


Comments to NEPR-MI-2023-0007 Resolution and Order

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To:Comentarios <comentarios@jrsp.pr.gov>

 3 attachments (12 MB)

20231011 Attachment 1 Reglamento para el desarrollo de Microrredes.pdf; 20231011 Attachment 2 Regulation on Microgrid Development.pdf; 20231011 MI20230007 Resolution and Order.pdf;

Estimados,

Volunteers of America (VOA) is hereby pleased to submit comments in response to the "Notice of Commencement of the Informal Process for the Revision of the Regulation on Microgrid Development and Request for Public Comments" dated October 11, 2023 regarding Regulation on Microgrid Development ("Regulation 9028").

VOA, through its affiliate Volunteers of America National Services (VOANS), is owner and operator of 14 multifamily housing developments in Puerto Rico, comprising a total of 732 housing units. All these developments are dedicated to low- and very low-income individuals and families. They were originally constructed with the assistance of federal grants and tax credits and are currently sustained by federal subsidies through HUD's Section 8 or USDA's Section 521 rental assistance programs.

For various compelling reasons, we have studied the idea of incorporating renewable energy generation and storage systems into these projects. During our preliminary due diligence, we have identified several sections within Regulation 9028 that have implications for our ability to implement these renewable systems in the form of microgrids.

These sections include:

"Section 2.01.- Microgrid Classification.

A. Microgrids shall be classified as one of the following:

1. Personal Microgrid.
2. Cooperative Microgrid.
3. Third-Party Microgrid.
4. Any other ownership or operational arrangement not contemplated herein may be submitted for Commission review, along with any supporting information the Commission may deem relevant."

"Section 1.08.- Definitions.

5. "Cooperative Microgrid" means the joint-ownership of a Microgrid by three or more Cooperative Members through formal or informal organization or association. For purposes of this Regulation, a Cooperative may, but need not be, organized or operated pursuant to Act 164-2009, as amended, known as the Puerto Rico General Corporations Act or Act 239-2004, as amended, known as the General Cooperative Associations Act. The primary purpose of a Cooperative Microgrid is to supply Energy Services or Grid Services to its Cooperative Members.

25. "Personal Microgrid" means a Microgrid owned by no more than two Persons producing energy primarily for consumption by its owner(s).

29. "Third-Party Microgrid" means a Microgrid that is not a Personal Microgrid or a Cooperative, and is owned and/or operated by any Person or Persons for the primary purpose of engaging in the sale of Energy Services and/or Other Grid Services to Customers."

"Section 5.10.- Non-Discrimination

A. Micro grid Operators covered under Article 5 of this Regulation are prohibited from unduly discriminating against individual Person in the immediate vicinity of a Microgrid if such Persons wishes to receive service from the Microgrid."

Our multifamily developments in Puerto Rico vary in their metering arrangements. Some properties are sub-metered, meaning each unit and administrative operations have individual electric meters. In contrast, other developments are master-metered, meaning there is only one meter for the entire property.

Based on the Definitions in Section 1.08, if we were to create microgrids in master-metered properties they would be classified as Personal Microgrids, serving only the property owner through one meter. However, for sub-metered properties, developing

a microgrid would classify them as third-party microgrids because they would sell energy to multiple customers, including tenants, the administration office, and common areas.

In the case of VOA's multifamily developments that would be considered third-party microgrids, per Section 5.10, we would be obligated to incorporate neighboring properties if they were to request to be integrated into our microgrid. This would be burdensome and complicate the development and operation of the microgrid, therefore discouraging the development of microgrids in sub-metered properties.

It is our belief that the Puerto Rico Energy Bureau of the Public Service Regulatory Board ("Energy Bureau") should incentivize microgrid development in multi-dwelling developments through regulation if it aims to promote and encourage microgrid development throughout Puerto Rico. Multi-dwelling which may take the same definition of Casa de Apartamentos per Reglamento 23 de Planificación defined as a "building for housing three or more families, in independent housing units" (our translation)] Some reasons that support our recommendation are the following:

- Multifamily developments are often owned or managed by a single entity, a characteristic that aligns with the definition of a personal microgrid. However, it's important to note that this single owner entity would be providing electricity to its tenants. This observation underscores the unique situation in multifamily developments where a single entity both owns the microgrid infrastructure and supplies electricity to multiple end-users: its tenants. It highlights the need for a regulatory framework that recognizes the hybrid nature of these developments, combining aspects of both personal and third-party microgrids as they are defined in Regulation 9028.
- Multifamily developments operate as self-contained communities with centralized administration, as there's a single point of responsibility for the operation and maintenance of its facilities. Extending services to surrounding properties would potentially conflict with federal regulations that govern the operation of federally subsidized multifamily developments. Potential legal challenges may arise when extending services beyond the immediate boundaries of these developments.
- Multifamily developments maintain their own internal electrical network, extending from the electrical substation to all the sub-meters within the property. Extending service to an outside property would pose significant technical challenges and incur substantial costs. The existing physical constraints of the internal electrical network make it impractical for such an expansion.
- The U.S. Department of Energy (US DOE) and other agencies are set to launch funding programs exclusively designed for the development and integration of renewable energy systems within multifamily housing developments. The availability of these funding opportunities indicate a favorable environment for advancing renewable energy systems, and underscores the importance for making regulatory adjustments that will encourage adoption of microgrid development in multifamily housing developments in Puerto Rico.
- In Puerto Rico, we have identified diverse types of multi-dwelling developments:
 - 85 USDA-assisted multifamily properties, equivalent to 4,300 housing units,
 - 196 HUD-assisted multifamily properties, totaling 20,600 housing units.
 - 325 Public Housing properties totaling 53,600 housing units
 - 850 condominiums totaling approximately 58,000 housing units [Condos share similar attributes to multifamily developments that make them ideal for microgrid developments as discussed above, but are different from multifamily in that owners of each individual unit jointly own the common areas of the condominium.]

In total, we identified 1,456 multi-dwelling properties, comprising over 78,600 housing units (a conservative estimate that include condos). This list excludes small private multifamily developments, which are numerous. Given the substantial prevalence of multi-dwelling developments in Puerto Rico, the Energy Bureau's objective to promote and encourage microgrid system development in the region would be effectively advanced by recognizing them as an ideal and practical means to achieving its objective. Multi-dwelling properties provide a conducive environment for the realization of the Bureau's mission.

The consolidated, self-contained nature of these properties, characterized by centralized ownership or administration, simplifies the microgrid development process by eliminating many of the challenges typically associated with other communities, such as community organizing and the expenses related to improving electrical networks. Consequently, multi-dwelling developments naturally align with the adoption of microgrid technologies. This approach will allow the Bureau to utilize the collective impact of multifamily developments to enhance Puerto Rico's energy landscape. It will help diminish vulnerabilities to grid disruptions at the same time it fosters the integration of renewable energy sources on a substantial scale.

In light of these considerations, we respectfully request that any new regulatory framework provide multi-dwelling developments the ability to elect between being treated as a personal or a cooperative microgrid. This would help alleviate concerns of potential discrimination against neighboring properties that request integration into the microgrid.

Thank you for considering our comments and for your commitment to advancing sustainable energy solutions in Puerto Rico.

Respectfully,

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From: Sonia Seda <sseda@jrsp.pr.gov>
Sent: Wednesday, October 11, 2023 4:47 PM
Subject: NEPR-MI-2023-0007 Resolution and Order

Notice of Commencement of the Informal Process for the Revision of the Regulation on Microgrid Development and Request for Public Comments.

Notificamos Resolución y Orden emitida hoy en el asunto de referencia por el Negociado de Energía de la Junta Reglamentadora de Servicio Público de Puerto Rico.

Gracias por permitirme servirle.



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