

**GOVERNMENT OF PUERTO RICO PUERTO RICO  
ENERGY BUREAU  
SAN JUAN, PUERTO RICO**

**NEPR**

**Received:**

**Oct 14, 2020**

**4:51 PM**

IN RE: REGULATION FOR ENERGY  
EFFICIENCY AND DEMAND  
RESPONSE

CASE NO.: NEPR-MI-2019-0015

SUBJECT: Written comments submitted  
by Engineering Services International, Inc.

**MOTION SUBMITTING WRITTEN COMMENTS**

TO THE HONORABLE COMMISSION:

COMES NOW Engineering Services International, Inc by its undersigned counsel and respectfully states and prays:

1. As provided for by the Energy Commission, the general public and interested parties may submit comments on the proposed regulation until October 22, 2020.

2. The appearing party hereby submits its written commentaries for the proceedings record as follows.

3. First, the appearing party applauds the Bureau's pragmatism in segregating efficiency and Demand Response rulemaking into two separate proceedings as they are box intricately complex and most definitely the General Public will certainly benefit from separate proceedings.

2 .Regarding the core of the matters directly relevant to PREB resolution "DEMAND RESPONSE Resolution-NEPR-MI-2019-0015" we hereby make the following suggestions and/or request to the Bureau on light of its decision to allow the Puerto Rico Electric Power Authority ("PREPA") the space to further develop its Demand Response ("DR") plan and propose consequent implementation and relevant measures.

3. Most of our suggestions and/or requests emanate directly from broader aspects covered

under Federal Energy Regulatory Commission (“FERC”) Order 2222 with the aspirational goal that the PREC sets some lower and upper thresholds so that PREPA has an objective, quantifiable bounds that it can work to in order to expedite the process. This Intervenor recognizes that FERC Order 2222 was published after the subject Resolution was published by the Bureau nonetheless subscribes its relevance and importance to the Bureau’s resolution.

4. In Page 2 of the subject Resolution the Bureau states “The Energy Bureau understands PREPA's resource constraints and designed the Proposed Regulation with the expectation that PREPA may select (via a competitive process) one or more contractors to develop, administer and run DR programs.<sup>10</sup>” While this is in fact sound policy and procedurally common place across many jurisdictions it is also true that most -if not all- of those Jurisdictions are interconnected ones.

5. It is true that the competing nature of multiple DR managers naturally create the space for a) pricing pressures and b) stability margin enhancements ultimately benefiting clients, even in the many cases where ample interconnected reserve capacity is available or where time-domain dispatch constraints are applied. However, it is also true that Puerto Rico is not an interconnected jurisdiction, therefore its reduced geographical span, abundance of captive clients and their higher density (per square unit of area) certainly presents challenges for which a only a reduced number of DR management entities may be equipped to propose, much less execute.

6. For both the latter reasons, and the fact that PREPA has not produced audited nor verifiable financial or supply/demand data, we request that if the Bureau has already provided PREPA a privileged space to select its DR design and management entity, then the following must also occur to counter balance said approach: **The Bureau should hire a counter-entity or entities to scrutinize any eventual DR plan submitted by PREPA.** The latter so that any Bureau is properly equipped to meaningfully interact and scrutinize

PREPA's (or its succeeding or complimentary entity) financial statements and technical submittals which back its eventual DR plan, specifically those expected submittals which address and model how its proposed minimal, maximal and reserve (kW) response thresholds impact each customer class. Much like PREPA, the Bureau should be empowered with competent third party support so that it may also scrutinize raw data furnished by PREPA in its DR plan, the latter in a way that that third parties, specifically non-profit ones, can also have access and independently test and verify PREPA's prospective DR proposition and its relevant justifications.

7. In Page 2 and 3 of the subject Resolution the Bureau states "*The Proposed Regulation also simplifies the structure by removing all discussion of // wheeling and the role of independent power producers ("IPP"). While IPPs are allowed, under the Proposed Regulation, to use demand response to help manage the cost of power supply, the Energy Bureau believes that, at least for the near future, DR should be centrally dispatched by PREPA as part of managing the overall electric system.*" While it is procedurally efficient and often commonplace to segregate wheeling and/or bulk rating rulemaking we respectfully disagree with the Bureau's stance to completely decouple-&-deemphasize the (quite dated and still outstanding) Wheeling regulations from the DR response rulemaking. The following reasons apply in our request that the Bureau reconsider this strategy or propose a concurrent, coupled proceeding. Namely because whereas it is correct that in our geographically isolated jurisdiction the impact of retail or wholesale "Wheeling" may *currently* be slighted or compressed *now*, it is equally correct that by definition "Wheeling" is still defined as the transfer of energy across a system, furthermore:

- a) the US DOE defines Demand Response programs as "*Deliberate intervention by a utility in the marketplace to influence demand for electric power or shift the demand to different times to capture cost savings*" hence regulatory in nature with the aim to promote equally curtail demand to generate economic impact and,

- b) While it is true that Wheeling is cataloged as a Supply Side measure or mechanism, it is also true that interactions which aim to shift supply and demand interactions shall be construed as interrelated, complimentary and effective in achieving a balanced outcome (the most efficient or equilibrium).

Ultimately and notwithstanding the above it must be recognized that albeit being the oldest implementation measure directly involving the *transfer of energy across the Commonwealth's electrical grid* it is that same "Wheeling" which remains undefined and unresolved, thus not in effect despite the fact that it is *also* the most basic and easily regulated underlying transaction, commonplace throughout transactional energy markets and understood as the simplest manifestation of the orderly, practical and cost-efficient transfer of bulk energy from "Point A" to "Point B".

9. For a systemwide DR initiative to be effective, we must all acknowledge that DR is *one of many* complimentary mechanisms that act *concurrently and harmoniously* to contribute to the just and equitable equilibriums pursued by a balanced transactional energy market. An operator's systemwide DR exercise will be ineffective and inefficient if it cannot simultaneously offer an attractive supply side product. Therefore, Wheeling cannot (yet again) take a back seat to -nor should it be completely decoupled from- DR rulemaking and approval. DR, just like Wheeling on the Supply Side, is not a single variable or one-sided equation; they are complimentary.

10. From an Investor point of view, be it private or sovereign, it does not make any operational or financial to again "*kick the can*" on Wheeling, it sends the wrong message to prospective energy market participants both in demand and supply segments. Predictable, measurable, reliable and ultimately robust and orderly Wheeling transactions are the natural counterweight -and often part of the bedrock- of efficient, economic integration of the transient or steady state aggregators in a Utility or System Operator's toolset so that it may influence supply and demand across a system to achieve equilibrium. Just as an example,

we must ask ourselves: how can demand be modulated and equitably compensated (or penalized) by leveraging a universe of small, broad, often transient and very granular capacity aggregators when there is no baseline compensation (or penalization) rules set for larger, higher inertia, steady state and thus more impactful ones? Colloquially, it's the horticultural equivalent of trying to mow the lawn from the bottom up with a pair of tweezers.

11. Given that the Commonwealth's demand shapeform is very much defined, both in its time domain as well as dips and peaks, sidelining Wheeling offers no economic counterbalance to targeted DR measures which result in depriving *both* of the equitable and just impact each aims to achieve.

12. We respectfully request that DR implementation and Wheeling shall be separately but concurrently developed and enacted in a way that facilitates simultaneous implementation as part of a broad, harmonized and complimentary toolset to regulate and enable PREPA or any succeeding or complimentary entity achieve the broader balance between supply and demand side requirements.

13. On page 7, Article 5 of the subject Resolution the Bureau proposes establishing annual reporting requirements for DR Aggregator. We request that given a) the immense amount of digitization tools b) account management information technology available in the open market and c) highly automated, transactional and digitally repetitive nature of subscribing (and delisting) DR aggregators such reporting periodicity be reduced and matched to the compensation and/or financial adjustment periodicity imposed to DR aggregators which is normally less than a fiscal Quarter. The latter will aid in:

- a) providing accurate operational and financial cutoff dates required for *forward-looking* planning (asset invest/divest) and,
- b) automatically and continuously produce statistically accurate cyclical data to calculate the deductive and/or compensatory factors used to continuously iterate and re-leverage a DR program and incentivization structure.

Smaller, recurrent, more representative data harvest cycles are only practical but also positively impact and eventually reduce the costs associated with implementing PREB's proposed Article 8: Resource and Grid Planning content.

14. Very much like automated grid control systems and their setpoints, we understand that aggregator and consumer thresholds should be the result of data-driven simulation or models so that their response is proportional, and interactions and effects remain predictable. Page 10, Item D of the subject Resolution proposes "*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.*" We firstly recognize that due to stability and transient response margins inherent to the disconnected nature of our system lower thresholds or "floors" will indeed need to be implemented. However, we do request implementation of such lower thresholds be the product of due process and scientific analysis of the data produced (as requested to) PREPA or any succeeding or complimentary entity. The 50 kW threshold or "floor" in the PREB's subject document is a) not accompanied or footnoted by any statistical or otherwise standardized transient or steady state reference or data set and b) substantial federal funds are being obligated to our electrical grid. Such incremental financial and execution resources will allow our Grid to be rapidly updated: grid metering, control, processor and communication speed's will increase exponentially while their deployments and upgrade times will drastically decrease. Much like the 4G to 5G transition, said investments will enable the integration and modulation of ever smaller aggregators and further segmentation of lower-sized larger aggregators. For example: data scrutiny *may* reveal that certain "X" aggregators using "Y" technology require a *higher* minima than 50kW at which point, perhaps a) the minima shall be reset to a higher kW threshold or b) returns should be significantly diminished to proportionally account for the cost of their integration into the grid to name a few.

**Respectfully submitted, this 14 of October 2020.**

CERTIFICATION I hereby certify that this motion was electronically filed, and a copy was notified by electronic mail to:

[comentarios@energia.pr.gov](mailto:comentarios@energia.pr.gov), [astrid.rodriquez@prepa.com](mailto:astrid.rodriquez@prepa.com); [jorge.ruiz@prepa.com](mailto:jorge.ruiz@prepa.com);  
[n-vazquez@aeepr.com](mailto:n-vazquez@aeepr.com); [caquino@prepa.com](mailto:caquino@prepa.com); [mvazquez@diazvaz.law](mailto:mvazquez@diazvaz.law);  
[axel.colon@aes.com](mailto:axel.colon@aes.com); [kbolanos@diazvaz.law](mailto:kbolanos@diazvaz.law); [acarbo@edf.org](mailto:acarbo@edf.org);  
[mgrpcorp@gmail.com](mailto:mgrpcorp@gmail.com); [pedrosaade5@gmail.com](mailto:pedrosaade5@gmail.com); [rmurthy@earthjustice.org](mailto:rmurthy@earthjustice.org);  
[carlos.reyes@ecoelectrica.com](mailto:carlos.reyes@ecoelectrica.com); [ccf@tcmrslaw.com](mailto:ccf@tcmrslaw.com);  
[victorluisgonzalez@yahoo.com](mailto:victorluisgonzalez@yahoo.com); [hrivera@oipc.pr.gov](mailto:hrivera@oipc.pr.gov); [jrivera@cnslpr.com](mailto:jrivera@cnslpr.com);  
[manuelgabrielfernandez@gmail.com](mailto:manuelgabrielfernandez@gmail.com); [acasellas@amgprlaw.com](mailto:acasellas@amgprlaw.com);  
[corey.brady@weil.com](mailto:corey.brady@weil.com); [paul.demoudt@shell.com](mailto:paul.demoudt@shell.com); [escott@ferraiuoli.com](mailto:escott@ferraiuoli.com);  
[sproctor@huntonak.com](mailto:sproctor@huntonak.com); [agraitfe@agraitlawpr.com](mailto:agraitfe@agraitlawpr.com); [cfl@mcvpr.com](mailto:cfl@mcvpr.com);  
[sierra@arctas.com](mailto:sierra@arctas.com); [tonytorres2366@gmail.com](mailto:tonytorres2366@gmail.com); [apagan@mpmlawpr.com](mailto:apagan@mpmlawpr.com)  
[info@liga.coop](mailto:info@liga.coop); [amaneser2020@gmail.com](mailto:amaneser2020@gmail.com); [sboxerman@sidley.com](mailto:sboxerman@sidley.com).  
[bmundel@sidley.com](mailto:bmundel@sidley.com); [gnr@mcvpr.com](mailto:gnr@mcvpr.com); [rstgo2@gmail.com](mailto:rstgo2@gmail.com);  
[larroyo@earthjustice.org](mailto:larroyo@earthjustice.org); [jluebkmann@earthjustice.org](mailto:jluebkmann@earthjustice.org); [loliver@amgprlaw.com](mailto:loliver@amgprlaw.com);  
[epo@amgprlaw.com](mailto:epo@amgprlaw.com); [robert.berezin@weil.com](mailto:robert.berezin@weil.com); [marcia.goldstein@weil.com](mailto:marcia.goldstein@weil.com);  
[jonathan.polkes@weil.com](mailto:jonathan.polkes@weil.com); [gregory.silbert@weil.com](mailto:gregory.silbert@weil.com); [maortiz@lvprlaw.com](mailto:maortiz@lvprlaw.com);  
[rnegron@dnlawpr.com](mailto:rnegron@dnlawpr.com); [castrodiappalaw@gmail.com](mailto:castrodiappalaw@gmail.com); [voxpathulix@gmail.com](mailto:voxpathulix@gmail.com);  
[paul.demoudt@shell.com](mailto:paul.demoudt@shell.com); [GiaCribbs@huntonak.com](mailto:GiaCribbs@huntonak.com); [aconer.pr@gmail.com](mailto:aconer.pr@gmail.com);  
[rtorbert@rmi.org](mailto:rtorbert@rmi.org); [apagan@mpmlawpr.com](mailto:apagan@mpmlawpr.com); [sboxerman@sidley.com](mailto:sboxerman@sidley.com);  
[bmundel@sidley.com](mailto:bmundel@sidley.com), [legal@energia.pr.gov](mailto:legal@energia.pr.gov), [sseda@jrtpr.pr.gov](mailto:sseda@jrtpr.pr.gov), [rgold@acee.org](mailto:rgold@acee.org),  
[lmartinez@nrdc.org](mailto:lmartinez@nrdc.org), [jrua@sesa.org](mailto:jrua@sesa.org), [john.jordan@nationalpfg.com](mailto:john.jordan@nationalpfg.com),  
[imartin@arcainc.com](mailto:imartin@arcainc.com), [amassol@gmail.com](mailto:amassol@gmail.com), [jmarvel@marvelarchitects.com](mailto:jmarvel@marvelarchitects.com),  
[carlos.rodriquez@valairlines.com](mailto:carlos.rodriquez@valairlines.com), [gmch24@gmail.com](mailto:gmch24@gmail.com),  
[ramonluisnieves@rlnlegal.com](mailto:ramonluisnieves@rlnlegal.com), [aarp@aarp.org](mailto:aarp@aarp.org), [secretarioddec@ddec.pr.gov](mailto:secretarioddec@ddec.pr.gov),  
[juliamignuccisanchez@gmail.com](mailto:juliamignuccisanchez@gmail.com), [cpares@maximosolar.com](mailto:cpares@maximosolar.com),  
[jmenen6666@gmail.com](mailto:jmenen6666@gmail.com), [cpsmith@unidosporutuado.org](mailto:cpsmith@unidosporutuado.org), [president@cipr.org](mailto:president@cipr.org),  
[agc@agcpr.com](mailto:agc@agcpr.com), [ingridvila@gmail.com](mailto:ingridvila@gmail.com), [valvaros@gmail.com](mailto:valvaros@gmail.com),  
[mhernandez@ cudpr.com](mailto:mhernandez@ cudpr.com), [thomas.quasius@aptim.com](mailto:thomas.quasius@aptim.com), [pjcleanenergy@gmail.com](mailto:pjcleanenergy@gmail.com),  
[lionel.orama@upr.edu](mailto:lionel.orama@upr.edu), [jmadej@velc.org](mailto:jmadej@velc.org), [nicolas@dexgrid.io](mailto:nicolas@dexgrid.io), [javrua@gmail.com](mailto:javrua@gmail.com),  
[carlosalberto@espur.net](mailto:carlosalberto@espur.net), [rtorbert@rmi.org](mailto:rtorbert@rmi.org), [gmch@4@gmail.com](mailto:gmch@4@gmail.com),  
[norywrivera@constructores.net](mailto:norywrivera@constructores.net), [nolesus@gmail.com](mailto:nolesus@gmail.com), [aconer.pr@gmail.com](mailto:aconer.pr@gmail.com),  
[hrivera@oipc.pr.gov](mailto:hrivera@oipc.pr.gov), [dortiz@elpuente.us](mailto:dortiz@elpuente.us), [malu.blazquez@reimagina.pr.org](mailto:malu.blazquez@reimagina.pr.org),

s/Lcdo. Manuel Fernández Mejías  
RUA 8170  
P.O. Box 725  
Guaynabo, P.R. 00970-0725  
Tel 787 462 3502  
[manuelgabrielfernandez@gmail.com](mailto:manuelgabrielfernandez@gmail.com)

