

NEPR

Received:

Dec 19, 2021

9:32 AM

December 19, 2021

To: Edison Aviles Deliz, Presidente

Negociado de Energia de Puerto Rico

comentarios@jrsp.pr.gov

<https://radicacion.energia.pr.gov>

CC: OIPC, PREPA and LUMA

Margarita.mercado@us.dlapiper.com

kbolanos@diazvaz.law

hrivera@oipc.pr.com

FROM: Victor Gonzalez, Windmar Group

Reference: NEPR-MI-2020-0001 Quarterly Reconciliations

“Comentarios sobre factores enero-marzo 2022, Caso Num. NEPR-MI-2020-0001”

Dear All:

The purpose of this communication is to request some actions and reports from all of you that Windmar feels will make it easier for the Public to know, understand and participate in this quarterly electric bill adjustments.

- a. It will be of immense help if in the NEPR in its website PRESS tab will notify with the docket number that the Quarterly Reconciliations filing has occurred.
- b. As of December 23, the docket has twenty-three filings related to the SEP-OCT-NOV 2021 Quarter Reconciliation. For the public to better understand what is going on, what are the relevant issues the NEPR will pass judgement on and what to expect in the future quarterly reconciliation filing, Windmar has a few suggestions.

Discussion:

The Fuel Adjustment Clause (“FAC”) and the Purchase Power Clause (“PPC”) are reconciled quarterly. The FAC provides information on four steam plants, twelve gas

plants and eleven hydro plants. The PPC provides information on two cogenerators, and thirteen “renewables” of which two use LFGT, two use wind (currently one is not producing) and the remaining eleven use solar PV, ten at the transmission level and one at the distribution level. Not all the information provided can be easily compared to ascertain the generation cost of each FAC and PPC provider. Also, only the cost of the CERs of six of thirteen renewables are provided.

Besides the data on generation, the reports provide data on the billed sales of that generation. Seven items are billed separately among them the FAC and the PPC. The billed kWh sales are less than the kWh generation as a result of technical and non-technical losses. The price per kWh of some of the items of the Net Billed Sales are different among the Residential, Commercial and Industrial clients. These differences on the BASE Rate, the FAC and the PPC can be attributed mainly to the capacity charge and the different transmission and distribution cost included in each tariff.

As a larger share of the electricity produced in Puerto Rico will come from renewable energy, as wheeling might finally become a reality and as micro-grids at the feeder level are sprouting; it is important to understand the actual cost of the capacity of each of the twenty-seven FACs and the fifteen PPCs as well as the losses when the interconnection is at the transmission level and at the feeder or distribution level. This information on capacity and transmission and distribution losses will help to better understand the cost to PREPA clients of the PPOAs for renewable energy, for storage and for VPP of the RFPs, the cost of wheeling, the cost of net-metering and the cost of micro-grids.

The information provided on the twenty-three filings for this quarterly reconciliation can be fine combed to guess what those different costs are, but is tedious work and prone to mistakes when done by a layman-the public. I am not sure if what I have on the sample excel for the November data is correct.

This quarterly reconciliations sheds light on what should have been the lowest cost possible per kWh, and what one will expect it to be in the near future. At the last quarterly reconciliation, the NEPR determined that the lowest possible cost was not achieved because the generation mix and the transmission and distribution shortfalls required the emergency use of more expensive generators and more expensive fuel in dual fuel generators. They determine that the grid clients were not responsible for some of these extra costs.

The grid continues to have many outages related to both generation and T and D shortfalls. These outages increase the cost of living and the cost of doing business to the GRID customers. Their losses from the outages are not compensated. Many of them might choose and many have no choice but to choose to install their own electric generating system. For them knowing what price to expect from the GRID helps in making an informed decision about installing their own back-up generation system.

I enclose a sample excel table of the information from all the FAC and PPC generators that I believe helps in understanding the cost of service and what makes sense.

Column A: name of plant (it will also be helpful if the name plate or rated capacity of each plant in MW is provided)

Column B: fuel type

Column C: Barrels (LNG, Coal, Distillate, NO 6, propane, natural gas should all be converted to "barrels" and a table with how much of their normal unit, - tons, MMBtu, gallons, bbl -make for a barrel)

Column D: amount of money paid for those barrels

Column E: kWh generated by that plant, using that specific fuel (here for dual fuel plants that can use either light distillate or propane or natural gas the kWh used of each fuel and the kWh when burning that fuel should be line items)

Column F: the cost of the fuel divided by the kWh generated which will provide the \$ per kWh or the NEO cost for renewables

Column G: The amount paid for CERs (or RECs) for ALL the renewables. Bundling the NEO and the RECs as one price doesn't allow to compare the NEO and the RECs of different renewable energies such as wind and solar. What they are paying for the RECs of Pattern and Humacao should be reported in the REC column. They have to acquire the RECs and report their amount and price to the Exchange to be able to comply with the RPS and the NEPR reporting requirements)

Column H: amount paid divided by kWh for the \$ per kWh of a CER

Column I- the capacity cost per kWh (The EcoElectrica contract has a payment for capacity and a pass through for fuel cost. Is hard to correctly establish what is the fuel cost per kWh of EcoElectrica and what was the capacity payment per the kWh generated that specific month. Having that information one can see the impact of the generation on the capacity payment. Similarly, the AES cost should be broken into fuel payment and capacity payment; and if any of the renewables has besides the NEO, the CER a capacity payment it should be broken down. Soon we will have storage and VVP payments and differentiating the costs is important.)

Column J- the capacity cost per kWh

Column K- Culebra, Vieques and Martino renewable generate at the distribution level thus avoiding the technical losses of the transmission. The cost difference of transmission and distribution should be put as a kWh price.

Column L- technical

Column M- non technical losses.

If the technical and non-technical losses are not possible to break down by individual generators nor by a broader FAC PPC grouping then putting the % of the technical and non-technical that results in the actual kWh sold might be possible

Column N- The metric tons of CO₂e generated by each fossil fuel plant

Column O- the CO₂e generated by MWh of electricity generated by each plant.

ROWS:

Each of the FAC and PPC plant with separate line item for the different fuels some use.

Total for FAC

Total for PPC

Total for Renewable

Total for all generation

Total sales during the period

Percentage of total sales to total generation

Percentage of Technical losses

Percentage of Non-technical losses

I enclose a sample. The data is a cut and paste from various reports.

Thanks