



July 5, 2021

Via e-mail: [comentarios@jrsp.pr.gov](mailto:comentarios@jrsp.pr.gov)

Sr. Edison Avilés Deliz, Chairman  
Sr. Ángel R. Rivera de la Cruz, Associate Commissioner  
Sra. Lillian Mateo Santos, Associate Commissioner  
Sr. Ferdinand A. Soegaard  
Sra. Sylvia B. Ugarte Arango, Associate Commissioner  
Puerto Rico Energy Bureau

Re: **Reply Comments on Proposed Regulation  
Case No.: NEPR-MI-2021-0005  
Regulation for Energy Efficiency**

Dear Members of the Puerto Rico Energy Bureau:

VEIC appreciates the opportunity to supply Reply Comments to the initial Comments submitted on the Proposed Regulation referenced above.

VEIC supports other parties' submitted Comments that address:

- **Funding.** Designing for consistent and stable funding for cost recovery of energy efficiency service delivery (ACEEE, Ceres, LUMA)
- **Quick Start programs.** Advocating for initial Quick Start programs, and allowing the administrator to count energy savings toward the 30 percent goal (ACEEE, RMI, Ceres, LUMA)
- **Budgeting.** Advising realistic budgeting that is based on performance targets achieved elsewhere (ACEEE)
- **Utility business model.** Recommending a comprehensive approach to reforming the current utility business model so that it (and ratepayers) can benefit from energy efficiency programming (ACEEE, Ceres)
- **Stakeholder engagement.** Advocating for a comprehensively structured, well-defined, ongoing stakeholder engagement process, ideally led by the Energy Bureau (ACEEE, RMI, Ceres, NRDC)
- **Cost-effectiveness testing.** Encouraging the design of a Puerto Rico cost effectiveness test that considers the opportunities and constraints of the Puerto Rico market (ACEEE, RMI)

- **Low-income services.** Supporting special consideration and prioritization of well-defined low-income services (ACEEE, RMI)

In addition, VEIC supports a strategy that seeks several stable funding sources, with flexibility in using that funding to support ratepayer access to capital for energy efficiency projects (ICSE).

VEIC will not provide additional comments on each of these topics its supports, because it considers the positions well explored. However, VEIC has selected two topics—Quick Start programs and low-income programs—for further discussion. It is our intention with these Reply Comments to support the Energy Bureau’s further understanding of both topics.

### **Quick-Start Programs**

VEIC respectfully directs the Energy Bureau’s attention to VEIC’s June 25, 2021 Comments regarding the timeline of two years of Quick Start programming. In that 2-year period, VEIC further suggested that market and potential studies can be contracted out to a single vendor, to gain optimal information for designing appropriate energy efficiency services for Puerto Rico.

Given other parties’ interest in and support for Quick Start initiatives, VEIC offers the following anecdotal information about a successful start-up in 2011, in a U.S. city (Washington, DC) that was largely unfamiliar with energy efficiency services and benefits, and what it took to launch an effective, third-party-administered energy efficiency program.

**Launching the District of Columbia Sustainable Energy Utility.** Our experience is that Quick Start programs are successful when their internal targets (“milestones”) inform responsible scoping of subsequent market-based programs. As the administrator of the DC Sustainable Energy Utility (DCSEU) from Fiscal Year 2011 forward, VEIC met regulatory milestones for Quick Start services that initial year, installing energy efficiency measures to the following core program sectors:

- Low-income multifamily
- Existing single homes
- Commercial direct installation.

In the course of the first 7 months of implementation, regulators gave the DCSEU the additional task of starting two other Quick Start programs: (1) a grassroots consumer information-sharing campaign, and (2) a “lost opportunities” initiative to influence businesses’ decisions to replace existing equipment nearing the end of its life with efficient equipment.

During the Quick Start period, regulators set milestones for the DCSEU for:

- Deployment of information technology and management of information systems
- Completion of a consumer education and marketing plan
- Completion of a strategic market analysis and program design for regulatory review and approval

- Development of methods for qualifying and certifying contractors and trade allies
- Delivery of training sessions for contractors and trade allies

The Quick Start initiatives and the completed milestones helped to inform program scoping within the subsequent years' budgets. The milestones for building the infrastructure necessary to operate an energy efficiency program successfully were an effective way to ensure future program success at its most basic level.

It is important to note that the DCSEU administrator needed only to track and report service delivery and installations on the Quick Start initiatives. The measures installed occurred across a 7-month period, because the start date for the DCSEU was midway through FY 2011. The 7-month energy savings and participation metrics could be tracked, but were not subject to savings claims or verification because the District of Columbia had not yet hired an evaluation contractor. Thus the 7-month period of energy savings did not count toward an FY 2011 total, or carry over to an FY 2012 total. Quick Start initiatives that continued through the first quarter of FY 2012 *did* count toward the DCSEU's Performance Benchmarks.<sup>1</sup>

## Low-Income Programs

Several other interested parties' comments (notably, those from ACEEE, AARP, and RMI) about services to low-income customers reinforce the importance of clearly defining low-income and hard-to-reach populations and designing a targeted strategy to serve them.

As noted in VEIC's June 25 Comments, Puerto Rico's poverty rate, at 43.5 percent in 2019, is more than three times the U.S. average of 13.1 percent. AARP's comments also identify multiple unique challenges Puerto Rico faces that could hamper widespread participation in efficiency programs:

- Tenancy vs. home ownership.
- Lack of documentation of home ownership.
- Rules limiting eligibility to low-income programs based on documentation requirements.
- Undeveloped banking system in rural areas, which complicates lending processes.
- Inability of some to qualify for loans.
- Inability of some to take the risk of programs that do not provide claimed benefits.
- Homes ruined by hurricanes sufficiently to be unsuitable for efficiency investments.
- Other economic priorities being more important for survival.
- Challenges unique to an aging population.<sup>2</sup>

Given these challenges, it is critical that energy efficiency programs in Puerto Rico be designed to be widely accessible to low-income households and communities, including renters. We agree with

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<sup>1</sup> Further information about the segueing of FY 2011 Quick Start initiatives into FY 2012 can be found in the [DCSEU FY 2012 Annual Report](#) (pp. 2-3).


<sup>2</sup> AARP Initial Comments on Proposed Regulation on Energy Efficiency, June 28, 2021. Pg. 5-6.

AARP that PAYS™ (on-bill tariff) may be an important tool to serve these customers, but other strategies and additional funding will be needed as well. For example, several states (including Connecticut and Vermont) are directing portions of their American Rescue Plan Act funding allotments to expand energy efficiency and weatherization programs for low-income households.

We also agree with ACEEE and RMI that the Energy Bureau should clarify the definition of “low-income” customers, but we emphasize that there should also be mechanisms in place to streamline income qualification to ensure that inadequate documentation does not become a barrier to participation. As noted in VEIC’s June 25 Comments, we encourage consideration of innovative methods of income qualification, such as qualifying whole disadvantaged neighborhoods or communities (not just individual households) for enhanced services, basing inclusion decisions on Census tract data or the CDC’s Social Vulnerability Index. Community service nonprofits and other organizations serving low-income communities could also be targeted for energy efficiency services and counted towards low-income goals.

VEIC is grateful to the Energy Bureau for inviting Comments and Reply Comments on the Proposed Regulation. We look forward to continuing to engage with Puerto Rico on the Proposed Regulation, as it evolves into a solid framework designed to benefit all residents and businesses on the island.

Sincerely yours,

A handwritten signature in blue ink that reads "Emily Levin". The signature is written in a cursive style and is set against a light beige rectangular background.

Emily Levin  
Principal Consultant