

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

NEPR

Received:

Sep 25, 2019

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IN RE: REGULATION FOR PERFORMANCE INCENTIVE MECHANISMS	CASE NO.: NEPR-MI-2019-0014 Subject: Notice of Proposed Regulation and Request for Public Comments
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Motion to Submit AES Puerto Rico, LP, Initial Comments to the Notice of Proposed the Regulation for Performance Incentive Mechanisms

COMES NOW, AES Puerto Rico, LP (“AES-PR”) through its Legal Consultant, and respectfully states and prays:

1. On August 26, 2019, the Puerto Rico Energy Bureau (“**Energy Bureau**”) through a Resolution requested Public Comments to the Notice of Proposed the Regulation for Performance Incentive Mechanisms to be filed on or before September 25, 2019.
2. The contact information for Mr. Arnaldo Bisono Serrano, AES’s Marketing & Origination Manager for Puerto Rico, whom files these comments through the undersigned Legal Consultant, is the following:

Carretera No. 3, KM 142, Barrio Jobos
Guayama, Puerto Rico 00784
Mobile: +1 (787) 505-9909
arnaldo.serrano@aes.com

3. After review of the Notice of Proposed the Regulation for Performance Incentive Mechanisms and in accordance with the filing requirements established by the correspondent Resolution; please find enclosed comments of AES-PR to this regard.

Initial Comments

On section 7.1, where the principles for establishing incentive mechanisms are mentioned, we understand that there should be more clarity since these principles are mostly focused on

transmission and distribution activities, therefore, some of the principles are not applicable to the Electric Power Generation Companies.

To the aforementioned, we respectfully request that the following criteria to measure the Electric Power Generation Companies be defined in advance on this regulation:

- a. **Volatility and affordability of the electric power service rate.** To ensure that the volatility of the prices of petroleum derivatives and other type of fuels affect as less as possible the rates to the end users, we understand that the energy matrix must be diversified with different technologies and energy sources. On the other hand, to guarantee the affordability of the energy rates, all the costs related to the electric power generation must be audited, including investment, fuel variable costs and O&M fixed and variable costs. Electric Power Generation Companies with lower production costs should have priority in the dispatch so that they can produce more energy at competitive prices.
- b. **Economic incentives and investment return.** We understand that adequate economic incentives for the installation of different types of technologies for Electric Power Generation, will send to the market a proper signal for potential investors to make positive investment decisions and thus help to comply with the renewable energy portfolio. However, we understand that all the responsibility regarding incentives lies over the utility company, which must adhere to the guidelines established in the Integrated Resources Plan (IRP).
- c. **The reliability of the electric power service and infrastructure maintenance.** We understand that the metrics to measure the performance of conventional technology and renewable generation systems should be clearly established. Incentives and penalties must send the correct signal to achieve high asset performance and guarantee of energy supply.

In conclusion, AES-PR appreciates the opportunity to submit its comments and suggestions and urges the Energy Bureau to make clarification regarding the performance

incentives mechanisms and the establishment of the criteria with which the generation activity would be evaluated, understanding that, by definition, it is a less regulated economic activity if we compare it with T&D activity.

As well as, we respectfully reiterate our desire and intent to participate actively in any other “Initial Proceeding(s)” that the Energy Bureau could be held for this matter.

CERTIFICATION

I certify that today, September 25, 2019, I have proceeded with the filing of this Motion before the Puerto Rico Energy Bureau and also I certify that on this date a copy of this motion regarding the case No. NEPR-MI-2019-0014 was notified by electronic mail to the following: Astrid I. Rodríguez: astrid.rodriguez@prepa.com, Jorge R. Ruiz Pabón: Jorge.ruiz@prepa.com and Nitza D. Vázquez Rodríguez: n-vazquez@prepa.com, 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, Puerto Rico 00936-3928

RESPECTFULLY SUBMITTED, in San Juan, Puerto Rico, today September 25, 2019.

/s/ Axel Eugenio Colón Pérez
AES-PR's Legal Consultant
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