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**: PARTIAL RECONSIDERATION

MOTION FOR PARTIAL RECONSIDERATION OF FINAL RESOLUTION & ORDER ON INTEGRATED RESOURCE PLAN

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

COMES NOW, the Puerto Rico Solar Energy Industries Association Corp. dba Solar & Energy Storage Association of Puerto Rico ("SESA"), through the undersigned legal counsel, and very respectfully requests as follows:

Introduction

1. On August 24th, 2020, this Honorable Bureau issued the Final Resolution and Order on the Puerto Rico Electric Power Authority's Integrated Resource Plan ("IRP Final Resolution").
2. In general, and among other critical determinations, the Energy Bureau:
    a) Approved a Modified Integrated Resource Plan ("IRP") and issued a Modified Action Plan that focuses on a generation model based on renewable resources, which includes the accelerated development of energy efficiency ("EE") programs and demand response ("DR"), as required by the Puerto Rico Energy Public Policy Law, Act 17 of 2019, which amended, *inter alia*, Act 82 of 2010.

    b) Ordered fast development, as established by Puerto Rico Law, of renewable generation systems, mainly photovoltaic generation systems, while establishing the route for the retirement of generating units based on petroleum derivatives, natural gas and coal.

c) Adopted a Modified Action Plan centered on the development of at least 3,500 MW, up to a maximum of 3,900 MW, of photovoltaic solar generation resources, as well as the development of at least 1,360 MW, up to a maximum of 1,480 MW, of large-scale battery systems, by 2025.

d) More specifically, the Energy Bureau ***found*** that "…maximum procurement of solar PV in line with all scenarios and battery storage as an element of a modified Preferred Resource Plan…" are "no regrets-actions", (IRP Final Resolution, ¶ 12); "that a Modified Preferred Resource Plan for the purpose of initial procurement planning includes the PV and battery storage quantities contained in Scenario S3S2B for the first five years of the Action Plan period", (IRP Final Resolution, ¶ 16); that the quantities of "renewable energy installations" will be "met through a combination of direct procurement, described herein as competitive request for proposal (RFP) processes, existing power purchase agreements, and through customer provision under the different options available to customers to provide their own energy", (IRP Final Resolution, ¶ 17).[1]

[1] See also, IRP Final Resolution, pages 265-266:

b. Competitive procurement process

856. PREPA's plans to install the required renewable resources, in the form of solar PV and battery energy storage resources, are premised on competitive procurement through issuance of new RFPs. […] PREPA agreed that as long as PREPA has visibility into the DG or battery storage, and the characteristics of the distributed resource are comparable to those provided on a utility-scale, there is no reason it cannot compete with utility-scale resources for provision of energy and storage capacity. PREPA has stated that it intends for all new generation additions to be procured as PPOAs.

857. Act 17 requires PREPA to reach a renewable portfolio level of 40% by 2025. Act 17 supports installation of energy storage capacity to allow for increases in renewable resource installations. Act 17 also supports promotion of distributed resources to provide needed energy and capacity, and potentially resiliency in the form of microgrid resources or stand-alone points of resiliency. The resources to meet these requirements include solar PV, but also include wind and hydropower and any other renewable energy technologies established under Act 82. Pursuant to Act 17, all solicitations to obtain renewable energy, capacity, and battery energy storage shall allow participation by all eligible resources. The resources to meet these requirements shall include solar PV, wind, and hydropower. While the Proposed IRP resource modeling generally did not select wind resources for inclusion in the least-cost plan, PREPA directly confirmed at the Evidentiary Hearing that wind resources would also be able to participate in any renewable energy procurement solicitations.

858. The Energy Bureau **FINDS** that PREPA's plan to use RFPs to solicit solar PV and battery energy resource capabilities in line with its need for these resources is ACCEPTABLE. The Energy Bureau also FINDS that competitive procurements to obtain PPOAs for these resources must be open to all forms of renewable energy, including, but not limited to wind, hydro, solar PV, VPPs, and storage. The Energy Bureau **FURTHER FINDS** that PREPA should not unnecessarily limit the level of overall procurement to 250 MW blocks, but rather needs to pursue a strategy that attempts to procure the amount of resources required under S3S2B.1352 As part of a competitive procurement plan PREPA must further describe internal or external staffing resources, constraints, and potential solutions to any constraints, as required, in order to meet the renewable energy and battery storage resource levels in the Modified Preferred Resource Plan.

859. The Energy Bureau **ORDERS PREPA** to develop competitive solicitation processes for procurement of new renewable resources and battery energy storage resources in support of "no regrets" findings for these resources from the IRP and in support of meeting Act 17-2019 targets for renewable energy installations, and exceeding those targets where economical. PREPA or the T&D Operator, with oversight by the Energy Bureau under the processes of Regulation 8815, shall run all competitive auctions in accordance with this Modified Action Plan.

e) The Energy Bureau also ***ordered*** **PREPA** "to quickly pursue VPP [virtual power plants] approaches to capture the grid value of distributed resources through RFPs, tariffs, rates, and/or direct utility programs", (IRP Final Resolution, ¶ 52), and "to develop soar PV and battery storage resources at the S3S2B level in accordance with competitive procurement protocols as specified in the Modified Action Plan", (IRP Final Resolution, ¶ 60).

f) The Energy Bureau ***ordered*** **PREPA,** as it pertains to the Modified Action Plan:

i) 94. […] [T]o issue a series of RFPs for provision of renewable energy in support of Act 82's RPS goals, and for the provision of battery energy storage in support of capacity requirements needed to meet PREPA's peak load requirements and in support of integration requirements for renewable energy generation.

ii) 95. […] [T]hat the goal of maximizing the rate of solar PV installations and battery storage in Puerto Rico be achieved as part of the Modified Action Plan. […]

iii) 97. […] [T]o develop competitive solicitation processes for procurement of renewable resources and battery energy storage resources in support of "no regrets" findings for these resources from the IRP and in support of meeting Act 17 targets for renewable energy installations, and exceeding those targets where economical.

iv) 98. […] ["T]o on or before sixty (60) days from the notification date of this Final Resolution and Order, submit a draft renewable resource and battery energy storage resource procurement plan (**Procurement Plan**) to the Energy Bureau. [And] ***Further Orders PREPA*** to file a status report on the development of its draft Procurement Plan no later than thirty (30) days from the notification date of this Resolution and Order with the information that is set forth in the Action Plan in Part V of this Final Resolution and Order.[2]

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[2] In further detail, the Energy Bureau stated:

> "844. […] The Energy Bureau will exercise its powers to review and guarantee that PREPA undertakes a competitive procurement process which fully complies with the goals and objectives of the Modified Action Plan, this Final Resolution and Order and all applicable laws and regulations related to procurement processes. All competitive bidding processes shall conform to the objectives and directives set forth herein.
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> 845. According to the above, the Energy Bureau will provide a deadline for each of the reports or submissions requested. If PREPA finds that it is unable to meet any of the deadlines, PREPA shall timely provide notice to the Energy Bureau no less than 10 business days prior to the deadline. Any such notice shall include a justification for the delay and a reasonable proposal for a new deadline.
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> 846. A summary table of the Modified Action Plan is provided at the end of this Part.

g) In line with the above, the Energy Bureau stated, in pertinent:

"860. […] PREPA shall include the following information in the draft Procurement Plan: A detailed description of the entire Procurement Plan;[3]

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4. Supply Resources

a. New renewable resources and battery storage

847. The Energy Bureau **ORDERS PREPA** to issue a series of new RFPs for provision of renewable energy in support of Act 83's RPS goals, and for the provision of battery energy storage in support of capacity requirements needed to meet PREPA's peak load requirements and in support of integration requirements for renewable energy generation. The quantities of procured renewable energy and battery energy storage associated with the RFPs will reflect the overall renewable energy and storage needs reflected in the Modified Preferred Resource Plan and ultimately account for existing renewable resources, renewable resources from re-negotiated PPOAs, and newly installed renewable resources in future years. […]

850. By 2025, S4S2B solar PV installations range from 2,580 MW to 3,300 MW across all loading scenarios (and up to 4,680 MW if there are no limits placed on solar PV installation rates); and S3S2B solar PV installations range from 3,060 MW to 3,900 MW across all loading scenarios (and up to 5,220 MW if there are no limits placed on solar PV installation rates).

851. By 2025, S4S2B battery energy storage installations range from 1,360 MW to 1,520 MW across all loading scenarios (and up to 2,000 MW if there are no limits placed on battery energy storage installation rates); and S3S2B battery energy storage installations range from 1,360 MW to 1,640 MW across all loading scenarios (and up to 1,720 MW if there are no limits placed on BESS installation rates).

852. By 2038, the level of solar PV and battery energy storage installations increase across all Scenarios, and under any of the loading levels. For S3S2B, under the loading level, solar PV installations by 2038 are 5,640 MW, and battery energy storage installations reach 3,040 MW.

853. In describing the modeling results from the Energy Bureau's Ninth ROI, PREPA states: All plans have similar levels of Solar PV installed by 2025 reaching very close to the limits by year and installing over 3,000 MW of photovoltaics. This is a clear indication of the adequacy of maximizing the rate of adoption of this generation.

854. PREPA states that including installation of renewable energy and battery storage is a "no regrets" action required as a result of the Proposed IRP.

855. The Energy Bureau agrees that the installation of renewable energy and battery storage is a "no regrets" action and FINDS that maximizing the rate of adoption of solar PV and battery storage technology is clearly indicated from the modeling results of the Proposed IRP. The Energy Bureau FURTHER FINDS in favor of this "no regrets" action and ORDERS that the goal of maximizing the rate of solar PV installations and battery storage in Puerto Rico be achieved as part of the Modified Action Plan.

[3] Among the very specific details required by the Energy Bureau in Procurement Plan:

• A discussion of how the Procurement Plan considers a means to minimize counter-party risk and thus potentially incentivize bidders to offer lower prices, given PREPA's current financial status. This would include consideration of staging the RFP processes to not lock-in higher prices earlier, if later-staged RFPs can better ensure lower bid prices while still meeting RPS requirements;

• A template for RFPs;

• A template of a PPOA for the provision of energy and dispatchable capacity for sale to PREPA;

• The Procurement Plan must allow for PREPA to choose to select resources for PPOAs in excess of the 1,000 MW minimum (solar PV or energy equivalent other renewable) or 500 MW minimum (battery energy storage, 4-hour duration equivalent) for either or both renewable energy and battery storage capacity if cost-effective economically and if installation feasibility allows.

• The Procurement Plan may contemplate contracting a lower quantity of resources than the minimum solicitation amount, depending on the responses received.

• The Procurement Plan must indicate the planned installation timeline for resources, based on the estimation of the amount of time required between contracting and installation periods.

• The Procurement Plan must be transparent in communicating the expected timeline of the release of subsequent RFPs to be issued in sequence (e.g., every six months, over the next three years for a total of 6 tranches of RFP releases). The procurement of resources may be front-loaded within the five-year period in order to allow time for construction, interconnections, and commissioning within the five-year Action Plan period.

• The schedule of minimum RFP quantities is as follows, in conformance with target quantities in the Modified Preferred Resource Plan;

• 1st Tranche: at least 1,000 MW solar PV (or energy-equivalent other renewable), at least 500 MW (2,000 MWh or equivalent) battery energy storage.

• 2nd Tranche: at least 500 MW solar PV (or energy-equivalent other renewable), at least 250 MW (1,000 MWh or equivalent) battery energy storage.

• 3rd Tranche: at least 500 MW solar PV (or energy-equivalent other renewable), 250 MW (1,000 MWh or equivalent) battery energy storage.

• 4th Tranche: at least 500 MW solar PV (or energy-equivalent other renewable), 250 MW (1,000 MWh or equivalent) battery energy storage.

• 5th Tranche: 500 MW solar PV (or energy-equivalent other renewable), 125 MW (500 MWh or equivalent) battery energy storage.

• 6th Tranche: 750 MW solar PV (or energy-equivalent other renewable), 125 MW (500 MWh or equivalent) battery energy storage.

861. Quantities of tranches subsequent to the first two tranches may be adjusted if or as necessary to account for installations of DG that contribute to meeting overall quantities in the Modified Preferred Resource Plan, and for resources that PREPA identifies and contracts with in excess of the minimum amounts required in each of the earlier RFPs.

862. The Procurement Plan shall indicate the proposed RFP tranche, and shall include, but not be limited to, the following evaluation parameters:

• Least-cost, capacity basis. Capacity basis to directly reflect possible provision of ancillary services (frequency response, operating reserve, reactive support) in addition to capacity to meet peak load.
• Recognition of T&D system loss benefits for DG/storage bids.
• Recognition of potential for additional resiliency benefits.
• Estimated timeline for completing installation of resources.
• Technical superiority of location for interconnection purposes.
• Adherence to locational preferences closer to load.
• Locational diversity around the Islands of Puerto Rico in proportion to load, within each MiniGrid region, and especially in MiniGrid regions exhibiting relatively less existing capacity in proportion to existing peak load. […]

[…]

h) The Energy Bureau also ***rejected*** "PREPA's Action Plan regarding EE and ***ordered*** **PREPA** that the "Modified Action Plan support the Energy Bureau's objective for EE programs to capture all available cost-effective EE and "to organize and coordinate the necessary resources to timely comply with and facilitate the successful implementation of the EE Regulation", (IRP Final Resolution, para. 113).

i) The Energy Bureau also ***modified*** "the Action Plan regarding DR. "Consistent with the Modified Action Plan components regarding distributed storage and VPPs, PREPA, ***shall develop***, with the Energy Bureau's guidance and approval, internal systems, as well as external programs, offerings, and/or solicitations to engage aggregators of DR resources to offer, dispatch, and be compensated for cost-effective DR resources. This shall be available to all customer classes", (IRP Final Resolution, para. 114).

3. SESA commends the Bureau for this watershed IRP Final Resolution. The Final IRP Resolution is a giant step towards the fulfillment of the binding promise enshrined in Act 17, 2019 to boldly move Puerto Rico out of its meager participation of renewables of 3-4% and towards short term RPS compliance. It is a victory for an energy resilient Puerto Rico, for a new decarbonized and sustainable economy and a better future for Puerto Ricans as individual prosumers and as a forward-looking society.

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863. PREPA can and should select more than 1000 MW of renewable energy or 500 MW of battery storage capacity resources in response to the initial RFPs if cost-effective, and if the installation pace is feasible, thus accelerating the level of installations that would otherwise arise from subsequent RFPs.

864. Battery energy storage bids can include MW and MWh from existing resources currently not contracted to PREPA, if they meet technical requirements for visibility, control, or other related technical needs.

865. All resources and storage amounts can be aggregates of smaller installations (that is, VPPs are explicitly allowed and must be able to compete on fair terms).

866. Combined or individual bids for renewable generation, battery, or combinations of renewable generation and battery resources are permitted. […]" (IRP Final Resolution, paras. 860-866 pages 267-269).

4. Notwithstanding the above, and as per its rights as intervenor pursuant to Section 11.01 of PREB Regulation 8543, the applicable provisions of Act 38-2017, known as the Puerto Rico Uniform Administrative Procedures Act, as well as the specific grant of the right to reconsider on IRP Final Resolution, sec. VII, SESA seeks reconsideration and clarification of the following specific points:

   a) Regarding the detailed draft renewable energy plus storage Procurement Plan to be filed at this Bureau before sixty (60) days from the notification date of this IRP Final Resolution, as well as the status report on the development of this draft Procurement Plan, SESA respectfully requests that this Honorable Bureau specify and clarify that these documents shall be considered public, and that, upon filing before the Bureau, copies thereof shall be notified to all parties, including intervenors like SESA and *amici curiae*.

   b) In regards this Energy Bureau's order to PREPA that the "Modified Action Plan support the Energy Bureau's objective for EE programs to capture all available cost-effective EE and "to organize and coordinate the necessary resources ***to timely comply*** with and facilitate the successful implementation of the EE Regulation", SESA respectfully requests that this Honorable Bureau establish a **specific timeframe** for PREPA to comply. Otherwise, SESA would be concerned that it will be impossible to advance and effectively measure progress on EE measures.

   c) In regards this Energy Bureau's modification of the Action Plan regarding "DR, […] distributed storage and VPPs", SESA requests that this Energy Bureau provide **a specific timeframe** for PREPA to "develop, with the Energy Bureau's guidance and approval, internal systems, as well as external programs, offerings, and/or solicitations to engage aggregators of DR resources to offer, dispatch, and be compensated for cost-effective DR resources, **to all customer classes**". These programmatic approaches are as critical as procurements/RFPs to achieve the Bureau's goals as stated in the Final IRP Resolution, especially for individual customers or aggregators.

   d) SESA also respectfully requests that the Bureau specify and clarify that all substantive obligations established in the Final IRP Resolution apply *mutatis mutandi* to any PREPA successor or concessionaire.

WHEREFORE SESA respectfully requests that this Honorable Energy Bureau grant the requested Motion for Partial Reconsideration.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of this document has been notified on this date via email to the following:

1. Puerto Rico Energy Bureau: secretaria@energia.pr.gov, legal@energia.pr.gov, wcordero@energia.pr.gov and sugarte@energia.pr.gov.
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RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 14th day of September, 2020.

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