

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

NEPR

Received:

May 29, 2021

10:38 PM

**IN RE: THE IMPLEMENTATION OF
THE PUERTO RICO ELECTRIC
POWER AUTHORITY INTEGRATED
RESOURCE PLAN AND MODIFIED
ACTION PLAN**

CASE NO.: NEPR-MI-2020-0012

SUBJECT: Request for Extensions of Time to Issue Tranche 2 Request for Proposals and to Submit Timeline for Anticipated Installation of Battery Storage and Renewable Energy Resources

**REQUEST OF THE PUERTO RICO ELECTRIC POWER AUTHORITY FOR
ADDITIONAL TIME TO ISSUE SECOND RENEWABLE GENERATION
AND ENERGY STORAGE RESOURCE PROCUREMENT TRANCHE AND
TO SUBMIT TIMELINE FOR ANTICIPATED INSTALLATION OF
BATTERY STORAGE AND RENEWABLE ENERGY RESOURCES**

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

By Resolution and Order issued in the captioned proceeding on December 8, 2020 (the “December 8 Resolution”), the Puerto Rico Energy Bureau of the Public Service Regulatory Board (the “Energy Bureau”) directed the Puerto Rico Electric Power Authority (“PREPA”) to adopt a Final Procurement Plan and implement a Request for Proposals (“RFP”) process to govern PREPA’s procurement of new renewable generation and energy storage resources through a series of procurement tranches.¹ The Final Procurement Plan and the RFP process it describes are intended to implement the Competitive Procurement Process the Energy Bureau endorsed in its August 24, 2020 Final Resolution and Order addressing PREPA’s Integrated Resource Plan.²

¹ *In Re: The Implementation of the Puerto Rico Electric Power Authority Integrated Resource Plan and Modified Action Plan*, Resolution and Order Addressing Evaluation of Draft Procurement Plan, Case No. NEPR-MI-2020-0012 (Dec. 8, 2020).

² *In Re: The Implementation of the Puerto Rico Electric Power Authority Integrated Resource Plan*, Final Resolution and Order on the Puerto Rico Electric Power Authority’s Integrated Resource Plan, Case No. CEPR-AP-2018-0001 (Aug. 20, 2020) (“IRP Order”) at ¶¶ 856-867, pp. 265-269.

The Final Procurement Plan, in keeping with the IRP Order,³ envisions the issuance of a series of RFPs for renewable energy generation and battery energy storage resources every six months over a three year period, for a total of six tranches of RFPs.⁴ The target release date for the first RFP Tranche identified in the IRP Order and in PREPA's Final Procurement Plan was December 2020; the target release date for RFP Tranche 2 is identified as June 2021.⁵ The actual release date for the Tranche 1 RFP was February 22, 2021.⁶ Given this later-than-anticipated Tranche 1 RFP release date and the impending submission of responses to that RFP, PREPA requires the postponement of the target June 1, 2021 release date for the Tranche 2 RFP and hereby seeks the Energy Bureau's approval to modify its Final Procurement Plan to this end.

In addition, in the December 8 Resolution the Energy Bureau directs PREPA "to develop, maintain, update and file with the Energy Bureau every six months commencing no later than June 1, 2021 a timeline for anticipated installations of battery storage and renewable energy resources."⁷ Having not yet received bid responses to its Tranche 1 RFP, PREPA is not in a position to provide an informed assessment of the timeline for the installation of new renewable energy and battery energy storage resources. PREPA hereby seeks an extension of the time beyond June 1, 2021 for filing the first of these timelines.

³ IRP Order at ¶ 860, pp. 266-267.

⁴ PREPA, Renewable Energy Generation and Battery Energy Storage Resource Procurement Plan, Case No. NEPR-MI-2020-0012 ("Final Procurement Plan") (filed Dec. 22, 2020), Section 1, Table 1-1 at p. 5.

⁵ IRP Order at p. 267.

⁶ See Motion Informing Issuance of Renewables RFP Tranche 1, Case No. NEPR-MI-2020-0012 (filed Feb. 22, 2021) at p. 2.

⁷ December 8 Resolution, Appendix A, Section V. 12 at p. 8.

ARGUMENT

In the Tranche 1 RFP, PREPA seeks to procure 1,000 MW of renewable energy resource capacity and 500 MW of energy storage resource capacity, including 150 MW of capacity to be provided by virtual power plants.⁸ This represents the first of six RFP tranches soliciting proposals for a cumulative total of 3,750 MW of renewable energy resources and 1,500 MW of energy storage resources which PREPA is to undertake during a three-year period in accordance with the IRP Order. By Resolution and Order issued on May 27, 2021, the Energy Bureau has determined that “it is reasonable to extend the deadline for submission of bids for the Tranche 1 RFP and an extension of time for PREPA to complete its evaluation of bidder submission[s].”⁹ Accordingly, the Energy Bureau granted PREPA’s request to extend the Tranche 1 bidder response submission deadline until June 18, 2021 and extended the deadline for selection of proposals for Phase II Evaluation until July 15, 2021.¹⁰

The Competitive Procurement Process envisioned in the IRP Order and in PREPA’s Final Procurement envisioned intervals of six months between the issuance of individual RFP Tranches. With the submission date for these responses now having been postponed to June 18, 2021 and the Phase II selection date now set for July 15, 2021, issuance of the Tranche 2 RFP on or any time close to June 1, 2021 would eliminate altogether the six month interval between RFP issuances, and indeed would have the second RFP Tranche be initiated before proposals generated by the first RFP Tranche have been received, let alone analyzed by PREPA and its advisors. In the

⁸ See Motion Informing Issuance of Renewables RFP Tranche 1, Case No. NEPR-MI-2020-0012 (filed Feb. 22, 2021) at p. 2.

⁹ *In Re: The Implementation of the Puerto Rico Electric Power Authority Integrated Resource Plan and Modified Action Plan*, Resolution and Order Addressing PREPA’s Response to May 21, 2021 Resolution and Order Addressing SESA Comments Request and Extension of Time for Submission of Proposals to Renewable Generation and Energy Storage Tranche 1 RFP, Case No. NEPR-MI-2020-0012 (May 27, 2021) at p. 3.

¹⁰ *Id.*

circumstances, issuance of the Tranche 2 RFP as currently scheduled on or about June 1, 2021 would confront market participants who are even now still developing their final Tranche 1 proposals with the prospect of having to begin work on a second round proposals before they have completed the Tranche 1 RFP process. It is fair to assume that market participants who have been engaged in the preparation of Tranche 1 RFP responses will be pressed if they must immediately turn to the development of Tranche 2 RFP proposals, and that some participants who might otherwise be interested in participating may be unable to because of time and resource constraints. Moreover, neither the market nor PREPA and its advisors have had the benefit of any market reactions to the Tranche 1 RFP to inform refinements that might usefully be included in the second Tranche RFP issuance and in proposals responding to it. Issuance of the Tranche 2 RFP on or about June 1, 2021 would come too close on the heels of the Tranche 1 RFP to yield an optimal response in terms of depth and breadth of market participation. And significantly, the issuance of the Tranche 2 RFP before Tranche 1 submissions are completed would give neither the market nor PREPA any opportunity to take advantage of the lessons to be learned from Tranche 1 proposals.

The market to which PREPA's RFPs are and will be directed remains fully occupied with the Tranche 1 RFP process. Potential participants interested in the development of renewable generation and energy storage resources in Puerto Rico can be expected to continue to be focused on the Tranche 1 RFP and the finalization of Tranche 1 bids until June 18, 2021. Only after this date has come and gone would it be reasonable to expect that a second RFP seeking renewable generation and energy storage resources will receive the sort of attention from the market that will be required for that RFP to generate substantial interest and a robust market response. Rushing the Tranche 2 RFP out while the target market is continuing to devote its full time and attention to the Tranche 1 RFP is therefore likely to be counterproductive. Thus, requiring the Tranche 2 RFP

to be issued while the Tranche 1 RFP remains outstanding would be inconsistent with the fundamental objective of promoting broad participation in the development of the renewable generation and energy storage resources Puerto Rico urgently needs.

PREPA and its advisors can expect to be occupied with the Tranche 1 RFP through at least mid-July. Performance of the required evaluations of Tranche 1 responses will be complicated by changes in the status of the involved PREPA personnel that will accompany the transition of the operation, maintenance and planning of PREPA's transmission and distribution system to LUMA Energy, LLC and LUMA Energy Servco, LLC scheduled for June 1, 2021. The issuance of the Tranche 2 RFP during this period would further strain the available resources, to no useful end.

To maintain the envisioned six month cycle for the issuance of RFP Tranches and to give the market and PREPA the time needed to deal with the submission of Tranche 1 responses before turning to Tranche 2, PREPA should be given additional time to prepare and publish, and the target market should be afforded additional time to receive and absorb, the Tranche 2 RFP currently targeted for issuance by June 1. Accordingly, PREPA respectfully requests that the Energy Bureau authorize it to modify its Final Procurement Plan to the extent necessary to permit the issuance of the Tranche 2 RFP by no later than August 1, 2021.

PREPA also requests that the Energy Bureau grant it additional time to comply with the timeline submission requirement imposed by the December 8 Resolution. The Energy Bureau has directed PREPA, beginning no later than June 1, 2021, to develop, update and file every six months a timeline for anticipated installations of renewable generation and battery energy storage resources. PREPA currently has no basis on which to offer any meaningful timeline for such installations beyond the aspirational timeline included in its Final Procurement Plan. It will have no basis for the development of such a timeline until, at the earliest, it can evaluate responses to

its Tranche 1 RFP. Once it has be benefit of a first round of market feedback, PREPA should be in a position to develop a preliminary timeline for the installation of new renewable energy and battery energy storage resources.

Accordingly, PREPA hereby seeks an extension of the time beyond June 1, 2021 for filing the first of the required anticipated renewable generation and energy storage installation timelines. PREPA submits that, so that it can take fully into account the experience it accumulates in Tranche 1 RFP process through final project selection, it would be reasonable in the circumstances for it to be given until August 31, 2021 to prepare and submit a timeline describing anticipated installations of renewable generation and battery energy storage resources.

CONCLUSION

WHEREFORE, the Puerto Rico Electric Power Authority respectfully requests the Energy Bureau to grant it authorization to modify its Final Procurement Plan to provide that the target date for the issuance of the second RFP for renewable generation and energy storage resources contemplated by PREPA's approved IRP and Modified Action Plan shall be August 1, 2021. PREPA further respectfully requests that it be granted an extension of time until August 31, 2021 to prepare and submit the timeline specified in the December 8 Resolution covering the anticipated installations of renewable generation and battery energy storage resources.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 29th day of May 2021.

s/ Maralíz Vázquez-Marrero

Maralíz Vázquez-Marrero

mvazquez@diazvaz.law

TSPR 16,187

s/ Katuska Bolaños-Lugo

Katuska Bolaños-Lugo

kbolanos@diazvaz.law

TSPR 18,888

DÍAZ & VÁZQUEZ LAW FIRM, P.S.C.

290 Jesús T. Piñero Ave.

Oriental Tower, Suite 803

San Juan, PR 00918

Tel.: (787) 395-7133

Fax. (787) 497-9664