

GOVERNMENT OF PUERTO RICO  
PUBLIC SERVICE REGULATORY BOARD  
PUERTO RICO ENERGY BUREAU  
SAN JUAN PUERTO RICO

IN RE: THE UNBUNDLING OF THE ASSETS  
OF THE PUERTO RICO ELECTRIC POWER  
AUTHORITY

case: NEPR-AP-2018-0004

Direct testimony  
Puerto Rico Manufacturer's Association

NEPR

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DIRECT TESTIMONY: PUERTO RICO MANUFACTURER'S ASSOCIATION, BY MR YANDIA  
PEREZ VICE-PRESIDENT:

Q. Please state your name.

A. Yandia Pérez

Q Please indicate your relationship to the Puerto Rico Manufacturer's Association ("PRMA").

A. I am the Executive Vice-President of PRMA.

Q. What is the PRMA?

A. The Puerto Rico Manufacturer's Association —Spanish: Asociación de Industriales de Puerto Rico—"PRMA") is a private, non-profit, and voluntary trade association in Puerto Rico formed with the intent of joining the manufacturing and service industries of Puerto Rico in the same organization. The Association was established in 1928 before Operation Bootstrap and was the entity that suggested the creation of the Puerto Rico Industrial Development Company.

Q What does the PRMA and the industrial sector of the economy expect from the unbundling process currently existing at the Puerto Rico Energy Bureau?

The PRMA and our industrial sector have been exploring new alternatives in order to help Puerto Rico achieve its public policy goal of having a modern, efficient and diversified power delivery system capable of generating electricity at competitive rates.

Currently some industries have been adding co-generation capabilities at their facilities; including solar panels and the acquisition of Combined Heat and Power ("CHP") units and electrical co-generation and electric generation applications. This will provide, on a combined basis, energy, steam, and cooling for industrial applications.

A competitive electricity transmission or *wheeling* rate will further encourage such developments; enabling industries to produce substantial amounts of electricity at a site and transmitting it to other locations and users.

Furthermore, a competitive electricity transmission or *wheeling* rate will enable industrial clients to consider purchasing electricity from third party producers, including private entities, cooperatives, or other industrial generators. This includes the possible acquisition of energy produced by non-fossil sources such as wind or solar.

Nevertheless, any such scenarios do require a competitive wheeling and transmission tariff; otherwise, no incentives will be provided for the capital markets to invest in such technologies. A non-competitive tariff would be tantamount to establishing a barrier to the development of a modern, reliable, and efficient energy production and distribution infrastructure for Puerto Rico.

Q Have you considered the Unbundled Tariff Report presented by PREPA May 10, 2021?

A Yes.

Q What transmission tariff does PREPA suggest?



A Essentially PREPA is suggesting that the tariff should be based on the current rates payable to PREPA less a *supplied credit* equal to the purchased energy and fuel adjustment riders. In practical terms, for a typical consumer in the year 2021 it would be approximately \$0.12.

Q Is this a competitive tariff according to the PRMA?

A Certainly not. If a current industrial user is paying approximately \$0.23 (See <https://www.eia.gov/state/print.php?sid=RQ>) per Kw/h it would need to purchase or generate electricity at a cost inferior to \$.09 in order to make such transaction financially feasible one. Obviously, producing or acquiring electricity at such cost is virtually impossible in Puerto Rico. Therefore, such a tariff fails to promote the development of a competitive energy market.

Therefore, for all practical purposes, the new tariff would be non-existent. The energy policy objectives of Puerto Rico would be stalled; and wheeling would not be considered as a real alternative to electrical energy consumers in Puerto Rico.

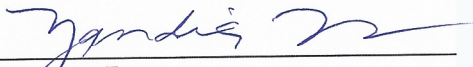
In Illinois, for example, the residential average wheeling rate is \$.1044, the commercial wheeling rate is \$.405 and the industrial wheeling rates is \$.139. <https://www.electricitylocal.com/states/illinois/wheeling/>

PREPA is proposing a wheeling tariff ten times higher than the one existing in Illinois. If Puerto Rico proposes a wheeling rate ten times higher than that existing in a competing jurisdiction, it will not be able to utilize the wheeling mechanism as a viable tool to enhance the development of a diversified and efficient energy system.

Q What does the PRMA suggest the Energy Bureau should do?

A It should reject the proposed Unbundled Tariff Report and order PREPA to present a comprehensive and real transmission cost-based study, based solely on real cost factors; in order to arrive at a truly cost based tariff that would encourage wheeling as an integral part of Puerto Rico's public policy to transform our energy generation and distribution system.

In San Juan, Puerto Rico, this 8 day of July, 2021

  
Yandia Perez

Affidavit 1754

Sworn and subscribed before me by Yandia Perez \_\_\_\_\_, of legal age, Executive Vice President and a resident of Carolina Puerto Rico, that I ☒ personally know or ( ) have identified by means of N/A.

In San Juan, PR this 8 day of July 2021.

  
NOTARY PUBLIC

