

**GOBIERNO DE PUERTO RICO
JUNTA REGLAMENTADORA DE SERVICIO PÚBLICO
NEGOCIADO DE ENERGÍA DE PUERTO RICO**

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IN RE:

**SOLICITUD DE PROPUESTAS PARA
GENERACION TEMPORERA DE
EMERGENCIA**

Caso núm.:
NEPR-AP-2020-0001

Sobre:
Orden de 23 de junio de 2020

**MOCIÓN PARA HACER PÚBLICO DOCUMENTO
QUE SE HABÍA PRESENTADO SELLADO Y PARA PRESENTAR
REPORTE DE OPERACIÓN DEL SISTEMA ELÉCTRICO**

AL HONORABLE NEGOCIADO DE ENERGÍA:

COMPARECE la Autoridad de Energía Eléctrica de Puerto Rico a través de su representación legal y muy respetuosamente expone y solicita:

El pasado 23 de junio de 2020, el Negociado de Energía de la Junta Reglamentadora del Servicio Público de Puerto Rico (el “Negociado de Energía”) emitió una *Resolución y Orden* en la cual, entre otras cosas, ordenó:

2. Presentar ante el Negociado de Energía, **en o antes del jueves, 25 de junio de 2020 a las 12:00 p.m.:** (i) el(los) listado(s) de cuentas asociadas a cliente s industriales y comerciales de alta capacidad; (ii) el reporte de consumo preparado por la Ing. Suheil Acevedo y la Sra. Joseline Estrada de los cliente s industriale s para agosto de 2020; y (iii) cualquier otro documento o información preparada, recopilada, consultada u obtenida como parte de las gestiones para lograr el establecimiento de un programa de respuesta a la demanda arriba descrito[.]¹

En cumplimiento con dicha solicitud, la Autoridad de Energía Eléctrica de Puerto Rico (la

¹ *Resolución y Orden* notificada el pasado 25 de junio de 2020 (la “Orden”), pág. 2-3, ¶ 2 (Énfasis original).

“Autoridad”) informó que la Asociación de Industriales de Puerto Rico (la “Asociación de Industriales”) cursó a la Autoridad una comunicación proponiendo que la Autoridad presente al Negociado de Energía un reglamento para control de demanda remunerado o incentivado.² La Autoridad presentó al Negociado de Energía tanto la comunicación enviada por la Asociación de Industriales como el borrador del reglamento que estos proponen. La Autoridad está evaluando los documentos y, además, solicitó información adicional necesaria para continuar con dicha evaluación. Sin embargo, la Autoridad informa que el presentar el borrador de reglamento de la Asociación de Industriales no representa que lo auspicia, promueve o de alguna manera le imparte aprobación. La facultad legal para la evaluación, solicitud de comentarios y aprobación de reglamentos sobre el tema en cuestión es exclusiva del Negociado de Energía, no de la Autoridad.

Además, los documentos que presentó la Asociación de Industriales a la Autoridad se presentaron sellados. Sin embargo, la Autoridad retira la solicitud de mantenerlos sellado y publica los mismos según adjuntos a esta moción. Exhibit A.

Por medio de la Orden, el Negociado de Energía citó a la Autoridad a comparecer a una Conferencia Técnica que será celebrada el próximo lunes, 29 de junio de 2020 y en la cual se discutirá como la Autoridad ha trabajado con el fin de lograr acuerdos de respuesta a la demanda de los próximos meses. Este tema por discutirse está directamente relacionado con la operación del sistema eléctrico. Por lo tanto, para asistir y aportar a la discusión que se ofrecerá durante la Conferencia Técnica, la Autoridad adelanta al Negociado de Energía el documento titulado *Electric System Operation Dashboard – Updated 22 June 2020*. Exhibit B. Dicho reporte fue presentado por el Ing. Gary Soto, Jefe de la División de Operación del Sistema Eléctrico, a la Junta de Gobierno de la Autoridad y al público en general durante la reunión mensual pública celebrada

² *Moción en Parcial Cumplimiento de Orden y Solicitud de Extensión de Dos Horas* radicada por la Autoridad el 25 de junio de 2020.

el pasado 24 de junio de 2020. El reporte refleja proyecciones de demanda y producción de energía, entre otras cosas. *Id.*

POR TODO LO CUAL se solicita respetuosamente al Negociado de Energía tome nota de lo aquí informado.

RESPETUOSAMENTE SOMETIDO.

En San Juan, Puerto Rico, este 26 de junio de 2020.

/s Katuska Bolaños
Katuska Bolaños
kbolanos@diazvaz.law
TSPR 18888

DÍAZ & VÁZQUEZ LAW FIRM, P.S.C.
290 Jesús T. Piñero Ave.
Oriental Tower, Suite 1105
San Juan, PR 00918
Tel. (787) 395-7133
Fax. (787) 497-9664

CERTIFICADO DE NOTIFICACIÓN

Certifico que, en el día de hoy he radicado esta moción utilizando el sistema electrónico de radicación del Negociado de Energía en la siguiente dirección: <http://radicacion.energia.pr.gov> y además, que he enviado copia de cortesía vía correo electrónico a rstgo2@gmail.com; rolando@bufeteemmanuelli.com; jessica@bufete-emmanuelli.com; notificaciones@bufete-emmanuelli.com; pedrosaade5@gmail.com; larroyo@earthjustice.org.

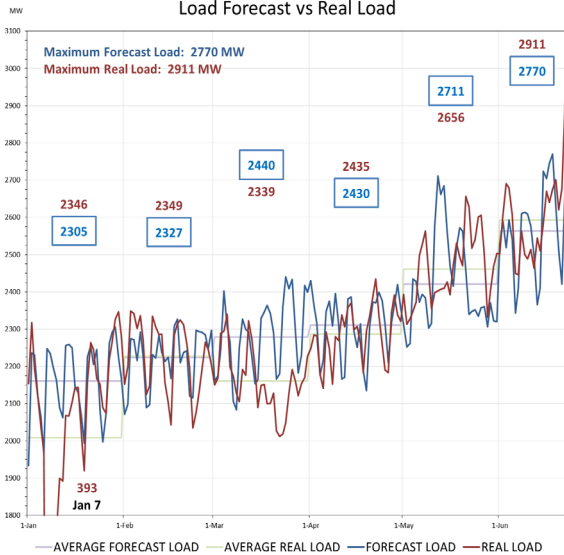
En San Juan, Puerto Rico, a 26 de junio de 2020.

s/ Katuska Bolaños
Katuska Bolaños

Exhibit A

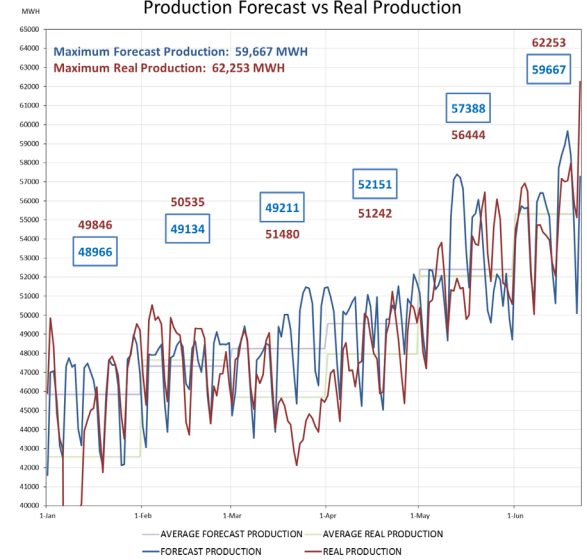
ELECTRIC SYSTEM OPERATION DASHBOARD - UPDATED 22 JUNE 2020

Load Forecast vs Real Load

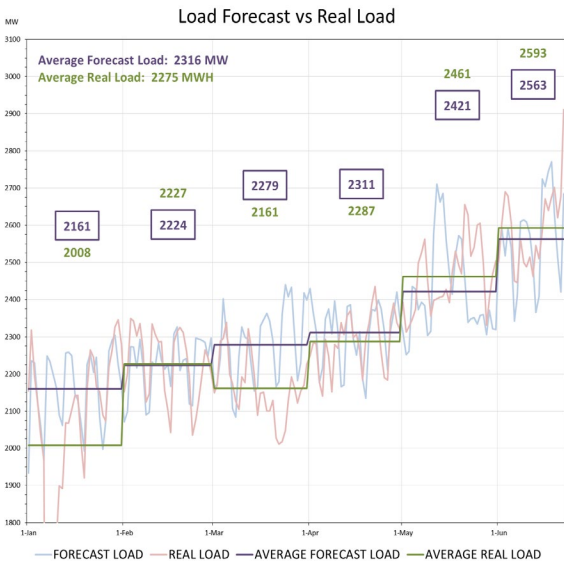


Maximum Production	62,253 MWh	@	22-Jun
Maximum Peak Load	2911 MW	@	22-Jun / 2100 h
Average Production	48,208 MWh		
Average Peak Load	2275 MW		
Max Forecast Production	59,667 MWh	@	18-Jun
Max Forecast Load	2770 MW	@	18-Jun / 2200 h
Avg Forecast Production	49,525 MWh		
Avg Forecast Load	2316 MW		
Production Loss	2.66 %		
Peak Load Loss	1.77 %		

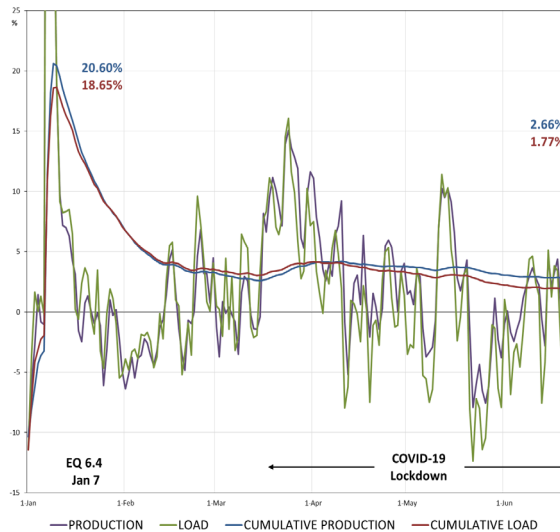
Production Forecast vs Real Production



Load Forecast vs Real Load



Percent Error



Production Forecast vs Real Production

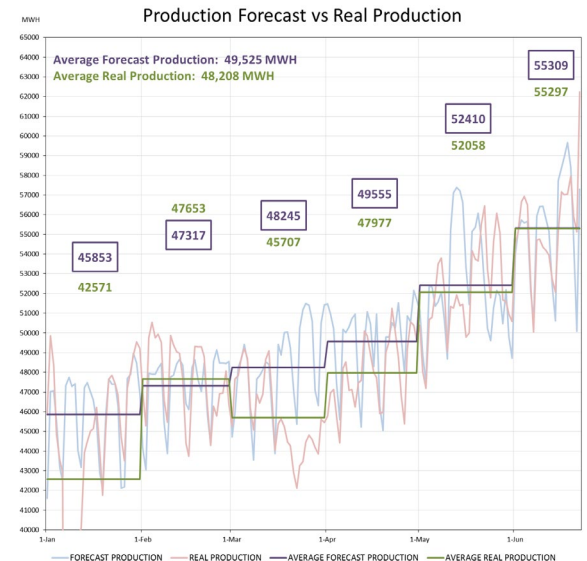


Exhibit B

Electric System Operation Dashboard – Updated 22 June 2020

May 27, 2020

Puerto Rico Electric Power Authority
Governing Board
P.O. BOX 364267
San Juan, Puerto Rico 00936-4267

E MAIL ralph.kreil@prepa.com; EDUARDO.AROSEMENA@prepa.com

Eng. Ralph Kreil Rivera
Chairman

Mr. David K. Owen
Vice-Chairman

Mr. Eduardo Arosemena-Muñoz
Secretary

Mr. Charles Bayless
Member

Mr. Robert G. Poe
Member

Mr. Tomás Torres Placa, P.E.
Member

Ms. María Palou Absolo, Esq.
Member

Mr. Omar Marrero, Esq.
Member

RE: Puerto Rico Manufacturers Association proposal for the urgent adoption of an Emergency Demand Side Incentive Regulation.

Dear Mr. Chairman and Members of the Board:

As you are all aware of, the Puerto Rico Manufacturers Association (PRMA) is a private, voluntary, non-profit organization established in 1928 with the purpose of uniting all of Puerto Rico's manufacturers and service industries into a strong and effective body; in order to further their mutual interests as they relate to the private and public sectors of Puerto Rico.

Currently manufacturing constitutes the primary sector of economic activity and income for Puerto Rico; comprising about 47% of the gross domestic product (GDP) of the island. PRMA, as a representative of Puerto Rico's principal economic sector has a vested interest in the transformation and re-development of Puerto Rico's energy production and distribution systems.

On January 7, 2020, a 6.4 magnitude earthquake substantially affected the Puerto Rico Electric Power Authority ("PREPA") *Costa Sur* generating plant; causing the immediate stoppage of several combined-cycle natural gas fired generating units with an installed capacity of 820 MW. Since such date, PREPA has been able to supplement such deficit in its generating capacity by activating emergency *peaking* units as well as by re-activating other older units.

Nevertheless, as the summer months of June-August 2020 approach, the expected peaks in energy demand present a difficult situation for PREPA; forcing it to operate with a minimal to non-existent generation reserve. Under the expected scenarios, PREPA might be forced to implement selective outages in order to compensate for such generating capacity shortfall.

Such outages would be extremely detrimental for Puerto Rico's economy, adversely affecting any immediate economic recovery actions needed in our times, as well as effectively nulling any possibility of new industrial expansions or new entries.

Particularly since the inception of the *Coronavirus* pandemic, several Federal governmental policy makers and industry leaders are considering the extension of economic incentives for pharmaceutical and other key national interest industries to re-locate in Puerto Rico. Such possibilities require a stable energy scenario with enough reserve generating capacities to allow them to flourish.

Even though PREPA is seeking to lease mobile generating units to supply 500 MW of supplementary power; there is no assurance that such generating capacity will be in place in a timely manner to prevent such generation deficits and selective outages.

In the United States and other countries, utilities facing similar challenges have adopted ***Demand Response Programs***. According to the U.S. Department of Energy Demand Response: "reflects changes in electric usage by end use customers from their normal consumption patterns in response to changes in the price of electricity over time, or to incentive payments designed to induce lower electricity use at times of high wholesale market prices or when system reliability is jeopardized" (February 2006), *Benefits of Demand Response in Electricity Markets and Recommendations for Achieving Them: A Report to the United States Congress Pursuant to Section 1252 of The Energy Policy Act of 2005*, pp. 11. <http://eetd.lbl.gov/ea/ems/reports/congress>.

Demand Response programs are considered ***demand-sided*** if they concentrate in obtaining by means of an incentive, a reduction in electricity usage by demand-side resources (large clients) from their normal consuming patterns in response to incentive payments designed to induce lower electricity consumption, especially during the periods of high electricity costs or ***critical system conditions***. See, Federal Energy Regulatory Commission, *Assessment of demand response & advanced metering*. Staff Rep. 2011.

Some utilities have established **Backup Generator Programs**, whereby owners of standby generators are paid by the utility for bringing backup generators online when requested during periods of high demand. See, for example: **Tampa Electric (TECO) Standby Generator Program**, which enables clients to “Earn credits on your electric bill by voluntarily enrolling in Tampa Electric’s Standby Generator program. Enrolling your standby generator in this program will help us reduce our system peak demand when we reach capacity limits or during system emergencies. This program provides a smart way to manage your energy costs and help us reduce the need to invest in new power generation.” The Program enables the client to “Receive a monthly credit in exchange for utilizing your standby generator to supply energy to your facility when called for.” www.tampaelectric.com/business/saveenergy/standbygenerator/ See also for example, New Holstein Utilities *Backup Generator Program*, <https://www.nhutilities.org/backup-generator-program>; Oconto Falls Municipal Utilities *Backup Generator Program*, <https://www.ofmu.org/backup-generator-program>.

In Puerto Rico, a substantial number of industrial and commercial PREPA clients have installed large standby and co-generation units; capable of serving such client’s full load requirements in times of outages. Such units require substantial periodic runs (in excess of normal tests) in order to be maintained in optimal operating condition.

In order to temporarily use this generation resources and to avail PREPA’S generation shortfall; thus, avoiding the need for any selective outages that would hurt Puerto Rico’s economy, a viable incentive program must be established.

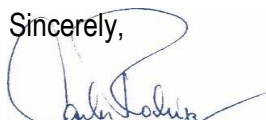
We propose a regulation that will offer a viable mechanism for PREPA to harvest such generating resources by granting industrial and commercial clients, who voluntarily decide to participate in the program, a credit (cost of operating equipment plus a 10% incentive based on the client’s average consumption) against future invoices for electric power in exchange for temporary disconnecting themselves from PREPA’S grid for specific periods of time as requested by PREPA. Such program will only remain in effect as long as PREPA needs to recover its baseline generation capacity as PREPA had available prior to January 7, 2020.

A draft of the proposed Regulation is attached herein.

We respectfully propose, that due to the nature of the existing situation and the urgency to obtain a viable **immediate alternative**, the Regulation should be promptly adopted using the emergency mechanism contained in Article 2.13 of the Uniform Administrative Procedure Act (3 L.P.R.A. § 9623) providing that a regulation may be immediately effective if certified by the Governor of Puerto Rico. As you know a state of emergency has already been declared in Puerto Rico.

Accordingly, we suggest that the matter be promptly presented the Puerto Rico Energy Bureau in order to provide for the Regulation’s prompt adoption and approval and to the Hon. Wanda Vázquez Garced, for the obtention of an emergency certification allowing for the Regulation to become immediately effective.

Sincerely,



Carlos M. Rodriguez

cc. Mr. José Ortiz, P.E.
Executive Director

GOVERNMENT OF PUERTO RICO
PUBLIC SERVICE REGULATORY BOARD
Puerto Rico Energy Bureau

NUMBER: _____
DATE: _____
APPROVED: _____

BY: _____

EMERGENCY DEMAND SIDE INCENTIVE REGULATION

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ARTICLE 1. GENERAL PROVISIONS

Section 1.01 Title:

This Regulation shall be known and cited as the “Emergency Demand Side Incentive Regulation”.

Section 1.02 Legal Basis

This Regulation related to the establishment of a subsidy-subvention related, informal, non-quasi-judicial process, is adopted pursuant to Article 6.3 subsections (b) to (h) of Law No. 57-2014, as amended, known as the Puerto Rico Energy Transformation and RELIEF Act, herein after referred to as “Law 57-2014” and pursuant to Law No. 38 of June 30, 2017, as amended, known as the Uniform Administrative Procedure Act of the Government of Puerto Rico (“LPAU” by its acronym in Spanish), including Section 3.1.(a)(2), 3 L.P.R.A. § 9641(a)(2) of the LPAU.

Section 1.03 Need for Emergency Regulation

On January 7, 2020, a 6.4 magnitude earthquake substantially affected the Puerto Rico Electric Power Authority (“PREPA”) Costa Sur generating plant; causing the immediate stoppage of several combined-cycle natural gas fired generating units with an installed capacity of 820 MW. Since such date, PREPA has been able to supplement such deficit in its generating capacity by activating emergency *peaking* units as well as by re-activating other older units. Nevertheless, as the summer months of June-August 2020 approach, the expected *peaks* in energy demand present a difficult situation for PREPA; forcing it to operate with a minimal to non-existent generation reserve. Under the expected scenarios, PREPA might be forced to implement selective outages in order to compensate for such generating capacity shortfall.

Such outages would be extremely detrimental for Puerto Rico's economy, adversely affecting any immediate economic recovery actions needed in our times, as well as effectively nulling any possibility of industrial expansions or new entries. Particularly since the inception of the *Coronavirus* pandemic, several Federal governmental policy makers and industry leaders are considering the extension of economic incentives for pharmaceutical and other key national interest industries to relocate in Puerto Rico. Such possibilities require a stable energy scenario with sufficient reserve generating capacities to allow them to flourish.

Even though PREPA is seeking to lease mobile generating units to supply 500 MW of supplementary power; there is no assurance that such generating capacity will be in place in a timely manner to prevent such generation deficits and selective outages.

In the United States and other countries, utilities facing similar challenges have adopted ***Demand Response Programs***. According to the U.S. Department of Energy Demand Response: "reflects changes in electric usage by end use customers from their normal consumption patterns in response to changes in the price of electricity over time, or to incentive payments designed to induce lower electricity use at times of high wholesale market prices or when system reliability is jeopardized" (February 2006), *Benefits of Demand Response in Electricity Markets and Recommendations for Achieving Them: A Report to the United States Congress Pursuant to Section 1252 of The Energy Policy Act of 2005*, pp. 11. <http://eetd.lbl.gov/ea/ems/reports/congress>.

Demand Response programs are considered ***demand-sided*** if they concentrate in obtaining by means of an incentive, a reduction in electricity usage by demand-side

resources (large clients) from their normal consuming patterns in response to incentive payments designed to induce lower electricity consumption; especially during the periods of high electricity costs or critical system conditions. See, Federal Energy Regulatory Commission, *Assessment of demand response & advanced metering*. Staff Rep. 2011.

Some utilities have established ***Backup Generator Programs***, whereby owners of standby generators are paid by the utility for bringing backup generators online when requested during periods of high demand. See, for example *Tampa Electric (TECO) Standby Generator Program*, which enables clients to: “Earn credits on your electric bill by voluntarily enrolling in Tampa Electric's Standby Generator program. Enrolling your standby generator in this program will help us reduce our system peak demand when we reach capacity limits or during system emergencies. This program provides a smart way to manage your energy costs and help us reduce the need to invest in new power generation.” The Program enables the client to “Receive a monthly credit in exchange for utilizing your standby generator to supply energy to your facility when called for.” www.tampaelectric.com/business/saveenergy/satndbygenerator/ See also for example, New Holstein Utilities *Backup Generator Program* <https://www.nhutilities.org/backup-generator-program>; Oconto Falls Municipal Utilities Backup Generator Program, <https://www.ofmu.org/backup-generator-program>.

In Puerto Rico, a substantial number of industrial and commercial PREPA clients have installed large standby and co-generation units; capable of serving such client's full load requirements in times of outages. Such units require substantial periodic runs (in excess of normal tests) in order to be maintained in optimal operating condition.

In order to temporary use this generation resources and to avail PREPA'S generation shortfall; and thus, avoiding the need for any selective outages that would hurt Puerto Rico's economy, a viable incentive program must be established.

The proposed regulation will offer a viable mechanism for PREPA to harvest such generating resources by granting such industrial and commercial clients, who voluntarily decide to participate in the program, a credit (cost of operating equipment plus a 10% incentive based on the client's average consumption) against future invoices for electric power in exchange for temporary disconnecting themselves from PREPA'S grid for specific periods of time as required by PREPA. Such program will only remain in effect as long as PREPA needs to recover its baseline generation capacity as; PREPA had available prior to January 7, 2020.

Section 1.04 Application

This Regulation shall apply to the Electric Service Company (currently, PREPA) or its successors, and their Participating Clients operating in Puerto Rico at the time that this Regulation enters into effect.

Section 1.05 Interpretation

This Regulation shall be interpreted in a way that promotes the highest public interest and the protection of the interests of the residents of Puerto Rico; and in such a way that the stability of the Puerto Rico grid and electric generation and distribution system are fully protected.

Section 1.06 Provisions of Other Regulations

The provisions of this Regulation may be supplemented by the provisions of other regulations of the Puerto Rico Energy Bureau that are compatible with the provisions of this Regulation.

Section 1.07 Definitions

For the purposes of this Regulation, the following terms shall have the meanings established below, except where the context or content of a given provision clearly indicates otherwise.

“Demand Response Event” means such period of time commencing on the effective date of this Regulation, and ending on such date in which PREPA certifies to the Energy Bureau that its Generation Capacity (including Reserve Generation Capacity, as herein defined) equals to or exceeds that available on January 1, 2020; and that it does not foresee the occurrence of any event that would otherwise diminish such capacity during the following Twelve (12) months period of time.

“Demand Side Incentive Program” or **“Program”** means a voluntary program for qualifying Participating Clients of the Electric Service Company by which such clients agrees to disconnect themselves from the Company grid for a minimum number of 24 hours for each month as previously requested by such Company. In exchange for such temporary and voluntary disconnection, the Participating Client shall receive a credit to be offset against future invoices for electric services provided by the Company; in an amount sufficient to cover all of the Participating Client’s costs and expenses related to the operation of their owned installed co-generating or emergency standby generating equipment, plus an incentive bonus.

“Energy Bureau” or **“Bureau”** refers to the Puerto Rico Energy Bureau.

“Electric Service Company” or **“Company”** refers to PREPA or its successors operating the Puerto Rico public electric utility power and distribution services.

“Generation Capacity” means the Electric Service company’s immediately available electric generation plus the reserve generation capacity required at any given time. Does not include any unused or not readily available installed capacity.

“Generation Deficit” shall mean the Electric Service company’s estimate of electricity demand for all of its clients (residential, commercial, industrial and municipalities) for a 30 day period of time, subtracted by the projected Generation Capacity; (including the reserve generation capacity) for such 30 day period of time; in order to determine the existence of any Generation Deficit.

“Grid” means the Electric Service company’s interconnected network for delivering electricity to its clients within Puerto Rico.

“Incentive Credit” shall mean a credit amount received by a qualified Participating Client to be offset from any future charges imposed by the Electric Service Company, for each 30-day period in which it participates; equal to the sum of the following:

- a) the cost of the fuel consumed by the Participating Client during its Run Time for the number of hours of grid disconnection as authorized under the Demand Site Incentive Program.
- b) the cost of the prorated per hour maintenance as required by the Participating Client’s equipment manufacturer.
- c) an incentive bonus, equal to 10% of the Participating Client’s average monthly electric power consumption in Dollars (\$) during the last 6 months as provided by the Electric Service Company.

“Installed capacity” refers to the total of installed capacity of all the units or generating systems that are administrated or operated by an electric service company, or those that an electric service company owns.

“Participating Client” means any commercial and industrial client of the Electric Service Company that: a) has a self-provided and owner installed co-generating or emergency standby generating capacity of at least 50 Kw and sufficient to satisfy its own electric service demand for a period of time of not less than SIX (6) hours per day and b) voluntarily agrees to participate in the Electric Service company’s Demand Side Incentive Program, by disconnecting from the grid for a number of hours, not less than 24 hours in a 30 day period of time.

“per hour maintenance cost” shall mean the actual cost of all work, services and actions to be taken, required or suggested by the equipment’s manufacturer necessary to keep the electricity generating units in working and operating, such as the replacement and periodic servicing of oils and fluids; prorated by hour of operation of the equipment by dividing the estimated lifetime maintenance costs by the number of expected lifetime hours of the equipment; as indicated by the manufacturer.

“PREPA” refers to the Puerto Rico Electric Power Authority.

“Reserve Generation Capacity” means an excess capacity of the Electric Service Company in an amount of not less than 15% of the expected peak demand.

“Run Time” means the number of hours that a Participating Client who voluntarily disconnects from the grid effectively operates its own stand-by or co-generation equipment to satisfy his own energy needs; in lieu of acquiring such electricity from the grid. Such Run Time shall only be considered if it is part of the Participating Client’s

normal production or business operations hours and days; and shall not exceed any limitations imposed by any Puerto Rico or Federal environmental governmental agencies.

Section 1.08 Dates and Time Periods

In computing any time period established in this Regulation, or by order of the Bureau, the day of the occurrence of the act event, or noncompliance that triggers the period shall not be counted, and the established period shall begin to elapse on the following day. Whenever a due date falls on a Saturday, Sunday or legal holiday, said due date shall be extended until the next workday.

Section 1.09 Severability

If any article, provision, word, sentence, subsection or section of this Regulation is disputed, for any reason, before a court and declared unconstitutional or null and void, such ruling shall not affect, damage, or invalidate the remaining provisions of this Regulation, rather the effect shall be limited to the article, provision, word, sentence, subsection or section that has been declared unconstitutional or null and void. The nullity or invalidity of any article, word, sentence, subsection or section in any specific case, shall not affect or jeopardize in any way its application or validity in any other case, except where it has been specifically and expressly invalidated for all cases.

Section 1.10 Effective Date

Article 2.13 of the LPAU, (3 L.P.R.A. § 9623) provides that a regulation may be approved using the emergency procedure as certified by the Governor of Puerto Rico, and the effective date of such Regulation shall be the date it is filed before the State Department of the Government of Puerto Rico. Since the Governor of Puerto Rico, Hon.

Wanda Vázquez Garced, has certified the need for such procedure in this case; accordingly, the effective date of this Regulation shall be the date of its filing with the Department of State. The public participation component of this Regulation will be by means of a public notice and hearing to be announced and held following its filing with the State Department; as required by the LPAU. The Bureau shall provide public notice as required and grant the general public a period of thirty (30) days to file reactions, comments, and suggestions regarding the provisions contained in this Regulation. During this process, the Bureau may hold a public hearing and shall receive written comments from members of the affected industries and the general public. The Regulation may be then amended accordingly if determined by the Bureau.

ARTICLE II

Section 2.01 Demand Side Incentive Program

As of the effective date of this Regulation and during the Demand Response Event, if a Generation Deficit exists for any or all 30 day periods of time after the effective date of this Regulation; the Electric Service Company is hereby ordered to adopt and implement the Demand Incentive Program as herein established.

Section 2.02 Notification to Commercial and Industrial Clients

Within 5 business days of the effective date of the Regulation, the Company shall first notify all commercial and industrial clients of the adoption of the Demand Side Incentive Program and invite all qualifying Participating Clients to register electronically using the company's internet web page or by sending the application to a e mail address under the terms of the Program. Such notification may be made by any available electronic method or by mailing.

Section 2.03 Program Participation

Any qualifying Participating Client shall inform its voluntary intention to participate in the Program by using the company's internet web page or sending an e-mail communication to the address so designated, in the time frame specified by the Company (but not less than 5 business days) indicating to the Company the following:

- a) Its voluntary acceptance to participate in the Program pursuant to the terms of this Regulation,
- b) Its full legal name, PREPA account number, mailing and physical address,
- c) nameplate capacity of its generating equipment and a brief description of its make, model and type of fuel source, if applicable.
- d) number of hours and specific dates and hours, in each 30-day period in which it is willing to voluntarily disconnect from the company's grid. The minimum number shall be 24 hours in a 30-day period.
- e) contact information, including contact person's e-mail address and phone number.

Section 2.04 List of Participating Clients

The Electric Service Company shall generate and maintain a list of such Participating Clients including each client generating capacity, estimated demand for electric services and times available for disconnection from the grid.

Section 2.05 Determination of Generation Deficit

The Electric Service Company shall determine for a 30-day period beginning on the 5th day of the date of this Regulation, the existence of any Generation Deficit for such initial and subsequent periods of time.

Section 2.06 Calculation of Required Load Relieve

The Electric Service Company shall calculate an estimate to distribute the Generation Deficit load among the available Participating Clients, considering its needs and load requirements, and using its sole reasonable discretion. The Generation Deficit load shall include a reasonable allowance or reserve to allow compensating for Participating Clients that for some unforeseen reasons are not capable to disconnect from the grid as committed.

2.07 Notification to Participating Clients

Each selected Participating Client shall be notified by e-mail with a confirmation receipt request, of the exact date, time and number hours in which it is expected to disconnect from the company's grid in each 30-day period, or as needed by the Company.

Section 2.08 Participating Client's Report

Within 5 business days after the end of the first and subsequent 30 days periods of participation in the program; each Participating Client shall submit, to the designated company's e-mail address or website, a report certified as true and correct to the best of its knowledge and signed by its President, Chief Operations Officer, Chief Financial Officer or General Manager, containing the following information:

- a) the Run Time for such 30-day period, and certifying that such Run Time occurred during normal operating and business hours of the Participating Client,
- b) fuel costs of such Run Time, for such 30-day period, with written evidence of such cost per gallon or other fuel unit for such period,

c) total per hour maintenance cost of the Run Time, for such 30-day period, with a brief description on the calculation of such per hour maintenance cost and supporting documents,

d) if the Participating Client had been unable to disconnect for all or any portion of the number of hours it was required to disconnect from the grid; a detailed explanation of the technical or other cause or reason of such non-compliance.

Section 2.09 company's Response

Fifth: Within 5 business days of the receipt of such notice, the Company shall indicate if the Incentive Credit is being accepted or if it has any difference with the Participating Client in relation to such certification. If no notice is provided, the certification shall be deemed as true and correct.

If an objection is timely notified by the Company, it shall specify its objections and provide a 10-business day period for the Participating Client to cure such deficiency.

The Participating Client shall, within 10 business days of its receipt; respond in writing indicating either that it rejects or accepts the deficiency. If it is accepted, it shall explain how it has cured it. If it is rejected, it shall explain such rejection and submit any supporting documents.

Within 5 business days after receiving the response, the Company shall notify the Participating Client if it accepts or rejects its response. If it rejects such response it shall advise in writing to the Participating Client of its right to request, within 20 business days of the company's notification, that the dispute shall be resolved pursuant to the dispute resolution process provided herein.

Section 2.10 Grant of Incentive Credit

The Electric Service Company shall grant the Incentive Credit to qualifying Participating Clients within 5 business days of receipt of the Participating Clients Report, unless a timely objection is timely notified. The Incentive Credit shall be deducted from any future purchases of energy by the Participating Client; until depleted.

Section 2.11 Dispute Resolution

Upon receiving a timely request by a Participating Client to activate the dispute resolution process, any dispute between the Company and a Participating Client shall be referred by the Bureau to a Hearing Officer appointed by such Bureau.

Such proceeding shall be considered as a subsidy-subvention related, informal, non-quasi-judicial process, pursuant to Section 3.1.(a)(2), 3 L.P.R.A. § 9641(a)(2) of the LPAU. Therefore, the LPAU's Chapter III, as it relates to formal adjudicative proceedings shall not be applicable. Specifically, the Bureau's Regulation on Adjudicative, Notice of Non-Compliance, Rate Review and Investigative Procedures shall not apply to such informal, non-quasi-judicial proceedings. The Hearing Officer shall not be required to provide findings of fact and conclusions of law to justify its decision; which shall be rendered within 10 business days of his appointment.

Any party adversely affected by its decision shall have the right to seek a reconsideration of such decision pursuant to Section 3.15 of the LPAU, 3 L.P.R.A. §9655.

So, agreed upon by the Bureau in San Juan, Puerto Rico, on May __, 2020.

Edison Avilés Deliz
Chairman

Ángel R. Rivera de la Cruz
Associate Commissioner

Lillian Mateo Santos
Associate Commissioner

Ferdinand A. Ramos Soegaard
Associate Commissioner