



**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: Completeness Determination of
PREPA's IRP Filing and Procedural
Calendar.

RESOLUTION AND ORDER

I. Introduction and Completeness Determination

On June 7, 2019, the Puerto Rico Electric Authority ("PREPA") filed a document titled *PREPA's Cover Filing for Accompanying Compliance IRP Filing Due June 7, 2019* ("June 7 Filing") before the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau"). The June 7 Filing included the revised proposed Integrated Resource Plan ("Revised IRP Filing").¹ On June 14, 2019, PREPA filed a document titled *PREPA's Cover Filing, Updated List of Documents Filed or Submitted, and Motions* ("June 14 Motion"), which included, among others, the updated testimony in support of its Revised IRP Filing.

In summary, the Revised IRP Filing included the following documents:

1. PREPA Exhibit 1.0, which includes the IRP Main Report² and four (4) Appendices;
2. PREPA Exhibit 2.0, which comprises the workpapers of the revised IRP;
3. PREPA Exhibits 3.0 through 7.0, which include Direct Testimony with attachments and notarizations; and

¹ The June 7 Filing is the result of PREPA's revisions to the IRP filed on February 13, 2019, which was rejected by the Energy Bureau due to lack of compliance with requirements of Regulation No. 9021, *Regulation on Integrated Resource Plan for the Puerto Rico Electric Power Authority*, April 24, 2018 ("Regulation 9021"). See Resolution and Order, March 14, 2019, IN RE: Review of the Puerto Rico Electric Power Authority Integrated Resource Plan, Case No. CEPR-AP-2018-0001. See, also, Resolutions and Orders, March 14, 2019, April 5, 2019, April 26, 2019, May 9, 2019 and May 23, 2019 in the instant case.

² The IRP Main Report contains ten (10) parts and an Attachment A. On June 19, 2019, PREPA filed a document titled *PREPA's Motion for Leave to File IRP Main Report "ERRATA" Version* ("June 19 Motion"), which included an "errata" version of the IRP Main Report correcting typographical, wording and formatting errors on the IRP Main Report filed on June 7, 2019. Note that the Energy Bureau accepted this document to the extent the only changes to the document are those reflected in the redline version submitted by PREPA in its June 19 Motion and uploaded the same in its website (*i.e.*, case docket). See Resolution and Order, July 03, 2019, IN RE: Review of the Puerto Rico Electric Power Authority Integrated Resource Plan, Case No. CEPR-AP-2018-0001.

4. Information required through Appendices A and B of the Energy Bureau's March 14, 2019 Resolution and Order ("March 14 Order") in the instant case.

Pursuant to Section 3.02 of Regulation 9021, the Energy Bureau shall have thirty (30) days from the date in which PREPA files its proposed IRP to determine whether said filing is complete or, if deemed incomplete, identify the deficiencies, and grant PREPA an opportunity to refile the proposed IRP. Said thirty-day term began on June 14, 2019, when PREPA submitted the documents related to the Revised IRP Filing.³

Upon reviewing the documents related to the Revised IRP Filing, the Energy Bureau **DETERMINES** that the Revised IRP Filing **complies with the requirements established in Regulation 9021**. This determination shall not be construed as PREPA having met the standard of the elaborated requirements contained in the Energy Bureau's Resolutions and Orders in the instant case.

The Energy Bureau will address below several items that will require further discussion during the instant proceeding.

A. Responses to Appendix A, Major Items Required for IRP Completeness, of the March 14 Order

As part of the June 14 Motion, PREPA submitted a list in which it explained how it addressed each specific major compliance item required in the Appendix A of the March 14 Order.⁴ PREPA has addressed each of the required items to the Energy Bureau's minimal satisfaction. Several responses, such as responses to items A-2-d, regarding the gas turbine replacement, and A-2-f, regarding EcoEléctrica's fixed payments, require additional information.

The Energy Bureau determines appropriate to resolve these matters in further detail through the discovery process established in Part II of this Resolution and Order.

1) ESM Resource Plan

Item A-1 of Appendix A relates to the ESM Resource Plan and its consideration for evaluation in the IRP process. As part of the June 7 Filing, PREPA described the ESM plan in a manner that can be appropriately considered a sensitivity based on Scenario 4, intended to test the impacts of fixing certain decisions on the model results.⁵ Per Section 2.03(H)(2)(b)

³ See Resolution and Order, June 11, 2019, in which the Energy Bureau granted PREPA until June 14, 2019 to file certain documents (e.g., Direct Testimony) and clearly stated that the foregoing period shall be calculated from June 14, 2019 instead of June 7, 2019.

⁴ See June 14 Motion, "Order_Appendix AB_Appendix_A.pdf", June 14, 2019, Case No. CEPR-AP-2018-0001.

⁵ See PREPA's Informative Motion and Motion to Coordinate Overlapping Schedules, "Considerations on the ESM Plan.pdf" (Confidential), June 11, 2019, Case No. CEPR-AP-2018-0001.

of Regulation 9021, PREPA is allowed to develop sensitivities which address environmental and construction risks factors, among others. Furthermore, when developing resource plans, PREPA is permitted to consider the impacts on system reliability (*e.g.* by locating generation in specific areas to increase resilience) and financial impacts on PREPA (*e.g.*, by taking advantage of the potential for outside investors to develop new facilities).

Upon review of PREPA's arguments, the Energy Bureau **DETERMINES** that, when considered as a sensitivity on Scenario 4, the ESM Plan's limited use of a capacity expansion model to optimize the remaining resource decisions beyond those fixed in the ESM Plan definition is appropriate. However, this determination in no way indicates any agreement with PREPA that the ESM Plan, as described, is part of a Preferred Resource Plan; but rather that the Energy Bureau will evaluate analytically and thoroughly the decision-making process that led for this plan to be selected by PREPA as the Preferred Resource Plan and proposed Action Plan.

B. Responses to Appendix B, Fully or Partially Incomplete Items Not Expressly Addressed in the Resolution and Order, of the March 14 Order

In order to respond to the requirements of Appendix B of the March 14 Order, PREPA submitted a document in which PREPA detailed its answers and provided cross references to other documents included in the Revised IRP Filing.⁶ Upon review of PREPA's answers, the Energy Bureau determines that items 10, 16, 30, 38, 49, 55 and 56 of Appendix B of the March 14 Order require further discussion.

1) Items 10 and 16

Item 10 of Appendix B of the March 14 Order is an overarching item that covers compliance with items 11 through 16. Item 16 corresponds to Section 2.03 (D)(1)(b)(xvi) of Regulation 9021, which states:

"The following information concerning each existing supply-side resource shall be supplied, as applicable and as readily available to PREPA with respect to private resources, in the form of a coherent table(s) in the body of the IRP:

...

xvi. Average annual capital expenditures over the last five (5) years in total dollars."

In the relevant portion of the Revised IRP Filing, PREPA provides a summary of the capital expenditures on its generation fleet, by year, for the last five years.⁷ The referenced

⁶ See June 14 Motion, Order_Appendix AB_Appendix_B.pdf, June 14, 2019, Case No. CEPR-AP-2018-0001.

⁷ See June 7 Filing, Exhibit 1.0 IRP Main Report, pp. 4-1 to 4-2, June 7, 2019, Case No. CEPR-AP-2018-0001.

information is also provided as part of PREPA's workpapers.⁸ However, the information provided is not compliant with the provisions of Regulation 9021, which requires that this information be supplied "concerning each existing supply-side resource"⁹; not for PREPA's generation fleet as a whole. Therefore, the Energy Bureau **ORDERS** PREPA to provide the required information **on or before July 12, 2019, at 12:00 pm**.

2) Item 30

Item 30 corresponds to Section 2.03 (F)(4)(b) and sub-parts of Regulation 9021, relating to a valuation framework for energy storage options, including ancillary services, load shaping, and locational benefits. As part of PREPA's filing, PREPA refers the Energy Bureau to workpapers¹⁰ regarding the Aurora model, which address the requirement of Appendix B to the March 14 Order to "describe how Aurora treats these resources as part of the commitment and dispatch process."¹¹

Upon reviewing PREPA's filing, the Energy Bureau **DETERMINES** that PREPA has considered energy storage as part of its assessment. However, PREPA has neither provided any valuation framework for storage, nor any explicit quantitative or qualitative discussion of ancillary services, load-shaping, or the value of location within the Puerto Rico context.

Act 17-2019¹² requires the Energy Bureau to "conduct a study to determine the specific goals of the energy storage systems at all levels, as a mechanism to facilitate the integration of sustainable and alternative renewable energy sources into the grid and to achieve compliance with the Renewable Portfolio Standard."¹³ The Energy Bureau will address many of the aspects regarding the valuation framework for energy storage options through the storage study required by Act 17-2019. Therefore, the Energy Bureau defers additional requirements regarding energy storage to a later time.

3) Items 38, 49 and 55

Item 38 corresponds to Section 2.03 (H)(1)(a)(iii) of Regulation 9021, which requires a table illustrating the key differences between resource plans. In particular, the tables

⁸ See PREPA's Informative Motion and Motion to Coordinate Overlapping Schedules, "Annual Capital Expenditure 2013 to 2018.xlsx" (Confidential), June 11, 2019, Case No. CEPR-AP-2018-0001.

⁹ See Section 2.03 (D)(1)(b) of Regulation 9021. (Emphasis added.)

¹⁰ See June 14 Motion, Aurora Method and Hourly Dispatch Assessment.docx, June 14, 2019, Case No. CEPR-AP-2018-0001.

¹¹ See Resolution and Order, Appendix B, Item 30, p. 5, March 14, 2019, Case No. CEPR-AP-2018-0001.

¹² Known as the *Puerto Rico Energy Public Policy Act*.

¹³ See Section 4.10 of Act 17-2019.

provided in the Revised IRP Filing do not include any differences in Transmission and Distribution (“T&D”) assumptions between plans, nor include T&D costs in the projected revenue requirements. **Strategy 1, with centralized resources, should not contain the same T&D expenditures required for the creation of “minigrids” under Strategies 2 or 3.** Furthermore, the resulting changes in overall scenario costs must be reflected in the summary results.

Item 49 corresponds to Section 2.03 (J)(1)(d) and (J)(1)(d)(vi) of Regulation 9021, which requires a detailed narrative description of any planned transmission and sub-transmission facilities, and a description of the plans for development of such facilities over the coming ten years. The Revised IRP Filing contains substantial discussion of transmission investments in the context of minigrids. The March 14 Order required a summary description of any planned transmission investments separate from that described for the minigrids, as well as a description of each “hardening” project, with a clear description of what would be required for the grid with and without minigrids. In the June 28, 2019 Compliance Filing, PREPA provided what appears to be the introduction to a list of projects that are required due to aging infrastructure and hardening.¹⁴ **However, as of today, PREPA has neither provided a list of specific projects nor has any explanatory text been provided beyond a few sentences to introduce the presumed list of projects.**

Item 55 corresponds to Section 2.03 (J)(2)(e) of Regulation 9021, which requires that “[t]he IRP shall document the transmission and distribution implications of the Preferred Resource Plan, including assessing if the plan requires incremental transmission or distribution mitigation or changes.” As part of the March 14 Order, the Energy Bureau ordered PREPA to comply with this section by providing a set of analyses regarding the minigrid proposal. In particular, the Energy Bureau was seeking insights regarding optimization and optionality around T&D investments to support the minigrid approach. PREPA’s IRP Main Report, included as part of the June 7 Filing, contains in Section 2.15 a discussion and analysis of the cost-effectiveness, relative to the status quo grid, of PREPA’s particular minigrid proposal in three minigrid areas, in the event of a major hurricane or other event requiring islanded minigrid operation for an extended period. While valuable, this analysis does not contain any of the specific descriptions, summaries, analysis, or optimizations required by the March 14 Order.

PREPA’s responses to Items 38, 49 and 55 are indicative of PREPA’s lack of comprehensive analysis around the decision to pursue the minigrid approach. Furthermore, the information submitted does not provide justification of the design and structure of the minigrid approach and associated transmission investments. As part of its IRP, PREPA argues that its proposal is cost-effective. Nevertheless, **PREPA has not demonstrated that its approach is preferable over a grid configuration other than the existing one.**

¹⁴ See June 28, 2019 Compliance Filing, ITEM 49_Planned Transmission Separated from Describe for Minigrids.docx, June 28, 2019, Case No. CEPR-AP-2018-0001.

The Energy Bureau **DETERMINES** that additional information is needed in order to satisfy the requirements of Items 38, 49 and 55. The Energy Bureau will require such specific additional information through the discovery process established in Part II of this Resolution and Order. Furthermore, the Energy Bureau places PREPA **ON NOTICE** that the proposed minigrid approach to the IRP requires additional and specific information in order for the Energy Bureau to be in a position to approve it.

4) Item 56

Item 56 corresponds to Section 2.03(K)(1) of Regulation 9021, which requires the following:

"[T]he Action Plan shall include a table of key actions in the first five years after approval of the IRP including, at a minimum, expected procurement processes for supply-side resources and energy efficiency, permitting requirements, construction activities, required studies, and other significant events. The Action Plan shall cover intended acquisitions of demand-side, supply-side, transmission, distribution, and/or fuel infrastructure resources; retirements and/or retrofits of existing generating resources; entrance into, renegotiation or cessation of power purchase agreements; and any other resource commitments."

Through the March 14 Order, the Energy Bureau identified that the EcoEléctrica contract renegotiation and the commencement of energy efficiency programs are missing from the summary table for the Action Plan in the February 13, 2019 IRP Filing.¹⁵ PREPA has not rectified these omissions as part of the June 7 Filing. Therefore, the Energy Bureau **ORDERS** PREPA to provide the required information **on or before July 12, 2019, at 12:00 pm.**

Based on the above, and due to the urgency and importance of evaluating in full PREPA's Revised IRP Filing which will establish the roadmap for Puerto Rico's energy future, the Energy Bureau **DETERMINES** that it is necessary to commence Phase 2 of the IRP approval process, as established on Regulation 9021. Part II of this Resolution and Order establishes the Procedural Calendar for the IRP review and approval process.

¹⁵ Third-party administered energy efficiency programs are expected to begin in 2020, consistent with the modeled budgets in the revised IRP.

II. Procedural Calendar¹⁶

A. Requests for Intervention and Amicus Curiae

Any interested person may file, **on or before August 2, 2019**, a petition to intervene or a petition to appear as *Amicus Curiae* in the instant proceeding. The petition to intervene or to appear as *Amicus Curiae* must comply with the provisions of Sections 5.05 and 7.01 of Regulation No. 8543,¹⁷ as applicable. All potential intervenors must demonstrate the existence of a substantive interest in the proceeding. The *Amicus Curiae* Brief required by Section 7.01 of Regulation No. 8543 must be filed **on or before September 20, 2019**.

All petitions for intervention and *Amicus Curiae* shall be filed by using the Energy Bureau's electronic filing tool at: <https://radicacion.energia.pr.gov/>; by postal mail, addressed to the Puerto Rico Energy Bureau's Clerk's Office at World Plaza Building, 268 Muñoz Rivera Ave., Plaza Level Suite 202, San Juan, PR 00918; or in person at the Energy Bureau's Clerk's Office, located at the address above.

The Energy Bureau will evaluate each petition to intervene and to appear as *Amicus Curiae* pursuant to the requirements of Regulation No. 8543 and Section 3.5 and 3.6 of Act 38-2017,¹⁸ as amended.

B. Discovery

Every intervenor will have the right to issue discovery requests with regards to the Revised IRP Filing, pursuant to the provisions of Regulation No. 8543. In addition, pursuant to Section 8.01(H) and (I) of Regulation No. 8543, the Energy Bureau may participate in the discovery process, which shall be conducted by the Energy Bureau's Staff. The discovery period **will begin on July 3, 2019 and will end on October 1, 2019**. There will be a ten (10) day term for PREPA to answer all information requests. Every request of information or documents, and the corresponding answers, shall be notified by email to the address on record of every intervenor and to the Energy Bureau.

The following shall apply to all discovery requests and corresponding responses:

- 1) Any information requirement, request for production of documents or any other discovery requirement must be sent in a ***searchable portable document format (i.e. PDF)*** via email to the party to whom the request is made. Parties need not file a physical copy of the discovery request with the Energy Bureau's Clerk.

¹⁶ Attachment A to the instant Resolution and Order includes a summary of the Procedural Calendar set forth herein.

¹⁷ *Regulation on Adjudicative, Notice of Noncompliance, Rate Review and Investigation Procedures*, Regulation No. 8543, December 18, 2014.

¹⁸ *Uniform Administrative Procedures Act of the Government of Puerto Rico*.

- 2) All discovery request shall be sent via email by the requesting party's authorized representative to the Energy Bureau and to the email in record of each intervenor. It will not be necessary for a discovery request to include the signature of the requesting party's authorized representative. Parties may use electronic signatures when sending such documents.
- 3) When answering any discovery request, the responding party shall notify its responses to the requesting party, all other intervenors and to the Energy Bureau via email. Responses to any discovery request must be filed in a **searchable** PDF, unless the filed document native nature does not support a PDF filing (*e.g.* Excel Files). All answers must be notified by the responding party's authorized representative. All Excel files or files with similar format, shall be submitted in native form with formulae intact.
- 4) If, due to its size, a document cannot be sent via email, the responding party shall deliver it to the requesting party, all other intervenors, and to the Energy Bureau, using a portable drive (*e.g.* USB memory stick) or a cloud-based storage service (*e.g.*, Dropbox, OneDrive, Google Drive, etc.).
- 5) With the purpose of easing the discovery process, the Energy Bureau has determined to exempt all parties in the instant proceeding from the requirement that all answers to a discovery request be physically signed and notarized.
- 6) Each discovery response must clearly identify the person providing the answer to each question or requirement and include a certification regarding that, to the best of his/her knowledge, all answers provided are true and correct and none of the information provided is willingly misleading.
- 7) Physical copies of responses to discovery request need not be filed with the Energy Bureau's Clerk.
- 8) Should any party claim confidential treatment of the information provided in response to a discovery request, or a portion thereof, said party shall follow the guidelines set forth by the Energy Bureau in its August 31, 2016 Resolution, Case No. CEPR-MI-2016-0009, as amended.
- 9) All emails sent to the Energy Bureau shall be sent to all three (3) of the following addresses: secretaria@energia.pr.gov, legal@energia.pr.gov and viacaron@energia.pr.gov.

C. Initial Technical Hearing

The Energy Bureau will hold an Initial Technical Hearing on **August 13, 2019 at 8:30 a.m.** at the Energy Bureau's Hearing Room, located at the World Plaza Building, 268 Muñoz Rivera Ave., 8th Floor, San Juan, PR. PREPA shall be prepared to present the Revised IRP Filing to the Energy Bureau and the Intervenors. Furthermore, PREPA shall be prepared to answer questions from the Energy Bureau, its staff, consultants and Intervenors regarding its presentation and the contents of the Revised IRP Filing. At a later date, the Energy Bureau will provide more information with regards to the Initial Technical Hearing format, the applicable rules of behavior, and the order of the proceedings.

D. Intervenor's Written Testimony

Intervenors will have until **October 15, 2019**, to file their written testimony ("Pre-Filed Testimony"). Through such testimony, the intervenors, along with their witnesses, shall present their position and arguments with regards to PREPA's Revised IRP Filing. Since they are the equivalent of direct testimony, all Pre-Filed Testimony shall use a question and answer format. The person appearing as witness must be clearly identified, must provide his/her credentials and must specify the issue or subject on which he/she is testifying. Furthermore, all testimonies must be sworn and verified before notary public.

E. Evidentiary Hearing

The Energy Bureau will hold an Evidentiary Hearing in which parties and the Energy Bureau will have the opportunity to cross-examine the witnesses that provided Pre-Filed Testimonies. All parties will also have the opportunity to present their own evidence, in accordance with applicable statutory and regulatory procedures. The Energy Bureau will provide, at a later date, more information with regards to the format of the Evidentiary Hearing, the applicable rules of behavior, and the order of the proceedings. The Evidentiary Hearing is **scheduled for October 22 - 25, 2019**, at the Energy Bureau's Hearing Room, located at the World Plaza Building, 268 Muñoz Rivera Ave., 8th Floor, San Juan, PR. The Energy Bureau may modify the duration of the Evidentiary Hearing at its discretion.

F. Final Substantive and Legal Briefs

After the Evidentiary Hearing, PREPA and Intervenors will have the opportunity to submit Final Substantive and Legal Briefs ("Final Briefs"). The Final Briefs shall be limited to the information presented during discovery and the Evidentiary Hearings. Therefore, the Final Briefs cannot introduce information and/or evidence that has not been previously filed before the Energy Bureau. Final Briefs shall be filed **on or before November 12, 2019**.

G. Reply to Final Briefs

PREPA and Intervenors will have the opportunity to submit replies to the Final Briefs ("Reply Briefs"). All Reply Briefs shall be limited to the information presented in the Final Briefs. Therefore, the Reply Briefs cannot introduce information and/or evidence that has

not been previously filed before the Energy Bureau nor can address any issues that were not part of the Final Briefs. Reply Briefs shall be filed **on or before November 26, 2019**.

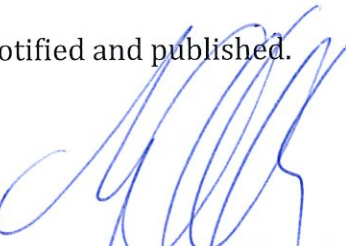
H. Public Hearing

The Energy Bureau will hold a public hearing with the purpose of providing additional opportunity for citizen participation. The hearing will be held on **November 26, 2019** at the Energy Bureau's Hearing Room, located at the World Plaza Building, 268 Muñoz Rivera Ave., 8th Floor, San Juan, PR. During the public hearing, the general public will have the opportunity to present their opinion about the IRP filing. During the course of the proceeding the Energy Bureau may determine to celebrate additional hearings, including hearings in other places along the Island. The public hearings are designed to obtain comments from the general public. As such, Intervenor, PREPA or its employees, associates, witnesses or legal representation, and any other party to this proceeding will not be allowed to participate in the public hearings.

I. Written Public Comments

Any person interested in presenting their comments to the Energy Bureau regarding this proceeding may file their written comments **on or before December 3, 2019**. Public comments may be presented using the Energy Bureau's electronic filing tool at: <https://radicacion.energia.pr.gov/>; by postal mail addressed to the Puerto Rico Energy Bureau's Clerk's Office at World Plaza Building, 268 Muñoz Rivera Ave., Plaza Level Suite 202, San Juan, PR 00918; or in person at the Energy Bureau's Clerk's Office, located at the aforementioned address. All written comments filed according to the instructions herein shall include in its title the following: "Public Comments on PREPA's IRP Filing – Case No. CEPR-AP-2018-0001" and shall be addressed to the Energy Bureau's Chairman, Edison Avilés Deliz.

Be it notified and published.



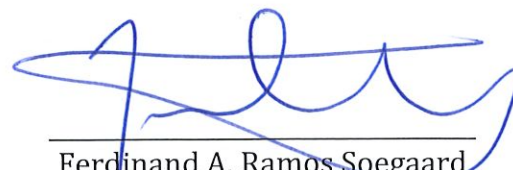
Edison Avilés Deliz
Chair



Ángel R. Rivera de la Cruz
Associate Commissioner



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 July 3, 2019. Associate Commissioner Ángel R. Rivera de la Cruz concurs with a written opinion. I also certify that on July 3, 2019 a copy of this Resolution and Order was notified by electronic mail to the following: astrid.rodriguez@prepa.com, jorge.ruiz@prepa.com, n-vazquez@aepr.com and c-aquino@prepa.com. I also certify that today, July 3, 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 363928

San Juan, PR 00936-3928

For the record, I sign this in San Juan, Puerto Rico, today July 3, 2019.

Wanda I. Cordero Morales
Clerk

Attachment A

Summary of Procedural Calendar

Date	Phase
July 3, 2019 – October 1, 2019	Discovery Process
August 2, 2019	Requests for Intervention and <i>Amicus Curiae</i> Due
August 13, 2019	Initial Technical Hearing
September 20, 2019	<i>Amicus Curiae</i> Brief Due
October 15, 2019	Intervenor's Written Testimony Due
October 22, 2019 – October 25, 2019	Evidentiary Hearing (<i>The Energy Bureau may modify the duration at its discretion</i>)
November 12, 2019	Final Substantive and Legal Briefs Due
November 26, 2019	Reply to Final Briefs Due
November 26, 2019	Public Hearing
December 3, 2019	Public Comments Due



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: Completeness Determination of
PREPA's IRP Filing and Procedural
Calendar.

Associate Commissioner Ángel R. Rivera de la Cruz, concurring

Today, the Puerto Rico Energy Bureau ("Energy Bureau") determined that the Revised Integrated Resource Plan ("IRP") filed by PREPA on June 7, 2019, met the requirements of Regulation 9021.¹ As such, the Energy Bureau commenced Phase II of the IRP review and approval process, as established in Regulation 9021. The Energy Bureau also established the procedural calendar of the instant case.

I concur with today's determination to commence Phase II of the IRP review and approval process, and to establish the procedural calendar to that effect. However, I have several concerns regarding PREPA's management and treatment of the Energy Bureau's multiple requests for information regarding PREPA's preferred plan (*i.e.* the Energy System Modernization ("ESM") Plan) and its failure to provide substantial information in support of certain decisions PREPA made regarding the ESM Plan.

* * *

The majority of the Energy Bureau determined that the Revised IRP Filing complies with the requirements established in Regulation 9021.² However, such compliance is marginal since PREPA's filing contains the bare minimum information required by Regulation 9021. The fact that the Revised IRP Filing marginally met the requirements of Regulation 9021 does not imply that the information submitted until now is sufficient to approve the ESM Plan and the proposed Action Plan that is based upon it.

The purpose of the IRP approval process is to determine the least-cost or near least-cost resource plan to supply Puerto Rico's energy demand in the planning horizon of twenty years. To that effect, Section 2.03(H)(2)(d)(i) of Regulation 9021 establishes that, "[i]n selecting the Preferred Resource Plan, PREPA **shall use the minimization of the present**

¹ Regulation on Integrated Resource Plan for the Puerto Rico Electric Power Authority, Regulation No. 9021, April 24, 2018.

² Resolution and Order, Case No. CEPR-AP-2018-0001, July 3, 2019, p. 2.

value of revenue requirements as the primary selection criterion.”³ In the alternative, Section 2.03(H)(2)(d)(iii) of Regulation 9021 establishes that, “PREPA may opt to choose a plan that is not the lowest cost, provided that, in doing so, it presents a detailed description of all the criteria and reasoning used to select the Preferred Resource Plan that is not the lowest cost.”⁴

In the Revised IRP, PREPA states that “[t]he 2019 IRP is not a classical IRP designed to identify the least cost approach to address the expected gap between future load growth and resources while maintaining a desired Planning Reserve Margin (PRM)”.⁵ According to PREPA, the proposed ESM plan is not the least-cost option.⁶ Although PREPA has provided certain descriptions regarding the criteria and reasoning pertaining several fix decisions contained in the ESM Plan, as well as why it was selected as the Preferred Resource Plan, PREPA has not meet the burden established in Section 2.03(H)(2)(d)(iii) of Regulation 9021.

As we stated in today’s Resolution and Order, PREPA’s responses to Items 38, 49 and 55 of Appendix B of the March 14, 2019 Resolution and Order in the instant case, “are indicative of PREPA’s lack of comprehensive analysis around the decision to pursue the minigrid approach.”⁷ Such responses also lack transparency and reflect that PREPA’s fixed decisions could be construed as arbitrary. Moreover, “the information submitted does not provide justification of the design and structure of the minigrid approach and associated transmission investments.”⁸ As part of its IRP, PREPA argues that its proposal is cost-effective, however, PREPA has not demonstrated that its minigrid approach is optimal, or even preferable to any approach other than the existing grid configuration.⁹

Based on the information PREPA has provided so far, I am not in position to vote in favor of approving the ESM Plan or the proposed Action Plan. Such information is insufficient to make a determination that the ESM Plan should be the Preferred Resource Plan. I expect PREPA to use the discovery process, the Evidentiary Hearing and all other procedural aspects of the instant case, to fix its information shortcomings.¹⁰

³ Emphasis supplied.

⁴ Regulation 9021, Section 2.03(H)(2)(d)(iii). Emphasis supplied.

⁵ *Puerto Rico Integrated Resource Plan 2018-2019*, Rev. 2, June 7, 2019, p. 1-2.

⁶ *Id.*, p. 5-5. “The ESM is benchmarked against the formulated least cost plans.”

⁷ Resolution and Order, Case No. CEPR-AP-2018-0001, July 3, 2019, pp. 5.

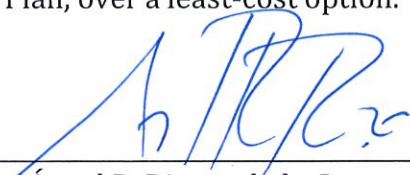
⁸ *Id.*

⁹ See for example, *Id.*

¹⁰ Generalities and lack of foundation as to the number and composition of the minigrids are examples of the shortcomings PREPA must avoid during the discovery phase of this proceeding.



Unless I am satisfied by the answers to the Energy Bureau's earlier questions, as well as any subsequent required information and analysis around the ESM proposal, it is unlikely that my position will change. PREPA must meet the standard established in Section 2.03(H)(2)(d)(iii) of Regulation 9021 regarding the selection of a Preferred Resource Plan that is not least-cost, in order for me to be in a position to evaluate the ESM Plan at the same level as other options included in the Revised IRP. This information must contain, at a minimum, a thorough analysis and detailed description to justify the selection of the ESM Plan as the Preferred Resource Plan, over a least-cost option. Until now, PREPA has failed to do so.



Ángel R. Rivera de la Cruz
Associate Commissioner

In San Juan, Puerto Rico, on July 3, 2019