

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

**NEPR**

**Received:**

IN RE: REGULATION FOR ENERGY EFFICIENCY & DEMAND RESPONSE	CASE NO. NEPR-2019-0015 <b>SUBJECT: REQUEST FOR COMMENTS ON PROPOSED DEMAND RESPONSE REGULATION</b>
	Oct 22, 2020 9:52 PM

**COMMENTS BY THE SOLAR & ENERGY STORAGE ASSOCIATION OF PR  
TO DEMAND RESPONSE PROPOSED REGULATION**

**TO THE HONORABLE PUERTO RICO ENERGY BUREAU:**

COMES NOW the Solar & Energy Storage Association of Puerto Rico (SESA-PR), represented by appearing counsel and respectfully alleges and prays:

**I. Introduction**

1. On September 4, 2019, the Energy Bureau of the Public Service Regulatory Board (“Energy Bureau or PREB”) pursuant to the provisions of Act 17-2019, Act 57-2014, and Act 38-2017, issued a Resolution commencing a proceeding for the adoption of a Regulation for Energy Efficiency and Demand Response. As part of the process, the Energy Bureau held a public hearing on October 8, 2019 and received oral and written comments from several stakeholders. Subsequently, the Energy Bureau held a series of Stakeholder Workshops regarding Energy Efficiency under Docket No. NEPR-2019-0019.

3. On July 2<sup>nd</sup> 2020, this Energy Bureau emitted a resolution separating Energy Efficiency (EE) from Demand Response (DR), and communicated a DR “Preliminary Draft” text to stakeholders for feedback “before the formal rulemaking process commences”. In its resolution PREB stressed “the importance of demand response programs and their potential benefit to help manage unforeseen generation incidents”. SESA-PR filed timely comments to said Preliminary Draft.

4. On September 21<sup>st</sup>, 2020, the Honorable Energy Bureau published the official DR regulatory proposal for comments. which are due on October 22, 2020.

5. The Energy Bureau accepted and incorporated many of SESA-PR’s comments proposals, and rejected some, which shows how this stakeholder engagement process is already being quite productive. For the benefit of this Honorable Bureau and all stakeholders, below please find a summary of our comments to the prior draft and the corresponding action by PREB:

SESA's Suggested Comments in Consideration					
Proposed Regulation		SESA Original Comments			
Included in Proposed Regulation?	Resolution Action	Page	Topic	Summary	Original Text
REJECTED	Not Addressed	5	Bring your own devices	Suggest including a BYOD program to encourage customers to enroll their devices into DR of EE programs managed directly or indirectly by the utility	Another potential program structure is so called " <b>Bring your own device (BYOD) programs</b> ". BYOD refers to utility and non-utility programs that acquire pre-approved devices from a vendor of their choosing. <b>Customers can enroll the devices into demand response and energy efficiency programs, managed directly or indirectly by the utility.</b> Via deployment of stored solar energy, these programs present great opportunities to manage energy usage, energy efficiency and load shifting.
ACCEPTED	Revised language: "PREPA may also issue competitive solicitations for DR resources from DR Aggregators. This may be a promising way to solicit DR resources from distributed battery storage...where the multiple capabilities and locational value of storage are combined with customer's desire to manage state of change to maintain resilience"	5	Battery + Peak Plants	Battery could be used by PREPA to tap into stored clean energy and avoid using peaker plants	<b>Batteries can be utilized year-round</b> , enabling these programs to "peak shave" throughout the year and reduce the cost of generation and transmission capacity for all customers. <b>Basically, by allowing utilities to draw power stored in batteries</b> (such as the locally quite popular and widely deployed Tesla Powerwall 2) <b>during times of peak demand, the utility is able to balance out the electric grid and avoid the use of energy from the most expensive, dirty, non-renewable peaker plants.</b>
ACCEPTED	PREPA has the exclusive responsibility for all DR Programs; when referring to the entity operating T&D Proposed Regulation refers to PREPA (with LUMA being in the future)	6	Applicability	Clarification on who is responsible in creating DR programs and defining who is the "operator of the T&D system"	In defining Applicability, consider being clear about <b>what entity will be primarily responsible for this rule turning into real-life successful DR programs</b> , and what entity will be held accountable if real-life DR programs don't occur at all, or don't occur in a large-enough scale. For example, who does PREB envision is primarily responsible for DR programs in Puerto Rico? And what is meant by 1.04 A. <b>"PREPA, its successor and the operator of the Transmission and Distribution System"</b> ? This implies that there is a "successor", some entity other than PREPA or LUMA, which has recently been contracted as the operator of the Transmission and Distribution System. And <b>specifically, between PREPA and LUMA, who is this rule primarily applicable to?</b>
ACCEPTED	Revised definition makes it clear that DR concerns changes in customers' demand as seen from the perspective of the utility grid, and also makes it clear that DR is intended to be used as a resource option by electric utility to help balance supply and demand. This means that DR may, for example, include increasing net load by charging battery storage at certain times, or provide ramping or regulation service.	7	Demand Response Definition	Although draft does include that DR programs decrease customer's consumption of electricity, it should also be acknowledged that DR programs can also shift consumer consumption (rather than just decreasing)	Redraft to include new underlined language, so that it reads: <b>"Demand Response" or "DR" means changes in utility-supplied electric usage by enduse 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 utility-supplied electricity use during periods when utility system costs increase or when utility system reliability is jeopardized.</b> Addition of the underlined text makes clear that <b>DR programs are targeted to reduce customer's consumption of utility-supplied electricity, which enables load-shifting to utility's own battery storage systems to be included</b> , as well as programs which don't target reduction of a consumer's overall electric usage but rather <b>incentivize payments for triggering customers' controlled draining of a certain percentage of their customer-sited battery storage, lowering their amount of utility-supplied electricity consumed at times advantageous for the utility.</b>
ACCEPTED	Revised definition includes electric power generation facility...connected to the T&D system and producing energy for self-supply, reduction in net consumption, or sale	7	Distributed Generation definition	SESA suggests residential and commercial rooftop solar be included in the definition for electric power generation facility	9); <b>Revisit the phrase "...for self-supply or sale" at the end of the sentence defining "Distributed Generation"</b> . Note that Net Metered systems are not generally considered to "sell power", but rather have the effect of reducing a customer's net power consumption from the utility over a given billing cycle. Also revisit the phrase "electric power generation facility" to ensure that residential & commercial rooftop solar, which is clearly Distributed Generation, meets the intended definition. Also revisit the phrase <b>"electric power generation facility"</b> to ensure that <b>residential &amp; commercial rooftop solar</b> , which is clearly Distributed Generation, meets the intended definition.
REJECTED	Proposed Regulation still limits customer participation to systems >50kW	7	Size Requirement	SESA suggests decreasing the threshold for eligible systems to 5kW	2.01 B); Revisit the wording regarding what customers "may participate directly". First, what is meant by "PREPA's DR programs", as opposed to other DR programs? Second, what is the logic behind prohibiting customers with capacity less than 50 kW from participating in such programs, and why is the appropriate threshold 50kW? If the intent is to disallow customers with systems that are too small from participating, consider setting a much lower threshold, such as 5KW, to match the common output of residential battery storage systems. If the intent is to disallow customers with systems that are too small from participating, <b>consider setting a much lower threshold, such as 5KW, to match the common output of residential battery storage systems.</b>

SESA's Suggested Comments in Consideration					
Proposed Regulation		SESA Original Comments			
Included in Proposed Regulation?	Resolution Action	Page	Topic	Summary	Original Text
ACCEPTED	Eliminated All mention of wheeling in the Proposed Regulation	8	Wheeling	SESA suggests removing the Wheeling rule for all IPPs and allow customers to participate in whatever DR programs offered by PREPA or other providers	It's unclear why all IPPs that engage in Wheeling should be required to also "develop and offer cost-effective, feasible Demand Response programs". <b>Independent Power Producers generally simply sell electricity at a set price</b> to customers, and there doesn't appear to be anything that would preclude customers which acquire some or all of their electric generation from an IPP to participate in whatever DR programs are offered by PREPA or other DR providers. <b>Consider erasing all references to Wheeling in this rule.</b>
REJECTED	Proposed Regulation still includes "served by PREPA" language and still includes 50kW limit	8	Customer Participation	SESA suggests removing the "served by PREPA" language	2.03 A): Reconsider the phrase " <b>served by PREPA</b> " is too restrictive, and reconsider the intention of the 50kW threshold and whether it needs to be repeated here in addition to existing in section 2.01 B).
PARTIALLY ACCEPTED	Proposed Regulation revised language eliminates the compensation mechanisms subject to the Energy Bureaus approval. Doesn't define compensation mechanisms	8	Pricing and Compensation	SESA suggests elaborating on compensation mechanisms to specifically include pricing mechanisms to ensure the program is created soon and not dependent on the Energy Bureau's review	Consider expanding upon the phrase "Compensation mechanisms are subject to Energy Bureau review and approval." The degree to which <b>this rule enables DR programs to exist could be dependent on the degree to which this rule spells out the specifics of how pricing for compensation mechanisms are to be created, and the specific process by which they are to be reviewed and approved by the Energy Bureau.</b> Alternatively, or in addition, this rule itself could clearly define what these compensation mechanisms are to entail, and <b>even set initial pricing for these compensation mechanisms.</b>
REJECTED	No change from the original draft	9	DR programs	SESA suggests adding language to clarify that some devices can be dispatched more than once a day	3.01 C) 1): Consider adding to the phrase ... " <b>which might dispatch daily</b> " to account for programs which might dispatch <b>multiple times per day</b> , such as air conditioner compressor cycling that could be dispatched multiple times within the peak usage of a given day.
REJECTED	No change from the original draft	9	Avoided Costs	SESA recommends adding RPS compliance costs and avoided customer hours of service costs to list of avoided costs	4.01 D): Include a subsection in test mentioning " <b>Avoided Renewable Portfolio Standard compliance costs</b> ". This is clearly aligned with Act 17-2019 and <b>would induce the utility to leverage programs to aid its RPS compliance (and avoid PREB fines).</b> Also include " <b>Avoided lost customer hours of service costs</b> ", which are of primary concern in Puerto Rico, and consider adding additional benefits per ongoing stakeholder recommendations.
REJECTED	No change from the original draft	10	Puerto Rico Test	SESA recommends adding RPS goals and other generation resource fuel impacts to the definition of the Puerto Rico Test to better align with Act 17	4.02 C): Redraft to "The Energy Bureau shall include in the Puerto Rico Test all relevant generation, transmission, and distribution impacts, reliability and resilience, <b>furtherance of Renewable Portfolio Standard goals, other generation resource fuel impacts,</b> and environmental impacts, and may include other non-energy impacts, economic development impacts, and social equity impacts. The accrual of specific nonenergy impacts to certain programs or technologies, such as income-eligible programs or combined heat and power, may be considered." Addition of underlined text and stricken text (underlined and stricken here for emphasis, not to be underlined in final proposal) clearly aligns this article with Act 17-2019 and Puerto Rico's fast movement away from fossil fuels.
PARTIALLY ACCEPTED	(reduced timeline for the "Puerto Rico Test" from 12 months to 6 months)	10	Timeline	SESA suggests speeding up the process to 3 months and stresses the importance of initiating the creation of the Puerto Rico Test and the creation of the Technical Resource Manual	Consider <b>shortening the 12 month period to 3 months</b> to get the process started sooner; or <b>initiate the Puerto Rico Test proceeding upon final publication of this Rule.</b> Also consider that that Technical Resource Manual may be necessary before or during development of the Puerto Rico Test, thus <b>starting this process earlier could accelerate the time with additional savings opportunities are defined and developed.</b>
REJECTED	No change from the original draft	10	Meters	SESA requests the addition of a section clarifying that any meters will not be used to measure a customer's solar generation, to comply with Act 17 which prohibits charges on prosumers	6.02 C): Add a subsection clearly stating that " <b>No Meter or telemetry technology shall be used by any party in connection, directly or indirectly, to measure customers' generation of solar energy.</b> " This is aligned with the prohibition in <b>Act 17-2019 of direct or indirect charges on prosumers</b>
REJECTED	No change from the original draft	10	Compliant Procedure	SESA recommends adding language to ensure any certified Energy Service company can establish its procedure until one is adopted	6.03: Add a subsection stating that " <b>A complaint procedure of an Electric Service Company certified by the Energy Bureau which is in force before the approval of this Regulation, will be deemed the pertinent procedure under this section, until another procedure is adopted.</b> " Also give a clear <b>timeline for when DR Program Providers must develop and publish such procedure.</b> Or, simply determine as part of this rule the text of what this procedure should be and require DR Program Providers to implement it in their offerings.
ACCEPTED	Proposed Regulation requires only PREPA to file a Three-Year Plan...[which] content of the Three Year now includes budget and funding sources as well as projected savings	11	Funding	SESA recommends including funding for Proposed DR programs	We also note that this <b>Preliminary Draft does not reference any specific funding source for proposed DR Programs.</b> Funding could potentially include PREPA funds, PREB's own funds, DR Provider's own financing, federal or local government funds, private foundations, banks, or other sources.

## II. General Comments

6. Firstly, SESA-PR reiterates our congratulations to PREB for its inclusive and intelligent procedural decision to fully socialize a regulatory proposal before the formal initiation of a rulemaking proceeding. This form of stakeholder engagement, alongside periodic stakeholder meetings, can be a very effective way to move forward with this rule, and could serve as a good model for all PREB rulemakings and other proceedings going forward. This approach promotes transparency and helps socialize outcomes in ways that increase overall stakeholder understanding, cultivates meaningful stakeholder input, and promotes understanding and support from stakeholders and the public.

7. SESA-PR strongly supported the object and spirit of the preliminary draft, and ratifies its support for this official regulatory proposal. In general, we expressed that:

“We support PREB’s programmatic approach, not locked into a procurement-only mentality, ensuring that anyone with appropriate technology can participate in and benefit from said DR programs. [...]

Solar “prosumers” (consumers which also produce electricity) must be helped to become more integrated with the grid, not be pushed out. One way to do this is by encouraging customers to adopt batteries and be prepared for a future hurricane or other critical event, while giving them the opportunity to earn value delivering clean energy and grid services from their batteries back to PREPA when it needs it. If this DR draft proposal enables these possibilities, it shall be a great win for all. [...]

Successful DR programs compensate prosumers for the benefits their devices provide to the grid, and, in a virtuous cycle, can also make batteries progressively more affordable and accessible for those and new prosumers. The impact of a well-structured and well-administered DR program will then in turn lower costs for the utility, which lowers costs for all ratepayers. [...]

New market opportunities can also result for DR aggregator companies or entities who can economically leverage, in coordinated fashion, multiple behind the meter storage facilities for DR energy services, benefiting prosumers and the grid as a whole. Distributed storage not only provides resilience to individual consumers and prosumers, but can also provide multiple services related to DR, including capacity, frequency regulation, peak load reduction and other benefits to the grid.”

8. Via this official draft PREB continues advancing policies that enable the transition to a decentralized, democratized and de-carbonized electricity system as per Act 17-2019. This official regulatory proposal, alongside the recent Final Resolution and Order on the Modified Integrated Resources Plan are clear steps in the right direction.

### III. Specific Comments to official Draft DR Regulation

9. In general, we request this Energy Bureau to reconsider our prior comments and suggestions to the draft proposal, and if possible, accept all or some of those that were rejected.

10. More specifically, we reiterate the usefulness of “*bring your own device*” (BYOD) program structures. As we explained in our comments to the pre-draft, BYOD refers to utility and non-utility programs that encourage customers to acquire pre-approved devices from a vendor of their choosing. Customers can enroll the devices into demand response and energy efficiency programs, managed directly or indirectly by the utility. Via deployment of stored solar energy, these programs present great opportunities to manage energy usage, energy efficiency and load shifting applications.

11. We specifically mentioned the interesting and pertinent BYOD multistate program by National Grid called “*ConnectedSolutions*”.<sup>1</sup> We explained that in it, batteries can be utilized year-round, enabling these programs to “peak shave” throughout the year and reduce the cost of generation and transmission capacity for all customers. Basically, by allowing utilities to draw power stored in batteries (such as the locally quite popular and widely deployed Tesla Powerwall 2) during times of peak demand, the utility is able to balance out the electric grid and avoid the use of energy from the most expensive, dirty, non-renewable peaker plants. Customers with solar PV plus batteries get compensated as the utility gains the ability to tap the battery up to 60 times per summer and five times per winter, with each event lasting a maximum of three hours. This safeguard allows customers sufficient emergency energy source during power outages.

12. SESA-PR reiterates that this type of program could be an effective model for Puerto Rico, perhaps limiting battery draws during peak hurricane season or even as storms are forecasted to hit the island, as a boosted resiliency measure. **If BYOD-types of measures will not be included in final regulation, SESA-PR requests an official rationale for such exclusion.**

13. SESA-PR is also concerned with the rejection of our proposal, clearly grounded in Act 17’s prohibition of behind the meter (BTM) direct or indirect charges on prosumers. We reiterate the addition of such a subsection with additional clarificatory language

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<sup>1</sup> <<https://www.nationalgridus.com/MA-Home/Connected-Solutions/BatteryProgram>>.

banning the use of these meters or telemetry for BTM taxation or charge imposition purposes:

“No meter or telemetry technology shall be used by any party in connection to measure customers’ generation of solar energy for direct or indirect taxation and/or behind the meter generation charges imposition.”

14. Before final publication, we urge PREB to review and consider whether each step of the DR development process is adequately open to stakeholder and public access, input, and objection should any stakeholder find proposed plans or reports to be incomplete or deficient.

15. We urge PREB to clarify in these rules the repercussions if PREPA ignores the requirements of the rules altogether, misses required deadlines, or otherwise delays the beginning or increasing scope of programs to comply with the requirement to deploy all cost-effective Demand Response.

16. We urge PREB to consider beginning the Demand Response programs not with the Utility Cost Test, as is included in the Proposed Rule, but rather to use the well-established Societal Cost Test or Total Cost Test, which could allow for a wider array of Demand Response Programs to be deployed quicker.

17. Page 7 of the Resolution, in the second paragraph, second sentence, states “These procedures are, in effect, a “technical reference manual” for the DR resources.” SESA-PR objects to this assertion, as a Technical Reference Manual is a standard component of Demand Response and Energy Efficiency program development, and is something best created by 3<sup>rd</sup> party entities with vast experience on the subject matter, with input from the utility, the regulator, and a wide array of stakeholders. We request including in this rule the creation of a professional Technical Reference Manual (TRM), with the 3<sup>rd</sup> party contracted by the Energy Bureau (not by PREPA) to create the TRM with broad stakeholder participation.

18. 1.09.B.9 defines “Distributed Generation” in a way that would include large centralized power plants. It states that Distributed Generation means “...an electric power generation facility...connected to the distribution or transmission system, and producing power for self-supply, reduction in net consumption, or sale.” Large centralized power plants are connected to the transmission system and produce power for sale, yet large

centralized power plants should not be considered “Distributed Generation”. We request revisiting this definition to ensure it has the intended meaning.

19. 1.09.B.20 defines the “PR Test” as a test “...used to evaluate whether proposed or actual DR programs or initiatives provide greater benefits than their costs.” In reality, cost tests aren’t simply an up or down binary determination of “whether” proposed programs or initiatives provide greater benefits than cost, but rather “to what extent” proposed programs or initiatives’ benefits outweigh their costs. The complicated determination that results from applying such cost tests is often useful in prioritizing which programs to move forward with first. We recommend changing the phrasing of this from “whether” to “whether, and to what extent”.

20. 1.09.B.23 (same comment as for 1.09.B.20)

21. 2.01.A.1 states “PREPA may hire external expert consultants via competitive solicitation”, which implies that PREPA may hire external expert consultants via NON-competitive solicitation. We recommend changing this sentence to “PREPA shall hire external expert consultation only via competitive solicitation.”

22. 2.01.B states “PREPA shall pursue all cost-effective Demand Response resources,” but doesn’t define a timeframe for doing so. Without a clear PREB-ordered or PREB-approved timeframe, the utility could focus minimal effort on Demand Response with the spirit that all cost-effective Demand Response resources will be pursued “someday”. We recommend adding in this rule a clear timeframe that implores the urgency of deployment of Demand Response programs.

23. 2.01.D states “PREPA need not accept DR resources offered by a DR Aggregator if the aggregate resources offered by the DR Aggregator have a capacity of less than 50 kW.” This sentence is unclear. It could imply that PREPA must accept all DR resources offered that are more than 50 kW. It is also unclear whether PREPA shall, or may, reject DR resources offered that have a capacity of less than 50 kW.

24. 2.01E states “...when viewed from a total system perspective”, which SESA-PR supports. A total system perspective is not what results from applying the Utility Cost Test, however; the Utility Cost Test views the value of Demand Response programs exclusively through the lens of the utility. If the statement in this subsection is reflective of the intention of PREB, we reiterate our request to instead use the Total Cost Test or Societal Cost Test, instead of the Utility Cost Test.

25. 2.03.G.2 states “PREPA and such DR Aggregators must transmit each standard letter or electronic communication to the customer within five (5) business days of the customer’s agreement to participate in the DR service,” and then gives the customer an additional 5 days to change their mind about their participation. SESA-PR questions the practicality of this process, as opposed to simply requiring that the customer be transparently aware of the terms & conditions of what they’re agreeing to at the time they agree to it. We request considering simplification of this process, so that the customer is simply required to be fully informed at the time they make their decision.

26. 2.03.J states that DR Program Providers “...may require a minimum duration of enrollment”. SESA-PR supports this concept, but requests that these rules provide clarity on the parameters of such minimum duration of enrollment. For example, could the minimum duration be 50 years? 100 years? Also, we request these rules clarify a process of exemption for customers from minimum durations of enrollment. For example, what happens when a customer sells their house – does the obligation to participate in the DR program subscribed to by the previous owner of the house required to be transferred to the new owner of the house?

27. 3.01.A states “...that provide the most cost-effective Demand Response resources over time...” SESA-PR suggests revisiting this to define “over time” in a way that implores the urgency of deployment of Demand Response programs.

28. 3.01.B.2 states “PREPA should never compensate a DR resource more than the value that resource provides to the Puerto Rico electric system (on an annual average basis)”. SESA-PR draws attention to two problems with this sentence. First, this rule requires the development of a Puerto Rico Cost Test, which lists as factors benefits such as non-energy benefits which aren’t necessarily strictly a benefit “to the Puerto Rico electric system”. Including this sentence could be in conflict with the development of an appropriate Puerto Rico Cost Test. The second potential problem with this sentence is that it could preclude the ability of PREPA to offer programs that compensate customers up-front for benefits to be delivered over the lifetime of a product or program. Often, it’s most cost effective to provide customers up-front financial benefits, but the inclusion of the phrase “...on an annual average basis” may be in conflict with that. For example, if the utility wants to encourage customers to buy water heaters or air conditioners that are demand response enabled, it would be a lot more practical to offer the incentive in the form



of an up-front rebate at the time of purchase, as opposed to a financial incentive paid to the customer every month or every year.

29. 3.01.E states “PREPA may issue competitive solicitations.” We request considering changing this to “PREPA shall issue competitive solicitations”, to avoid the interpretation that PREPA may issue NON-competitive solicitations. This subsection also states “PREPA has the right to reject any resources offered...” but doesn’t specify the terms of rejection. We request specifying the terms of acceptance or rejection in this rule.

30. 3.02.B.8 states “...that the system savings from the DR programs will exceed the cost;” We request specifying that this determination is to be made according to the current Cost Test.

31. 4.01.B - We recommend utilizing the Societal Cost Test or the Total Cost Test instead of the Utility Cost Test.

32. 5.01 – We request a clear avenue for stakeholders to object if an annual or quarterly report is incomplete or inaccurate, and request PREB to order a revision of a report if this is the case.

33. 5.03.A – To avoid the possibility of corruption or gaming of the system, the Measurement & Verification should not be administered by PREPA, but rather by an independent experienced 3<sup>rd</sup> party that’s chosen by the Energy Bureau.

34. 5.03.B – Again, it should not be PREPA doing the measuring and verification, but rather an independent experienced 3<sup>rd</sup> party chosen by the Energy Bureau.

35. 5.03.C – The baseline calculations should not be determined by PREPA, but rather by an independent experienced 3<sup>rd</sup> party with input from PREPA, PREB and other stakeholders.

36. 6.03.A states “...each DR Program Provider shall develop and publish a procedure for addressing any complaints a Customer may have...” SESA-PR requests that these rules specify the customer complaint procedure parameters, so that they are consistent.

37. 7.01.A – We request this specify that other stakeholders, other than PREPA, also have the right to develop and propose rate designs for PREB’s approval.

38. 7.01.B – We request revisiting this language. Rate increases may be required to fund Demand Response programs on the front-end, with the savings realized over time.

PREPA may need to increase its revenues in order to cover prudently incurred costs at the front-end of Demand Response programs.

39. 7.01.C and D – It should be clear that demand charges for residential customers are not allowed. Residential customers should have only a base monthly charge plus a per-kWh charge. Introducing demand charges for residential customers is a tactic used by some utilities to try and discourage energy efficiency and customer-sited solar. We request including clear language specifying that residential demand charges are not to be proposed or considered.

40. Article 8 is a list of requirements in the IRP. We suggest considering including this content in the IRP rule, rather than in the Demand Response rule.

#### **IV. Conclusion**

41. SESA reiterates its gratitude to PREB for this opportunity to comment and improve this official DR regulatory proposal, which con continue moving us forward towards the goals laid out by Act 17-2019.

**WHEREFORE** It is respectfully requested from this Honorable Energy Bureau thoroughly consider our comments and accept our suggestions and additions to this regulatory Preliminary Draft.

In San Juan, Puerto Rico, this 22nd day of October 2020.

**Respectfully submitted,**

*[signed/ Javier Rúa-Jovet]*

Javier Rúa-Jovet  
Chief Policy Officer



RUA12602

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