



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

2021 JUL -6 PM 4: 58

IN RE: REGULATION FOR ENERGY EFFICIENCY	CASE NO. NEPR-MI-2021-0005  SUBJECT: ADDITIONAL COMMENTS TO PROPOSED REGULATION
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**INSTITUTO DE COMPETITIVIDAD Y SOSTENEABILIDAD ECONOMICA DE  
PUERTO RICO COMMENTS TO PROPOSED REGULATION FOR ENERGY EFFICIENCY**

TO THE BUREAU:

Now comes Instituto de Competitividad y Sostenibilidad Económica de Puerto Rico (ICSE) represented by appearing counsel and respectfully alleges and prays:

1. On June 3, 2021, the Puerto Rico Energy Bureau (PREB) granted an extension of time to the filing of additional comments on the Proposed Regulations for Energy Efficiency until July 5, 2021. Since in July 5, 2021 government operations were halted in commemoration of the United States Independence Day, ICSE submits its comments today.

2. ICSE is pleased with the majority's expert input on the importance of exploiting easily identifiable Energy Efficiency (EE) Programs in the form of Quick-Start Programs, or "low-hanging fruit" opportunities. Ultimately, we agree with participants that our jurisdiction is far behind with the statutory mandates of Act 17-2019. Given the slow implementation of our energy public policy on achieving EE and green energy goals, ICSE stresses the urgency of identifying quick-win energy bill reduction solutions. With accessible stakeholder engagement—in Spanish for maximum participation—existing EE solution examples of such savings, the uniquely troubled and EE needful Puerto Rico

consumer will embrace and enthusiastically support any opportunity to lower his bill and contribute to Act 17 goals of green energy.

3. To ensure Commercial and Industrial (C&I), as well as household Quick-Start Programs, a solid source of short and long-term funding can be achieved leveraging the private financing industry with proven federal program or green bank energy retrofit analysis or measurement and verification. FEMA and CDBG mitigation funds can assure and strongly encourage participation; and PREB-supported revolving-fund-guarantee programs can leverage private, social, and environmental benefit long-term interest cost financing that assures highest economic benefit of EE investments. For purposes of efficiency, such fundamental private sector EE market creation activities can be directed by a small group of government actors, supported by knowledgeable non-governmental organizations so that this independent collaborative approach may accelerate the tasks of pooling funds, staff, opportunities, risk mitigation, and information in coordination with the PREB. See VEIC's Comments on Proposed Regulation. Stakeholder engagement in administrative proceedings does not possess the desired frequency, but on this particular, we recommend aggressive and continuous participation with a minimum of monthly workshops directed on design and particular implementation tactics. Additionally, ICSE requests PREB fast-tracking the independent collaborative's decisions to exploit the positive results from implementing Quick-Start EE Programs.

4. Quick-Start EE can be easily implemented with the many existing federal government Residential, Commercial, and Industrial EE Programs adjusted for Puerto Rico's high cost of electricity and added consumer burdens, including much higher energy insecurity and poverty level costs. The \$1billion CDBG-MIT that will match Puerto Rico

government FEMA funding of \$10billion for PREPA grid reconstruction, has a funding mission very compatible with PREB Quick-Start EE directives. EE Financing, Incentives programs, or both where applicable can be most quickly directed by PREB to stakeholder input and quick wins in parallel with central utility planning and long-term program funding approval already included in the regulation. PREB can direct funding to government organizations with program-specific expertise or authority like municipalities and OIPC for low-income households, and to DDEC's Energy Office for Commercial and Industrial EE Programs.

5. The PREB should instruct LUMA/PREPA to initiate their Three-Year Plan centering on both strong incentives and long-term municipal type (low-cost) financing programs that do not require tariff increases, assumptions of healthy utility-scale EE metrics and of mature programs that cannot be financed by tariffs for years to come.

6. Regarding LUMA's supposition that financing of energy savings is not a strong predictor of EE success as a utility incentive may be held true in the context of mature, efficient, and wealthy US continental markets. However, in Puerto Rico's context, EE will be a fundamental aspect for innovation and reliability given that the marginal cost of secure power to consumers, particularly essential government and private sector services, is certainly higher than 21 cents kilowatt per hour and increasing utility rates. Cut-backs in energy consumption may be considered in the short-term as a loss of revenue to the utility in the collection of rates but would certainly make its services more reliable and ultimately affordable by taking into account diminution of peak loads and consumers with more economic capacity.

7. Because of these observations, ICSE agrees with VEIC'S and LUMA's comments that EE planning should be worked jointly with the demand response (DR) plan. At the least, both proceedings should be worked concurrently. This would assure a more consistent and harmonious approach by stakeholders and the PREB in overseeing the proceedings.

8. We can argue that the "highest economic and environmental value" EE data will show up when municipal bond-type financing of 20 years at less than 5% is made available to include passive energy efficient well-understood solutions like: EE windows, roof insulation, in addition to appliances or HVAC and smart building controls the C&I market. Furthermore, this data will appear favorable when local capital EE solutions businesses and markets can evolve quickly just as home and small business DERs did if financing and incentives were both fashioned for the highest economic value. This warrants the inclusion of green jobs and local capital formation as primary goals of any "Economic Test."

9. Pilot programs, third-party financing and incentives, a "whole-of-government" and private sector collaborative approach to EE, can begin with the DDEC Energy Office collaborating with the PREB to launch pilot government facility EE efforts, using FEMA mitigation moneys. Quick unloading of inefficient power building systems should be the first consideration in parallel with DERs incentives and financing programs. ICSE and other allied local NGOs —capable local mission-oriented Business, Academia, Community/COOP governed organizations with proven education and capacity building— should be encouraged and enlisted in pilot program design and implementation.

10. OIPC filed comments regarding the scope on some provisions. Specifically, ICSE supports the OIPC's proposed amendments to Sections 1.04, 3.04 (A), and 3.06 (C) just as presented.

11. Section 4.04 (A) states:

A) Within four (4) months of the effective date of this Regulation, the Energy Bureau or its consultants shall begin a study or other analysis to develop avoided cost estimates to be used for assessing the cost-effectiveness of PREPA's energy efficiency and demand response programs. The Energy Bureau shall develop mechanisms and approaches for the calculation of avoided costs consistent for application to energy efficiency and demand response and to other assessments of the value of the grid resources. The Energy Bureau shall endeavor to use analyses conducted in other contexts to lower the cost of developing avoided costs. The avoided costs shall include all benefits incurred from the reduction in electricity, natural gas, oil, propane, wood, kerosene, water and other resources because of energy efficiency. Avoided costs shall be calculated for each year of the analysis period.

OIPC filed comments regarding this section and recommended to evaluate the avoided costs when fuel switching implies more efficiency, also calculating its environmental value. ICSE agrees with this interpretation of the OIPC's comment but would like to explain further. EE and DR Programs shall improve the overall resiliency and reliability of the electric power grid and its services. Consequently, power outages throughout our jurisdictions should be reduced significantly as EE/DR significantly reduce overall loading and peak loading. Therefore, foreseeable outage consumer expenditures should also be regarded as avoided costs while computing EE cost-effectiveness. Let us not forget all the inherent costs outages pose to consumers: inefficient fossil fuel emergency generation, loss of communications, security, and access to health and food, environmental adverse impacts of gasoline-backed generators, loss of production and productivity, etc. The list is immense and the costs of blackouts post-Maria to the overall economy, individual and environmental health in the billions of dollars. Resiliency, reliability, and their

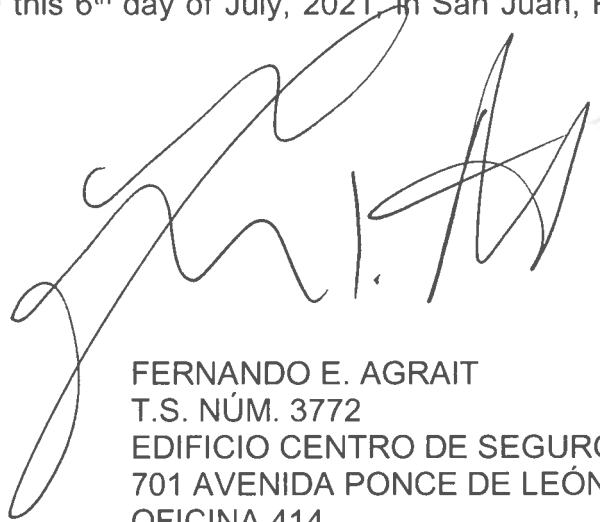
resulting savings should be quantified so cost-effectiveness not only be grid-focused, but also consumer and productive community-centered.

WHEREFORE, it is respectfully requested to take into consideration these additional comments to ensure procedural promptness and the diversified public and private participation in EE implementation.

CERTIFY: I hereby certify that, on this same date, we have filed this motion notified by electronic mail to: astrid.rodriguez@prepa.com, jorge.ruiz@prepa.com, margarita.mercado@us.dlapiper.com, carlos.reyes@ecoelectrica.com, Legal@lumamc.com, wayne.stensby@lumamc.com, mario.hurtado@lumamc.com, Ashley.engbloom@lumamc.com, Elias.sostre@aes.com; jesus.bolinaga@aes.com; cfl@mcvpr.com; ivc@mcvpr.com; notices@sonnedix.com; leslie@sonnedix.com; victorluisgonzalez@yahoo.com; tax@sunnova.com; jcmendez@reichardescalera.com; r.martinez@fonroche.fr; gonzalo.rodriguez@gestampren.com; kevin.devlin@patternenergy.com; fortiz@reichardescalera.com; jeff.lewis@terraform.com; mperez@prrenewables.com; coter@landfillpr.com; geoff.biddick@radiangen.com; hjcruz@urielrenewables.com; carlos.reyes@ecoelectrica.com; brent.miller@longroadenergy.com; tracy.deguisse@everstreamcapital.com; h.bobea@fonrochepr.com; ramonluisnieves@rlnlegal.com; hriviera@jrsp.pr.gov; info@sesapr.org; yan.oquendo@ddec.pr.gov; acarbo@edf.org; pjcleanenergy@gmail.com; nicolas@dexgrid.io; javrua@gmail.com; JavRua@sesapr.org; lmartinez@nrdc.org; thomas.quasius@aptim.com; rtorbert@rmi.org; lionel.orama@upr.edu; noloseus@gmail.com; aconer.pr@gmail.com; dortiz@elpuente.us; wilma.lopez@ddec.pr.gov; gary.holtzer@weil.com; ingridmvila@gmail.com;

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RESPECTFULLY SUBMITTED this 6<sup>th</sup> day of July, 2021, in San Juan, Puerto Rico.

A handwritten signature in black ink, appearing to read 'F. Agrait', written over a horizontal line.

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