



SESA SOLAR AND ENERGY STORAGE
ASSOCIATION
OF PUERTO RICO

NEPR

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May 19th, 2021

Mr. Edison Avilés-Deliz
Chairman
Puerto Rico Energy Bureau
World Plaza Building
268 Ave. Muñoz Rivera
Nivel Plaza Suite 202
Hato Rey, PR 00918

RE: SESA's Further Comments on Implementation of PREPA's Procurement Plan
NEPR-MI-2020-0012, including request for considering content & schedule changes

Dear Chairman Avilés-Deliz:

The Puerto Rico Solar Energy Industries Association Corp., d/b/a/ Solar and Energy Storage Association of Puerto Rico (hereinafter, "SESA") is an association that represents Puerto Rico's solar and energy storage industries. It advocates for solar and storage technologies as a central solution to the energy needs of Puerto Rico and promotes public policy that benefits the growth of these industries. It brings awareness and understanding of these technologies to both government policymakers and the public and facilitates collectively beneficial collaboration.

In our prior filing of April 21st, SESA expressed in detail the procedural and substantive facts of this Energy Bureau docket, since the issuance of the watershed Final Resolution and Order ("IRP Order") in case No. CEPR-2018-0001 regarding the Integrated Resource Plan ("IRP") of the Puerto Rico Electric Power Authority ("PREPA"). SESA was an intervenor and active participant in the IRP proceedings. We shall thus forego recital of this background in this instant filing.

We will however re-emphasize that this Honorable Energy Bureau has clearly determined that it would conduct ongoing oversight of the procurement required by the IRP Order. See Resolution and Order of December 8, 2020, Case No. NEPR-2020-MI-0012, page 5. The Bureau stated that "this Resolution and Order is targeted at ensuring that the procurement of the first tranche of renewable energy and storage is successful and meets the goals of the IRP." *Id.* The Bureau instructed PREPA to "consider the Procurement Plan to be a living document subject to continued revision and application of lessons learned from each tranche of procurement and [from] other proceedings." To this end, the Bureau required PREPA to file an updated Procurement Plan reflecting the specific plans for the second tranche on or before May 1, 2021, and to incorporate into that document lessons learned from the first tranche, any requirements that originate from the Optimization Proceeding in the IRP Order, and any other requirements that originate from other resolutions and orders issued by the Bureau. *Id.* And as we have stated the degree of success or failure of the current RFP process will likely have a major impact on Puerto Rico's progress toward actual development of 1,000MW of renewables and 500MW of storage in the short term, as ordered by the Energy Bureau, and the requirements of 40% renewables by 2025, in accordance with Law 17-2019 and the current IRP Order.

In our prior filing, among other requests, SESA suggested that an extension be considered of the then scheduled bid date of May 3rd, as at that point PREPA had missed important deadlines that could have made it impractical or impossible for otherwise qualified bidders to have a sufficient time and information to prepare bid packages.

SESA recognizes that the prior deadline was indeed extended. However, we come again before this Honorable Energy Bureau as several critical RFP issues are still unresolved, unclear and/or reflect large deviations from market norms that could result in very low participation by bidders, needlessly high bid prices, or both.

For example:

- 1. Minimum Technical Requirements (MTRs) for Virtual Power Plants (VPPs) have not yet been made available.**
- 2. There is an apparently erroneous number for a Performance Security requirement of \$575/kW. This could be as high as 20 or 30 times higher than market norms for Performance Security requirements.**
- 3. Performance Bond requirements for battery systems of \$120 per kWh could be 20x higher than market norms as well. The ESSA portion appears to have a Performance Security of \$120 per kWh which would be \$21 million for a 50 MW / 4 hour BESS system. Market norms could be closer to \$1 million.**

As the bid deadline of May 28th quickly approaches, addressing the aforementioned issues very quickly could be critical for potential bidders to be able analyze the data and draft their bids accordingly. **In fact, even with a quick turnaround in correcting these issues, it could be worth considering postponement of the current bid deadline beyond May 28th, perhaps by a month, to allow adequate time for potential bidders to integrate changes into their bids and have adequate time for formal Questions & Answers on them.**

Addressing these potential deficiencies and extending the deadline could potentially result in higher response rates to the RFP, but also pricing that isn't unnecessarily high as a result of Performance Security requirements that are 20-30x higher than market norms. Lastly, potential administrative and/or governance challenges of holding such a critical milestone precisely as the T&D operation transition from PREPA to LUMA is scheduled to take place could be reason alone to evaluate the merits of a possible extension to the current bid timeframe.

Cordially,

PJ Wilson
Presidente, SESA-PR
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