

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

NEPR

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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 to Extend Dates
for Notification of Proponents
Selected to Proceed to Phase III and
Modification of Target Date for
Issuance of Tranche 2 RFP

**MOTION FOR EXTENSION OF DATES FOR NOTIFICATION OF PROPONENTS
BEING SELECTED FOR PHASE III NEGOTIATIONS, FOR SUBMISSION OF
PRICING INFORMATION PER TECHNOLOGY GROUP AND FOR ADDITIONAL
TIME TO ISSUE THE TRANCHE 2 RFP**

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

COMES NOW the Puerto Rico Electric Power Authority, through its counsel of record,
and respectfully submits and prays as follows:

1. On May 27, 2021, the Energy Bureau of the Puerto Rico Public Service Regulatory Board (the "Energy Bureau") issued a Resolution and Order in the captioned case ("May 27 Resolution") through which, among other things, it granted the Puerto Rico Electric Power Authority ("PREPA") leave to extend the bidder response submission deadline for the Tranche 1 Request for Proposals ("RFP") until June 18, 2021 and the Selection of Proposals for Phase II Evaluation until July 15, 2021.

2. Thereafter, on June 15, 2021, PREPA filed with the Energy Bureau a document titled *Motion to Submit Updated Procurement Plan Addressing Plans for the Second Renewable Generation and Energy Storage Resource Procurement Tranche* ("June 15 Motion"). PREPA included as Exhibit A to the June 15 Motion a document identified as *Renewable Energy*

Generation and Energy Storage Resource Procurement Plan – Update No. 1 (“June 15 Procurement Plan”).

3. In response, on June 24, 2021, the Energy Bureau issued a Resolution and Order (“June 24 Resolution”) through which it rescheduled the target date for issuing the Tranche 2 RFP to August 30, 2021. In that Resolution, the Energy Bureau scheduled a Technical Conference for July 6, 2021, to discuss the June 15 Procurement Plan and required PREPA and LUMA Energy ServCo, LLC (“LUMA”) to attend the conference.

4. As a result of the July 6, 2021 Technical Conference, on July 23, 2021, PREPA and LUMA filed before the Energy Bureau a document titled *Joint Motion to Submit Revised Updated Procurement Plan* (“July 23 Motion”). Exhibit A to the July 23 Motion included a document identified as *Renewable Energy Generation and Energy Storage Resource Procurement Plan – Update No. 2* (“Updated Procurement Plan”).

5. On August 6, 2021, the Energy Bureau issued a Resolution and Order (“August 6 Resolution”) through which it requested information on the results of the Tranche 1 RFP and ordered PREPA to provide responses to questions included in Attachment A to the August 6 Resolution on or before August 13, 2021. In response, on August 13, 2021, PREPA filed a *Motion to Submit Responses in Compliance with Resolution and Order entered on August 6, 2021* (“August 13 Motion”), together with responses to the Energy Bureau’s questions.

6. Thereafter, on August 26, 2021, the Energy Bureau entered a Resolution and Order (the “August 26 Order”) related to certain requests for information on proposals submitted in response to the Tranche 1 RFP and the extending the target date for issuance of the Tranche 2 RFP to September 20, 2021. The August 26 Order required PREPA “to provide, **on or before September**

9, 2021, (i) the result of the Selection of Proposals for Phase III Evaluation; and (ii) copy of the proposals that were selected for Phase III Evaluation.”

7. From well before and since the issuance of the August 26 Order, the PREPA Evaluation Committee has been engaged in the process of evaluating the large number of renewable generation, battery energy storage and virtual power plant resource proposals PREPA has received in order to determine which will proceed to evaluation in Phase III. That process has been complex and time consuming, and has been made more challenging by the need to resolve or correct inconsistencies and gaps in information submitted (or in some cases not submitted) in support of some proposals. Additional time has been required to develop estimates of the costs of interconnecting proposed resources to the transmission and distribution system and the costs of system upgrades that interconnection of some of those resources will require.

8. As a consequence, on September 8, 2021 PREPA submitted to the Energy Bureau a *Motion for Extension of Time to Submit Information Requested [by] Resolution and Order Dated August 26, 2021, Including Information Related to Pricing* (the “September 8 Motion”). In that Motion, PREPA (i) sought leave to submit the proposals selected for Phase III evaluation with the contracts to be submitted as part of the Energy Bureau contract approval process contemplated in Section 7.1 of Joint Regulation 8815,¹ and (ii) an extension of time until September 17, 2021, to submit to the Energy Bureau the median price proposals for each technology group selected to proceed to Phase III. PREPA noted that proceeding in this manner would allow the PREPA Evaluation Committee to abide by the process contemplated in the RFP, and would best position

¹ PREB and PREPA, *Joint Regulation for the Procurement, Evaluation, Selection, Negotiation and Award of Contracts for the Purchase of Energy and for the Procurement, Evaluation, Selection, Negotiation and Award Process for the Modernization of the Generation Fleet*, No. 8815 (Nov. 9, 2016).

PREPA to protect the confidentiality of RFP responses and to maintain the integrity of the competitive bidding process.

9. As of today's date, the September 8 Motion remains pending, and PREPA will be submitting the proposals under seal to the Energy Bureau on September 20, 2021.

10. The PREPA Evaluation Committee has essentially completed the process of analyzing the pricing information it has received from Tranche 1 proponents. It has succeeded in integrating into its analyses the results of studies estimating resource interconnection and related system upgrade costs for most project proposals. The Evaluation Committee has concluded, however, that it requires additional information from a small number of Tranche 1 project proponents in order to be confident in the results of its pricing analysis. It has also concluded that certain proponents will need to correct deficiencies in their information submissions and in documents some have submitted if they are to advance to and receive further consideration in Phase III. Accordingly, the Evaluation Committee has recommended that PREPA seek an additional week within which to give certain proponents the opportunity to correct or supplement their information and document submissions before communicating to all Tranche 1 RFP respondents and the Energy Bureau the Evaluation Committee's determination as to which proposals will be selected to advance to Phase III of the RFP process.

11. On the basis of this recommendation, PREPA hereby requests that, for good cause shown, it be given until September 28, 2021 to communicate its Phase III selection decisions to proponents and the Energy Bureau. PREPA proposes as well that it be given until this date to submit the information related to the pricing offered per technology group selected for Phase III which the Energy Bureau has directed PREPA to file.

12. PREPA has received three (3) proposals for the establishment of virtual power plants (“VPPs”) in response to the Tranche 1 RFP. Because PREPA was unable to finalize proposed Minimum Technical Requirements (“MTRs”) specific to VPPs and was unable to provide a form of Grid Services Agreement for consideration by VPP proponents before they submitted their VPP proposals, the three VPP proposals as presented lack certain important information, do not include firm pricing and have not offered comments on proposed contract terms. Since the original VPP submissions were made, PREPA has published and received comments on proposed VPP MTRs and has circulated a form of Grid Services Agreement to be used to contract with VPPs. PREPA is in the process of finalizing the VPP MTRs and the form of Grid Services Agreement taking into account, where appropriate, the comments it has received from VPP proponents, and expects to share the results of this process with the VPP proponents in the very near future. PREPA anticipates that with these steps completed, VPP proponents should be in a position to submit the technical information and pricing proposals that PREPA will need in order to engage the three VPP proponents in negotiations.

13. In order to allow sufficient time for all of this to be done, and given that PREPA Evaluation Committee members and their advisors will also soon be engaged in Phase III negotiations with more than twenty (20) Tranche 1 renewable energy and battery energy storage project proponents, PREPA respectfully requests that it be given an additional ninety (90) days, or until December 15, 2021, to complete negotiations with the three VPP proponents which submitted proposals in Tranche 1. This additional time is warranted given the novelty of VPPs and the need to resolve numerous technical and commercial issues that have never been encountered before in Puerto Rico.

14. Finally, in light of the large number of tasks which PREPA, the Evaluation Committee and their advisors are currently handling, PREPA hereby respectfully requests that, as it has done once before,² the Energy Bureau reschedule the target date for issuance of the Tranche 2 RFP. PREPA submits that given the large number of competing demands on its resources, it should be afforded an additional period of two (2) weeks, until October 4, 2021, to issue the Tranche 2 RFP. The requested additional time will enable PREPA to reflect in the Tranche 2 RFP lessons it continues to learn as it completes its analysis of the Tranche 1 proposals. This should result in a Tranche 2 process that will be much improved over the Tranche 1 process. Being able to benefit from the experience PREPA, the developer community and the Energy Bureau have gained through the Tranche 1 RFP process should enhance the renewable generation and energy storage procurement process overall, which would unquestionably be in the public interest.

WHEREFORE, the Puerto Rico Electric Power Authority respectfully requests that the Energy Bureau (i) grant PREPA until September 24, 2021 to communicate its Phase III selection decisions to Tranche 1 proponents and the Energy Bureau and to submit to the Energy Bureau the information related to pricing per technology group selected for Phase III which the Energy Bureau has directed PREPA to file; (ii) grant PREPA an additional ninety (90) days, until December 15, 2021, to complete Phase III negotiations with the three VPP proponents which submitted proposals

² August 26 Order at p. 2.

in Tranche 1; and (iii) reschedule the target date for PREPA's issuance of the Tranche 2 RFP to October 4, 2021.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 17th day of September 2021.

s/ Maralíz Vázquez-Marrero

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CERTIFICATE OF SERVICE

It is hereby certified that, on this same date, I have filed the above motion with the Office of the Clerk of the Energy Bureau using its Electronic Filing System at <https://radicacion.energia.pr.gov/login>, and a courtesy copy of the filing was sent to LUMA through its legal representatives at margarita.mercado@us.dlapiper.com and laura.rozas@us.dlapiper.com.

In San Juan, Puerto Rico, this 17th day of September 2021.

s/ Katuska Bolaños-Lugo
Katuska Bolaños-Lugo