

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

NEPR

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IN RE:

REVIEW OF THE PUERTO RICO ELECTRIC
POWER AUTHORITY INTEGRATED
RESOURCE PLAN

CASE NO.:

CEPR-AP-2018-0001

AES-PR'S MOTION SUBMITTING PRE-FILED REBUTTAL TESTIMONY

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

AES-PUERTO RICO ("AES-PR"), by and through the undersigned attorneys, respectfully submits the following Pre-Filed Rebuttal Testimony. Pursuant to the Puerto Rico Energy Bureau Resolutions in this case, AES-PR reserves its right to file substantive and legal arguments, based on information presented during discovery and the evidentiary hearings, at the Final Brief filing. AES-PR submits with this motion a duly attested Pre-filed Rebuttal Testimony from Ronald Moe.

CERTIFICATE OF SERVICE

We certify that this Motion Submitting Pre-filed Rebuttal Testimony and the Pre-Filed Rebuttal Testimony of Ronald Moe for Intervenor AES Puerto Rico, L.P. was sent to the Puerto Rico Energy Bureau through its electronic filing tool at <https://radicacion.energia.pr.gov> and through wcordero@energia.pr.gov, secretaria@energia.pr.gov; legal@energia.pr.gov; sugarte@energia.pr.gov and viacaron@energia.pr.gov, and to the Puerto Rico Electric Power Authority through the following email addresses: Katuska Bolaños (kbolanos@diazvaz.law); Nitzá D. Vázquez Rodríguez (n-vazquez@aeep.com); Carlos M. Aquino Ramos (c-aquino@prepa.com); Astrid I. Rodríguez Cruz (astrid.rodriguez@prepa.com); Jorge R. Ruiz Pabón (jorge.ruiz@prepa.com), and Maralíz Vázquez (mvazquez@diazvaz.law). We also certify that on this date we sent a copy of this document to: rtorbert@rmi.org; victorluisgonzalez@yahoo.com; corey.brady@weil.com; presidente@ciapr.org; secretaria@energia.pr.gov; csanchez@energia.pr.gov; ireyes@energia.pr.gov; asanz@energia.pr.gov; bmulero@energia.pr.gov; nnunez@energia.pr.gov; gmaldonado@energia.pr.gov; sierra@arctas.com; tonytorres2366@gmail.com; cfl@mcvpr.com; gmr@mcv.com; info@liga.coop; amaneser2020@gmail.com; hrivera@oipc.pr.gov; jrivera@cnslpr.com; carlos.reyes@ecoelectrica.com; ccf@tcmrslaw.com;

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In San Juan, Puerto Rico, on December 20, 2019.

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

IN RE:

Case No.: CEPR-AP-2018-0001

REVIEW OF THE PUERTO RICO
ELECTRIC POWER AUTHORITY
INTEGRATED RESOURCE PLAN

SUBJECT: PRE-FILED REBUTTAL
TESTIMONY OF AES PUERTO RICO, L.P.

**PRE-FILED REBUTTAL TESTIMONY OF RONALD MOE FOR
INTERVENOR AES PUERTO RICO, L.P.**

I. INTRODUCTION

A. Witness Identification

Q. Please state your name, title, employer, and business address.

A. My name is Ronald Moe. I am a Vice President at Leidos Engineering, LLC. My business address is 1417 Fourth Avenue, Suite 300, Seattle, WA 98101.

Q. On whose behalf are you testifying before the Puerto Rico Energy Bureau (the “Energy Bureau” or “PREB) in this proceeding?

A. I am testifying on behalf of AES Puerto Rico LP (“AES-PR”).

B. Purpose of Testimony

Q. What are the purposes and subjects of your rebuttal testimony?

A. I have reviewed the Pre-Filed Direct Testimony in this case of Anna Sommer,¹ an expert witness for intervenor Local Environmental Organizations (“LEO”). This supplemental testimony summarizes the results of my review.

¹ *In re: Review of the Puerto Rico Electric Power Authority Integrated Resource Plan*, Case No. CEPR-AP-2018-001, Pre-Filed Direct Testimony of Anna Sommer for Intervenor Local Environmental Organizations, L.P., Oct. 23, 2019 (Sommer Direct Testimony).

II. CRITIQUE OF LEO'S EXPERT WITNESS SOMMER'S DIRECT TESTIMONY

Q. Can you summarize at a high level the Direct Testimony of LEO's expert witness Ms. Sommer.

A. Ms. Sommer's Direct Testimony includes a general discussion of the PREPA IRP² as well as specific discussions of the stakeholder process, the modeling approach, and the findings of the Siemens Report.³

Q. Can you elaborate on Ms. Sommer's discussion of AES-PR.

A. Ms. Sommers discusses the finding in the Siemens Report that the net present value ("NPV") of PREPA power production costs in one of the pair of cases PREPA/Siemens analyzed, the ESM cases, is 1.2 percent higher in the ESM case with the AES coal plant retired at the end of 2020 than in the ESM Base case, in which the AES coal plant continues to operate through the end of November 2027, consistent with the Power Purchase and Operating Agreement ("PPOA") between PREPA and AES-PR.⁴ She also presents a figure provided in the Siemens Report showing the annual power production costs of the two cases on a real \$/MWh basis, and asserts that the Siemens Report "shows that the difference in annual cost between the as modeled ESM and the ESM with AES retired is one percent or less from the period 2022 – 2026."

² *Puerto Rico Integrated Resource Plan*, Siemens PTI Report Number: RPT-015-19, submitted by Siemens Industry, Prepared for Puerto Rico Electric Power Authority, PREPA Ex. 1.0, Draft for the Review of the Puerto Rico Energy Bureau, Rev.[2.1] 6/7/19 Corr., June 19, 2019.

³ *In re: Review of the Puerto Rico Electric Power Authority Integrated Resource Plan*, Case No. CEPR-AP-2018-001, Submittal of Redacted AES Coal Plant Conversion Assessment, Aug. 23, 2019.

⁴ Sommer Direct Testimony, pp. 26-28.

Q. What is your opinion of Ms. Sommer's discussion of AES-PR.

A. I have three comments on Ms. Sommer's testimony:

1. Ms. Sommer's statement that the NPV of the ESM case with AES-PR retiring early is 1.2 percent higher than in the ESM Base case is taken directly from the Siemens Report.⁵ I discussed in my Direct Testimony that PREPA/Siemens left out of their cost estimate the Capacity Purchase Price payments that PREPA would be obligated to pay AES-PR during the 2021-2027 period even if the AES-PR coal plant was not operating.⁶ In my Direct Testimony I estimated the NPV of these payments to be \$530 million, and showed in that testimony that including this cost in the comparison of the two ESM cases increased the cost of retiring the AES plant at the end of 2020 to be approximately \$700 million, which equals 4.9 percent of the ESM Base case costs, not 1.2 percent as indicated in the Siemens Report and Ms. Sommer's testimony.
2. Ms. Sommer further asserts that the difference in annual cost between the two cases is one percent or less for the period 2022-2026, and refers to a figure reproduced from the Siemens Report showing the annual real (2018 \$/MWh) PREPA production costs for the two cases. In fact, the 2022-2026 average costs in the Excel files underlying the figure are \$101.9 / MWh in the early retirement case and \$97.2 / MWh (in both cases, real 2018 \$), a difference of 4.8 percent, not "less than one percent."

⁵ Siemens Report, p. 2-9.

⁶ *In re: Review of the Puerto Rico Electric Power Authority Integrated Resource Plan*, Case No. CEPR-AP-2018-001, Pre-Filed Direct Testimony of Ronald Moe for Intervenor AES Puerto Rico, L.P., Oct. 23, 2019, pp. 40-42.

3. Ms. Sommer only discusses the percentage increase in NPVs corresponding to one pair of cases, the ESM Base and ESM-AES cases. This happens to be the pair of cases with the smallest percentage difference in costs between the base and AES-PR early retirement cases. Even using the estimates from the Siemens Report without the correction for the Capacity Purchase Price payments, the percentage differences for the other four cases are 4.0 percent (S4S2B), 3.1 percent (S1S2B), 1.4 percent (S3S2B), and 4.1 percent (S5S1B). Including the Capacity Purchase Price payments increases the percentage differences in these four cases to 7.7 percent (S4S2B), 6.7 percent (S1S2B), 5.2 percent (S3S2B), and 5.3 percent (S5S1B). As Siemens concluded, their report “unequivocally identifies that the option of retiring (or converting) the plant is more costly than the option of continuing operations, resulting in higher costs to the economy and the ratepayers.”⁷

III. CONCLUSION

Q. Does this conclude your testimony?

A. Yes, it does. I reserve the right to additional testimony, as may be allowed by the Bureau’s future orders.

⁷ *In re: Review of the Puerto Rico Electric Power Authority Integrated Resource Plan*, Case No. CEPR-AP-2018-001, Submittal of AES Coal Plant Conversion Report Caveats and Limitations (Aug. 30, 2019), submitting *Siemens, Memorandum From Siemens PTI IRP Team to PREPA CEO and IRP Team* at 1 (Aug. 28, 2019).

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ATTESTATION

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Affiant, Ronald J. Moe, being first duly sworn, states the following: The prepared Pre-

3

Filed Rebuttal Testimony constitute the Rebuttal Testimony of Affiant in the above-styled case.

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Affiant states that he would give the answers set forth in the Pre-Filed Rebuttal Testimony if asked

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the questions propounded therein at the time of the filing. Affiant further states that, to the best of

6

his knowledge, his statements made are true and correct.

Ronald J. Moe

12/20/19

District of Columbia: SS

Subscribed and sworn to before me, in my presence,

this 20 day of December, 20 19

by Ronald J. Moe

[Signature], Notary Public

My Commission Expires June 14, 2020

