena de incumplimiento y actitud dilatoria que la Autoridad ha demostrado en la implementación de la tarifa permanente, la cual fue aprobada por Resolución Final y Orden el 10 de enero de 2017."

⁹ Resolution and Order, Case No. CEPR-AP-2018-0001, *In Re: Review of the Puerto Rico Electric Power Authority Integrated Resources Plan*, February 12, 2019, p. 3.

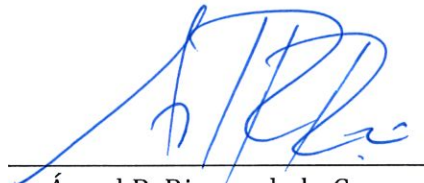
¹⁰ *Id.*

¹¹ May 9 Resolution and Order, p. 3.



May 9 Resolution and Order and, as a result, would carry additional and more severe administrative fines and sanctions.

Therefore, I dissent.



Ángel R. Rivera de la Cruz
Associate Commissioner

In San Juan, Puerto Rico, on June 5, 2019