

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

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IN RE:

**REVIEW OF THE PUERTO RICO
ELECTRIC POWER AUTHORITY
INTEGRATED RESOURCE PLAN**

CASE NO.:

CEPR-AP-2018-0001

SUBJECT:

AES-PUERTO RICO'S OPPOSITION
TO THE LEOS' MOTION FOR
RECONSIDERATION

**AES-PUERTO RICO'S OPPOSITION TO
LEOS' MOTION FOR RECONSIDERATION**

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

AES Puerto Rico L.P. ("AES-PR") submits this opposition to the Local Environmental Organizations' (LEOs) motion for reconsideration:

ARGUMENT

After substantial discovery, dozens of fact and expert witness testimony, a week-long evidentiary hearing, multiple public meetings, and post-trial briefing, the Puerto Rico Energy Bureau ("Bureau" or "PREB") approved a modified IRP. The PREB did so in a comprehensive and well-reasoned opinion spanning more than 300 pages. This decision and the modified IRP puts Puerto Rico on a path to an affordable, reliable, and clean energy future.

A number of parties, however, filed motions for partial reconsideration or clarification of this Order. In particular, the LEOs filed a motion asking the PREB to rescind the finding that PREPA may consider conversion of the AES plant to gas

in the next IRP. *See*, LEOs Motion for Reconsideration at 10. That request should be denied for three reasons.

First, the LEOs’ primary argument—that converting AES-PR to natural gas is not a least cost option—is premature. Indeed, that is the precise issue that PREPA will consider and the PREB may be asked to determine in the next IRP. The PREB’s order merely states that the “The Energy Bureau is open to the evaluation of the conversion of the AES units to natural gas as a possible alternative as part of the next IRP.” IRP Decision at 271-272. As shown by the PREB’s decision on this IRP, that evaluation will be rigorous. If conversion of AES-PR to natural gas proves to be a least cost option that increases reliability and is the best outcome for Puerto Rico,¹ then PREPA and the PREB can make the judgment to move forward with conversion of the facility. If conversion does not prove to be an attractive option, PREPA and the PREB will make that determination. That is precisely how the IRP process works, and the LEOs give no basis to pre-judge that future determination.

Second, to the extent that the LEOs are suggesting that the PREB could have (and indeed, should have) conclusively determined *today* that there is no basis to convert AES-PR *in the future*, that argument is baseless. To begin, the LEOs provide no new arguments and no new evidence that were not considered at the hearing. That alone is a basis to reject the reconsideration request.

¹ AES-PR’s preferred approach remains to build-out its solar capacity and extend its power purchase and operating agreement (“PPOA”) with PREPA for solar-based electricity. *See*, Pre-Filed Direct Testimony of Kristina Lund for Intervenor AES Puerto Rico LP at 10 (Oct. 23, 2019) (Lund Testimony).

But even if considered on the merits, the un rebutted evidence during the proceeding is more than sufficient to support the PREB's finding that converting AES-PR to gas *could* be a least cost option. Specifically, as AES-PR detailed during the proceeding, converting the site could involve different configurations – such as conversion of the existing boilers or adding new gas turbines. Lund Testimony at 4, 10-11, 15. Using the AES-PR site could offer PREPA a range of potential cost savings by using existing infrastructure – such as the existing steam turbine, PREPA transmission connections, and port facility. See, Pre-Filed Direct Testimony of Ronald Moe for Intervenor AES Puerto Rico LP at 25-28 (Oct. 23, 2019). Indeed, PREPA's consultant, Siemens, found that converting the AES-PR site to a 585 MW natural gas fired plant after 2027 “is essentially the same” cost as a plan without the plant. Pre-Filed Supplemental Testimony of Ronald Moe for Intervenor AES Puerto Rico LP at 16 (Dec. 11, 2019) (“Moe Suppl. Testimony”).

Yet, the evidence presented to the PREB was clear that further analysis could show that an optimized redevelopment of AES-PR would be a low-cost alternative for PREPA and its customers, as it could allow PREPA to leverage the additional investment in Guayama to bring a natural gas fired facility to the island at a lower cost than building an entirely new plant. Moe Suppl. Testimony at 17 (“fine tuning” assumptions about “the operating characteristics and costs of the 585-MW combined cycle” plant “would likely lead to selection of the modified AES-PR plant as an element of the least-cost plan.”) In fact, PREPA's lead consultant, Dr. Nelson Bacalao from Siemens, agreed that with more detailed technical analysis, a redeveloped AES-

PR gas plan could be optimized and might prove to be a lowest cost natural gas option for Puerto Rico. Testimony of Dr. Nelson Bacalao, Hearing Panel B (Feb. 3, 2020). This evidence was un rebutted and is more than sufficient to justify the PREB's decision to *consider* the costs and benefits of converting AES-PR to gas in the next IRP. Any (proper) arguments that the LEOs wish to raise against conversion can be considered then.

Third, the LEOs' suggestion that the cost of corrective measures under the federal Coal Combustion Residuals (CCR) Rule make conversion too expensive entirely misses the mark.² AES-PR is following the process established by the CCR regulation and it will continue to abide by all of the applicable requirements of the law. However, AES-PR's corrective measures will move forward with or without conversion of the site to operate on natural gas. Thus, AES-PR's compliance with the CCR rule has nothing to do with how the valuable human and physical assets at AES-PR can be used cost effectively to provide reliable energy to the people of Puerto Rico.

CONCLUSION

For these reasons, the Bureau should reject the LEOs' request for reconsideration. AES-PR looks forward to working with PREPA and the PREB to determine if conversion of AES-PR to natural gas or a further transition of AES-PR to expand its solar energy capabilities after 2027 is in the best interest of Puerto Rico.

² The LEOs' additional assertions regarding the adequacy of AES-PR's corrective measures are wrong and not before this Bureau.

WHEREFORE, AES-PR requests that the PREB rejects the “Local Environmental Organizations’ Motion for Reconsideration of the Final Resolution and Order.”

RESPECTFULLY SUBMITTED.

CERTIFICATE OF SERVICE

We certify that this Opposition was submitted to the Puerto Rico Energy Bureau through its electronic filing tool at <https://radicacion.energia.pr.gov>, sent via email to wcordero@energia.pr.gov, secretaria@energia.pr.gov; legal@energia.pr.gov; sugarte@energia.pr.gov and viacaron@energia.pr.gov, and sent to the Puerto Rico Electric Power Authority through the following email addresses: Katuska Bolaños (kbolanos@diazvaz.law); Nitza 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. Ruíz Pabón (jorge.ruiz@prepa.com), and Maralíz Vázquez (mvazquez@diazvaz.law). We also certify that on this date we sent a copy of this Opposition 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; gnr@mcv.com; info@liga.coop; amaneser2020@gmail.com; hrivera@oipc.pr.gov; jrivera@cnspr.com; carlos.reyes@ecoelectrica.com; ccf@tcmrslaw.com; manuelgabrielfernandez@gmail.com; acarbo@edf.org; rstgo2@gmail.com; larroyo@earthjustice.org; jluebkmann@earthjustice.org; acasellas@amgprlaw.com; loliver@amgprlaw.com; epo@amgprlaw.com; robert.berezin@weil.com; marcia.goldstein@weil.com; jonathan.polkes@weil.com; gregory.silbert@weil.com; agraitfe@agraitlawpr.com; maortiz@lvprlaw.com; rnegron@dnlawpr.com; castrodiappalaw@gmail.com; voxpopulix@gmail.com; paul.demoudt@shell.com; sproctor@huntonak.com; giacribbs@huntonak.com; rmurthy@earthjustice.org; pedrosaade5@gmail.com; javier.ruajovet@sunrun.com; escott@ferraiuoli.com; mgrpcorp@gmail.com, and aconer.pr@gmail.com.

In San Juan, Puerto Rico, on September 17, 2020.

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