

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

IN RE: PROJECT FOR HEWLETT-
PACKARD INDUSTRIAL FACILITY

CASE NO.: NEPR-CT-2021-0004

SUBJECT: CHP Project for Hewlett-Packard
Industrial Facility

RESOLUTION AND ORDER

I. Introduction and Relevant Factual Background

On May 11, 2021, Hewlett Packard Puerto Rico BV, LLC (“HP Puerto Rico”) filed before the Energy Bureau of the Puerto Rico Public Service Regulatory Board (“Energy Bureau”) a letter (“May 11 Letter”) regarding a Combined Heat and Power Project for the Hewlett-Packard Industrial Facility (“Property”). Through the May 11 Letter, HP Puerto Rico states it is in the preliminary stages of developing a cogeneration plant (“CHP Plant”) to supply electric power to one of its affiliates, Hewlett Packard Caribe BV, LLC (“HP Caribe”), in Aguadilla, Puerto Rico.¹ HP Puerto Rico affirms it has entered into an Energy Services and Power Purchase Agreement with HP Caribe, after an arms-length negotiation between the parties (“PPA”).²

HP Puerto Rico asserts it issued a Request for Proposals to select a third-party contractor for the design and construction of the CHP Plant.³ It also states it is in the process of requesting all approvals and authorizations from governmental bodies to ensure that the CHP Plant is compliant.⁴

Through its May 11 Letter, HP Puerto Rico requests the Energy Bureau to confirm that it is not an “electric service company”, within the purview of Regulation 8701.⁵ It argues that it does not intend to generate significant profit, does not intend for the sale of electric power to represent a significant source of revenue and that it will only sell power to HP Caribe.⁶ HP Puerto Rico further states it will continue to operate its other business and will not be dedicated to the business of generating or supplying energy.⁷ It affirms that the CHP Plant operates independent from Puerto Rico’s electric power grid.⁸ Although HP Puerto Rico sustains that it shall not have to comply with Regulation 8701 to obtain a certification as an “electric service company”, it submitted several documents and forms, in Schedules 1 through 12 of the Letter, related to a request for certification pursuant to Regulation 8701.

HP Puerto Rico also requests confirmation that neither itself nor the CHP Plant constitute a “microgrid” as defined in Regulation 9028.⁹ It asserts that the CHP Plant

¹ May 11 Letter, p. 1.

² *Id.*, p. 2.

³ *Id.*, p. 1.

⁴ *Id.*

⁵ *Amendment to Regulation No. 8618, on Certifications Annual Fees and Operational Providers in Puerto Rico*, as amended, February 17, 2016.

⁶ May 11 Letter, p. 3.

⁷ *Id.*

⁸ *Id.*

⁹ *Regulation for Microgrid Development*, May 16, 2018.



will include two (2) cogeneration units and an electric storage system that will supply power to the Property.¹⁰ Even though the Property consists of eight (8) buildings, HP Puerto Rico argues that its electric consumption constitutes a “single load”, since HP Caribe will be its only customer.¹¹ Thus, it states that the CHP Plant does not represent a group of interconnected loads.¹² Moreover, HP Puerto Rico avers that the CHP Plant will not have the ability to interconnect to the Puerto Rico Electric Power Authority’s (“PREPA”) electrical power grid.¹³

HP Puerto Rico further requests confidential treatment for Schedules 1, 2, 5, 6, 9 and 12, attached to the May 11 Letter, since they contain trade secrets, or proprietary or confidential information of its affiliates or itself.¹⁴

On July 9, 2021, the Energy Bureau issued a *Resolution* through which it determined that upon an initial review of the May 11 Letter and the Schedules, additional information was necessary to evaluate the information therein.¹⁵ Therefore, the Energy Bureau ordered HP Puerto Rico to submit the following: (i) copy of the PPA, as described in the May 11 Letter; (ii) a projection of the profit, if any, to be generated by HP Puerto Rico for the sale of electric power to HP Caribe during the term of the PPA; and (iii) payment of the corresponding fees for the presentation of the Personal Information and Request for Certification, pursuant to Section 2.03 and Section 3.07 of Regulation 8701.¹⁶

Through the July 9 Resolution, the Energy Bureau warned HP Puerto Rico that if it failed to submit the required payment, the Energy Bureau would consider the May 11 Letter as a request for interpretation instead of a request for certification.¹⁷ It further warned that in such case, the Energy Bureau would close this case and, if it determined that Regulation 8701 applied to HP Puerto Rico, HP Puerto Rico would be required to re-file all required information and documents.¹⁸

In compliance with the July 9 Resolution, on July 23, 2021, HP Puerto Rico filed a letter regarding the Energy Bureau’s request for additional information (“July 23 Letter”). HP Puerto Rico reiterated its request to the Energy Bureau regarding the confirmation it is not an electric service company within the purview of Regulation 8701, and that neither HP Puerto Rico nor the CHP Plant constitute a “microgrid”, as defined in Regulation 9028.¹⁹ HP Puerto Rico attached various documents to the July 23 Letter, identified as Exhibits A through D. Exhibit A contained a copy of the PPA, as requested by the Energy Bureau through the July 9 Resolution.²⁰

¹⁰ May 11 Letter, pp. 3-4.

¹¹ *Id.*, p. 4.

¹² *Id.*

¹³ *Id.*

¹⁴ *Id.*

¹⁵ See, *Resolution, In re: Project for Hewlett-Packard Industrial Facility*, Case No. NEPR-CT-2021-0004 (“July 9 Resolution”).

¹⁶ July 9 Resolution, pp. 1-2.

¹⁷ *Id.*, p. 2.

¹⁸ *Id.*

¹⁹ July 23 Letter, p. 2.

²⁰ See, July 23 Letter.



The initial term of the PPA began on May 21, 2021, and will continue for fifteen (15) years following the Commercial Operation Date,²¹ unless terminated, extended or automatically renewed under its provisions.²² According to the PPA, the CHP Plant will consist of 3.95 MW cogeneration units, heat recovery, chiller units, energy storage system, fuel tanks, and associated buildings and equipment.²³ HP Caribe will pay a quarterly Energy Fee²⁴ that is equal to the total generated electricity delivered during the quarter to the corresponding Delivery Point²⁵ times the Price Per kWh Rate.²⁶ The Price Per kWh Rate will be \$0.16/kWh for the entire term of the PPA.²⁷

II. Conclusion

The Energy Bureau has evaluated all the documents submitted by HP Puerto Rico and preliminary has determined that the CHP Plant would not be independent from Puerto Rico's electric power grid. Rather, from the documents submitted by HP Puerto Rico seems that the CHP Plant will not operate in such manner. To the extent that the CHP Plant will not operate in an islanded mode, it constitutes a microgrid, as defined in Regulation 9028. Therefore, HP Puerto Rico shall comply with the requirements in Regulation 9028 on the development of microgrids. Consistent with the above, the Energy Bureau **GRANTS** HP Puerto Rico twenty (20) days from the notification of this Resolution and Order to file the documents required by Regulation 9028 for the development of the CHP Plant as a microgrid. Should HP Puerto Rico understand that the preliminary determination on the applicability of the microgrid requirements is not correct, it must provide, within the same twenty (20) days period, a detailed explanation of its rationale.

Regarding HP Puerto Rico's request that the Energy Bureau determines that it is not an electric service company, within the purview of Regulation 8701, the Energy Bureau preliminary deems that HP Puerto Rico needs to obtain a certification as an electric service company. Therefore, the Energy Bureau will evaluate the documents submitted by HP Puerto Rico about the request to be certified as an electric service company.

Under the foregoing, once HP Puerto Rico files the documents required for the development of the CHP Plant as a microgrid, the Energy Bureau will evaluate such documents, as well as the documents already submitted by HP Puerto Rico regarding its certification as an electric service company. The Energy Bureau will promptly issue its determination regarding both matters.

Be it notified and published.

²¹ As defined Section 7.2 of the PPA.

²² See, Section 7.1 of the PPA.

²³ See, Section 1.2.6 of the PPA.

²⁴ As defined Section 4.1 of the PPA.

²⁵ As defined in Section 1.2.15 of the PPA.

²⁶ See, Section 3.1.3 of the PPA.

²⁷ Id.





Edison Avilés Deliz
Chairman



Ferdinand A. Ramos Soegaard
Associate Commissioner



Lillian Mateo Santos
Associate Commissioner



Sylva B. Ugarte Araujo
Associate Commissioner

CERTIFICATION

I hereby certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on July 21, 2022. I also certify that on July 21, 2022 a copy of this Resolution was notified by electronic mail to mmartinez@pmalaw.com and ecruz@pmalaw.com. I also certify that today, July 21, 2022, I have proceeded with the filing of the Resolution issued by the Puerto Rico Energy Bureau.

For the record, I sign this in San Juan, Puerto Rico, today July 21, 2022.



Sonia Seda Gaztambide
Clerk

