

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

NEPR Received: Feb 23, 2022 9:39 PM
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IN RE: REVIEW OF THE PUERTO RICO ELECTRIC POWER AUTHORITY'S 10-YEAR INFRASTRUCTURE PLAN – DECEMBER 2020

CASE NO.: NEPR-MI-2021-0002

SUBJECT: Motion To Complete Responses To RFI

MOTION TO COMPLETE RESPONSES TO RFI

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

On January 4, 2022, PREPA was served with a *Resolution and Order* (“January 4 Order”) by which the Puerto Rico Energy Bureau of the Public Service Regulatory Board (“Energy Bureau”) directed PREPA to, *inter alia*, answer, on or before January 19, 2022, the following requests for information (RFI):

1. The current status of each unit listed in the Proposed Generation Projects,
2. if and how the expenditure will help bring the unit back to availability for operation,
3. when the unit would be available for operation if the expenditure was made,
4. the expected duration of availability status of the unit after the expenditure is made, and any other required explanation.
5. Provide an updated snapshot of the current status of repairs and expected availability over the next three years for the units located at San Juan, Palo Seco, Costa Sur and Aguirre.
6. Provide either the “Draft released to PREPA” of the “10-Year Thermal Generation Retirement, Addition and Conversion Plan” as listed on page 7 of the December 2021 Status Report¹⁷ scheduled for finishing by March 2022 or provide a synopsis of PREPA’s current understanding of how planned retirements of the fossil fleet are considered when requesting approval for maintenance and capital investment funding through the instant procedure.

January 4 Order at p. 4.

On January 18, 2022, PREPA filed a *Request for Extension of Time to Submit Responses to RFI Included in the January 4 Order* asking the Energy Bureau to grant until February 14, 2022, to submit the responses to the RFI.

On February 14, 2022, PREPA submitted the responses to RFI nos. 1-5 and requested the Energy Bureau to grant an extension of time until today, February 23, 2022, to submit the response to RFI no. 6. *See, Motion To Complete Generation Projects SOWs Submittal And Partial Responses To RFI And Request For Extension Of Time To Submit Additional Responses To RFI* (“February 14 Motion”).

To date, the Energy Bureau has not resolved PREPA’s request for extension of time made in the February 14 Motion.

In compliance with the January 4 Order, PREPA herein submits the response to RFI no. 6. *See, Attachment A.*

WHEREFORE, PREPA respectfully requests the Honorable Energy Bureau to accept the response to RFI no. 6 as submitted herein and to schedule a technical conference to discuss the Deferred Projects.

RESPECTFULLY SUBMITTED.

In San Juan Puerto Rico, this 23rd day of February 2022.

s/ Maralíz Vázquez-Marrero
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CERTIFICATE OF SERVICE

It is hereby certified that I have filed the foregoing with the Clerk of the Energy Bureau using the electronic filing system using <https://radicacion.energia.pr.gov/login> and also, that I have served a copy on LUMA Energy, LLC and LUMA Energy ServCo, LLC through their counsel of record at laura.rozas@us.dlapiper.com and margarita.mercado@us.dlapiper.com.

In San Juan Puerto Rico, this 23rd day of February 2022.

s/ Katuska Bolaños-Lugo
Katuska Bolaños-Lugo

Attachment A



GOVERNMENT OF PUERTO RICO
PUERTO RICO ELECTRIC POWER AUTHORITY

Response to RFI no. 6

RFI no. 6:

Provide either the “Draft released to PREPA” of the “10-Year Thermal Generation Retirement, Addition and Conversion Plan” as listed on page 7 of the December 2021 Status Report scheduled for finishing by March 2022 or provide a synopsis of PREPA’s current understanding of how planned retirements of the fossil fleet are considered when requesting approval for maintenance and capital investment funding through the instant procedure.

Response:

On November 15, 2021, PREPA submitted to the Energy Bureau the *Motion to Submit November 2021 Status Report in Compliance with Order Entered on February 1, 2021* (“November 15 Motion”) in case no. NEPR-MI-2021-0003, *In Re: Preliminary Studies for New Combined Cycle Power Plant in Palo Seco*. In the November 15 Motion, PREPA reported on the activities, expenses, and developments of the studies performed during the month of October 2021 to complete certain studies to construct a new combined cycle plant in the North of the Island. PREPA informed the Energy Bureau that it was in the process of updating the Retirement of Existing Thermal Resources Report to conform it to PREPA’s new generation asset strategy. As PREPA stated in the report, it is expected that this task will be completed on March 31, 2022. PREPA submits that the report will be completed by the targeted date and will be provided to the Energy Bureau on or before the 15th day of April 2022.

The Energy Bureau gave PREPA the option to provide a synopsis of PREPA’s current understanding of how planned retirements of the fossil fleet are considered when requesting approval for maintenance and capital investment funding.

As with *all* the activities that are performed in PREPA, the main consideration of PREPA when it submits requests approval for maintenance and capital investment funding for the existing generating fleet is to maintain the existing units as reliable as possible to guarantee, to the extent possible, safe and uninterrupted power service to the People of Puerto Rico. As it is further explained below, this strategy, which is consistent with the Energy Bureau’s mandates, will be followed until it is safe to retire the existing fleet.



The Energy Bureau noted in the Approved IRP and Modified Action Plan¹ that the determination of retirement schedules for older oil-fired generating units is dependent on achieving specific reliability milestones related to the integration of new resources. The Approved IRP further provides that “PREPA should retire the older, oil-fired steam assets, roughly in order of declining cost to operate (and in consideration of retirement sequencing by unit to align with synchronous condenser conversion) as soon as they are no longer necessary for reliable system operations.” IRP Order at p. 193, ¶ 630.

Moreover, the Energy Bureau approved PREPA’s retirement plan for the steam units that was presented by PREPA to the Energy Bureau on June 2020 with PREPA’s proposed IRP. Pursuant to the IRP Order, the retirement of the units must be “in accordance with PREPA’s caveats indicating a need for replacement capacity, assurance of meeting the overall reliability needs, and in alignment with more specific timing thresholds described in the Modified Action Plan.” *Id.* The caveats and limitations related to the retirement of existing steam generating fleet adopted by the Energy Bureau in the IRP Order (as cited and incorporated in footnote 917 of the IRP Order) provides that “these recommendations are based on other prerequisite developments which include the forecasted reduction in load, assumed levels of reliability of the remaining of the existing fleet at the time of retirement, and the commissioning of the new generation resources” and “the retirement of existing generating units **should be only implemented after all the prerequisites above have been met, particularly that all new resources are fully operational, and units planned for retirement are not required for reliable operation of the system.**” See, PREPA’s Proposed IRP filed on June 7, 2019 in the IRP Docket, Part 9, Caveats and Limitations, No. 17 at p. 9-4 (emphasis added).

According to the caveats and limitations stated in the Approved IRP and Modified Action Plan, the generation units’ retirement shall occur upon the reliable integration of new resources with the power system. Therefore, PREPA must maintain the existing generating units operational in a reliable manner, in accordance with the manufacturer recommendations and best electrical industry standards (*i.e.*, NERC-North America Electric Reliability Corporation), until the integration of new resources is completed and the service is deemed safe and reliable with this integration.

In general, the reliable integration of new resources, renewables or fuel-fired, with a power system consists primarily of the following:

- a. Performing interconnection studies for determining the optimal point of connection in the power system and other technical requirements
- b. Determining the adequate capacity and technical operational requirements of the generation facility, particularly if voltage and frequency regulation is required

¹ The Approved IRP and the Modified Action Plan are part of the *Final Resolution and Order on the Puerto Rico Electric Power Authority Integrated Resource Plan* (“IRP Order”) entered in case no. CEPR-AP-2018-0001, *In Re: Review of the Puerto Rico Electric Power Authority Integrated Resource Plan* (“IRP Docket”).



- c. Obtaining the required permits for the construction of the generation facility on the selected location or site, especially those for environmental compliance
- d. Developing the design, procurement, installation, construction, and commissioning of the generation facility according to codes, standards, and best and prudent industry practices
- e. Performing operational interconnection tests before the facility's commercial operation commencement date

That new resources operational interconnection tests can take several months. During these tests the system operator verifies that the resource's operation complies with the technical operational requirements and that does not affect the reliability of the power system. These tests are live tests and are executed while the power system is supplying its load. The tests mainly consist of interconnecting the new resource with the power system, generally producing only a fraction of its available capacity. If the new resource does not comply with the technical operational requirements or affects the reliability of the power system, the system operator lower the resource's energy production or disconnect the resource from the system with notification of the found deficiencies. Then, once the resource owner corrects the deficiencies, it coordinates a new interconnection test with the operator. These operational tests process is repeated until the system operator finds that the new resource complies with the technical operation requirements and that does not affect the reliability of the power system. Given the conditions of new resources operational interconnection tests, it is essential to maintain a dependable available generation capacity during the reliable integration of new resources.

Additionally, the Approved IRP and Modified Action Plan provide as a specific mandate to PREPA, in which it is tasked with determining the thermal generating units' retirement schedules in compliance with the provisions of these plans. PREPA is committed to determine units' retirement schedules consistent with the Approved IRP and Modified Action Plan and to present them for the Energy Bureau's review and approval.

