



**Thomas Quasius**  
*Director of Operations, Energy Solutions*

APTIM  
1 S. Pinckney Street  
Suite 340  
Tel: 262.388.0873  
thomas.quasius@aptim.com

October 7, 2019

Clerk's Office  
Puerto Rico Energy Bureau  
World Plaza Building  
268 Muñoz Rivera Ave.  
Suite 202  
San Juan, PR 00918

**Subject: Regulation for Energy Efficiency and Demand Response Proposed by the Energy Bureau of the Puerto Rico Public Service Regulatory Board**

Dear Puerto Rico Energy Bureau,

APTIM has reviewed with interest the Energy Bureau of the Puerto Rico Public Service Regulatory Board's (Energy Bureau) proposed regulations regarding energy efficiency and demand response programs. APTIM is supportive of the Puerto Rico Energy Public Policy Act (Act 17-2019) passed earlier this year into law. This important legislation establishes clear, aggressive goals for Puerto Rico in reducing carbon emissions while also growing Puerto Rico's ability to deliver clean and reliable energy to its residents and businesses. APTIM commends the Energy Bureau in its efforts to reshape Puerto Rico's energy economy, and the speed with which the Energy Bureau is transitioning its legislative mandate into program infrastructure that will make the goals of Act 17-2019 attainable.

**General Areas of Comment**

The regulatory framework as proposed by the Energy Bureau is strong, with deep consideration given to crucial aspects of program planning, delivery, and policy. APTIM encourages the Energy Bureau to hold firm in its focus on program equity for residents, and economic benefits for Puerto Rico as a whole. We agree that a focus on local hiring and supporting businesses will establish the Demand Side Management (DSM) and Demand Response (DR) offerings as economic drivers through job creation and local workforce development. These efforts should be emphasized and amplified in promoting both the program and its results, to engender goodwill and enthusiasm to participate for Puerto Rican residents and businesses.

Likewise, the regulatory focus on program equity is an important consideration, and clearly one the Energy Bureau has taken seriously. Allowing for geographically targeted program efforts will not only ensure that under-served areas receive program benefits, but will also provide DR flexibility in managing generation and transmission assets that are strained during peak periods. Setting minimum thresholds for the Third-Party Administrator (TPA) to reach historically under-served areas will ensure equity goals are prioritized. APTIM's own experience has shown that geographic equity is an attainable goal, with data analysis, targeted marketing, and thoughtful outreach working in tandem to deliver programs across the territory.

APTIM also supports the Energy Bureau's emphasis on meeting the needs of low-income residents by placing minimum thresholds on participation by under-served customers. We

**Expect the Extraordinary.**



recommend additional inquiry by both the Energy Bureau and the TPA to identify the proper balance between program equity, and the broader goals of Act 17-2019.

We support the suggestion that cost-effectiveness standards need not apply to program offerings targeting low-income customers. Reaching these residents is an important consideration in the wake of Hurricanes Irma and Maria, which exacerbated the economic struggles of many Puerto Ricans. Reaching under-served segments such as low-income residents is more costly from a program delivery perspective, yet important in leveraging energy efficiency and demand response to provide economic benefits.

Likewise, APTIM believes the Energy Bureau is correct in its support of local hiring of residents and businesses. APTIM has been challenged in the past to enforce standards for hiring local businesses and subcontractors, and to provide real benefits of participation to trade allies delivering program services on the ground. In Puerto Rico, APTIM developed a housing recovery program delivery model to ease the involvement of small, local contractors in large-scale recovery efforts. Our experience has shown that these goals build goodwill for while providing localized economic and workforce benefits. These targets can be achieved if supported by regulatory guidance, and we recommend they remain a priority in the proposed program framework.

The Energy Bureau is correct to place a priority on cyber-security and the protection of customer data. Cyber-attacks on utilities are an increasing threat, and the expansion of Distributed Energy Resources (DER) brings with it additional points of entry for malicious actors. For residents and businesses participating in programs, trust must be earned to show that participation does not expose participants to increased risk. APTIM recommends contractually enforceable security protocols to flow down to all staff responsible for program delivery, updated as needed and reaffirmed with annual re-training efforts.

### **Third-Party Program Administration**

APTIM is strongly supportive of the Third-Party Administrator (TPA) model for oversight of Puerto Rico's energy efficiency program portfolio. We have witnessed first-hand the ability of this program delivery model to provide best-in-class programs to utility customers and believe this framework best positions Puerto Rico to scale up its energy efficiency and demand response efforts rapidly and strategically – a necessary endeavor for Puerto Rico to reach the aggressive targets of SB 1121.

APTIM's own experience serves as strong supporting evidence of the TPA model in action. As TPA for the Wisconsin Focus on Energy and the Entergy New Orleans programs, we have placed dedicated support behind strategic planning efforts that have evolved the program portfolio with the market and industry trends. The TPA model also provides greater consistency in the market, while lessening regulators' heavy administrative burdens in areas such as procurement, reporting, and customer service. The TPA model consolidates performance management, financial oversight, and strategic planning so that the Energy Bureau will have a single point of accountability for overall program results. APTIM's experience with TPA-driven program delivery has resulted in portfolios that have consistently exceeded their energy savings targets, while delivering excellent customer satisfaction and portfolios whose benefits far exceed their costs.

### **Integrated Planning for Energy Efficiency and Demand Response**

APTIM supports the Energy Bureau's efforts to consider and plan for both energy efficiency and demand response needs simultaneously. We have noted integrated DSM/DR planning as an emergent energy program strategy, with many utilities across the United States now considering

**Expect the Extraordinary.**



these two related efforts as sharing common ground warranting integrated delivery of program support for residents.

The American Council for an Energy-Efficient Economy (ACEEE) is strongly supportive of joined DSM/DR delivery as a program best practice. A recent article posted by the organization states, “Combining and integrating EE and DR programs can increase customer value while also providing a more flexible, responsive, and reliable grid for the future.” Integrating DSM and DR efforts will provide Puerto Rico with added flexibility to manage capacity needs in general, while providing tools to manage demand during times of peak energy use. This approach will also complement Puerto Rico’s growing insistence on Distributed Energy Resources (DERs) – including renewable generation, smart thermostats, and energy storage – as a tool to manage grid needs while pursuing carbon reduction targets. Integrated DSM/DR delivery will also make best use of customer touchpoints through the program, as program representatives will be better suited to present a full range of energy management options through marketing and outreach efforts.

### **Resiliency and Disaster Recovery Considerations**

Lastly, APTIM wishes to encourage the Energy Bureau to consider where energy efficiency and demand response offerings in Puerto Rico have an opportunity to deliver other benefits to the Puerto Rican economy, especially in the realms of resiliency and disaster recovery. APTIM has been a partner to Puerto Rico in its recovery efforts resulting from Hurricanes Irma and Maria since 2017. Our involvement in Puerto Rico has included generator installations for electricity restoration, FEMA Public Assistance technical advisory support, and damage assessments and inspections in hundreds of public buildings (including Public Schools, Parks, Port Facilities, etc.). Similarly, APTIM has supported New York City’s disaster recovery efforts resulting from Hurricane Sandy, and recovery efforts in Houston, Texas following Hurricane Harvey.

As the Program Administrator for Wisconsin Focus on Energy, we have witnessed the impacts of weather-related disasters resulting from heavy snowfall and flooding in recent years, and have taken proactive steps to incorporate disaster recovery support into energy efficiency programs. After heavy snows resulted in barn roof collapses throughout Wisconsin, our team developed and introduced a barn roof repair offering to agricultural customers enduring this hardship. To accelerate recovery for agricultural customers, higher incentives were provided for energy efficiency projects where barn repair was a prerequisite. Similarly, Wisconsin residents were impacted earlier this year by severe flooding across the state. Again, increased incentives were provided temporarily in communities hit hardest by flood damage. There are inherent resiliency benefits in the delivery of energy efficiency and demand response programs, and APTIM encourages the Energy Bureau to consider the role its program portfolio may play in mitigating the impacts of future weather-related events.

Kind Regards,

A handwritten signature in blue ink that reads "Thomas J. Quasius".

Thomas Quasius  
Director of Operations, Energy Solutions  
APTIM

**Expect the Extraordinary.**