



GOBIERNO DE PUERTO RICO
NEGOCIADO DE ENERGÍA
JUNTA REGLAMENTADORA DE SERVICIO PÚBLICO

January 19th, 2024

Corporación de Desarrollo del Centro
Financiero de Hato Rey, Inc. (CODEFIN)
c/o Rafael Delgado Candelas
Executive Director
PO Box 195232
San Juan, PR 00919-5232

RE: CODEFIN-LETTER DATED MAY 31, 2023

Dear Mr. Delgado Candelas,

Reference is made to Corporación de Desarrollo del Centro Financiero de Hato Rey, Inc. ("CODEFIN") letter addressed to the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("PREB") dated May 31, 2023 ("Letter"). The Energy Bureau referred the Letter to its Engineering and Planning Division. Accordingly, a response is included herein.

The Letter was aimed at obtaining insights regarding the legal and regulatory aspects associated with their planned Combined Heat and Power System (CHP Project) in Hato Rey, Puerto Rico. The projected budget for the CHP Project surpasses \$100 million, with its objective being the provision of efficient energy to the Hato Rey District community, focusing on minimal carbon emissions and improved reliability.

CODEFIN explained that the proposed site for this project is situated in the northwestern area of Hato Rey, close to a raised section of the Puerto Rico State Highway #1. CODEFIN notes that the Hato Rey District is currently experiencing significant growth in office and commercial developments. According to CODEFIN, several alternative locations have been explored, including a site owned by the Government of Puerto Rico.

The Letter specifies that the electricity requirement for critical consumers in the Hato Rey District is around 30 MW. Additionally, the demand for chilled water services, catering to key commercial and industrial entities, is estimated to be in the range of 7,000 to 9,000 Tons of Chilled Water. To meet these needs, CODEFIN suggests deploying a Liquid Natural Gas (LNG)/Natural Gas-powered CHP system along with a hybrid chilled water facility, envisaging a plant capacity of 30 MWe and a cooling capacity of 7,000 RT - 10,000 RT. The CHP Project plans to integrate the generated power into the electric grid using high-voltage transmission lines.

CODEFIN also highlights the project's goal to support the decarbonization efforts in the Hato Rey District and achieve carbon-neutral operations. The development considers incorporating locally sourced renewable energy, such as Renewable Natural Gas (RNG) and Green Hydrogen.

In the Letter, CODEFIN seeks PREB's advice on several legal and regulatory aspects, including setting up microgrids, data access, infrastructure improvements, grid interconnection, power purchase and wheeling service agreements, net metering, among other issues. CODEFIN also inquires about the relevance of existing laws and regulations to the proposed CHP Project.

After a thorough examination, it is observed that the inquiries presented by CODEFIN do not align with the specific conditions set forth in the Resolution dated February 6, 2019 ("Resolution"), in the case *In Re: Resoluciones Interpretativas*, Case No.: NEPR-MI-2019-0001, which establishes guidelines for issuing interpretative resolutions. The Resolution is intended to address a distinct set of situations and criteria for interpreting regulations, and the queries in the Letter fall beyond this established framework. It's important to note that agencies are not obligated to issue interpretative resolutions in every instance where one is sought. Administrative agencies have discretionary power in deciding when to issue interpretative resolutions. This discretion allows them to consider factors like resource constraints, the significance of the issue, or the clarity of the law in question. Besides if a law or regulation is clear and unambiguous, an agency might decide that an interpretative resolution is unnecessary. The primary role of the administrative agencies in these cases is to clarify ambiguities or provide guidance on complex regulations.

While we value CODEFIN's proactive approach in engaging with the PREB and their efforts to understand the regulatory environment, it is apparent that the issues raised are not centered around interpreting specific statutes or regulations. Instead, the Letter appears to be requesting broad guidance, covering both legal and technical dimensions. It's also important to recognize that some of the issues mentioned might warrant the Energy Bureau's attention in the future due to possible conflicts with entities like the Puerto Rico Electric and Power Authority ("PREPA") [or LUMA] or could be relevant for assessment by the Energy Bureau during processes related to approvals or certifications. Therefore, despite the Energy Bureau's inclination to engage with these issues, addressing them in the context of responding to the Letter would not be appropriate.


Despite the above considerations, to assist in your analysis of the matters outlined in the Letter, we have included a list of pertinent resources that could be beneficial in thoroughly addressing your inquiries. Furthermore, after you have conducted an in-depth assessment of the CHP Project, we can organize a meeting to discuss and address any doubts or questions that may arise before initiating any applicable formal procedure before the Energy Bureau. If

CODEFIN
c/o Rafael Delgado Candelas
January 19th, 2024
Page 3 of 4

you have any more questions or need further assistance, please feel free to reach out to our office.

Thank you for your cooperation and understanding.

Sincerely,


Edgardo J. Contreras Aponte, PE
Director,
Engineering and Planning Division

Annex A

List of Relevant Statutes

1. Ley de Política Pública Energética de Puerto Rico, Ley Núm. 17 de 11 de abril de 2019.
2. Ley de Transformación y Alivio Energético de Puerto Rico, Ley Núm. 57 del 27 de mayo de 2014, según enmendada.
3. Ley de Alianzas Público Privadas, Ley Núm. 29 de 8 de junio de 2009, según enmendada.

List Relevant Regulations

1. Regulation on Microgrid Development, Regulation No. 9028, May 18, 2018
2. Reglamento para Interconectar Generadores con el Sistema de Distribución Eléctrica de la Autoridad y Participar en los Programas de Medición Neta (Regulation for Interconnecting Generators with the Authority's Electrical Distribution System and Participate in the Net Metering Programs), Reglamento Núm. 8915 de 6 de febrero de 2017.
3. Reglamento para Interconectar Generadores con el Sistema de Transmisión o Subtransmisión Eléctrica de la Autoridad de Energía Eléctrica y Participar en los Programas de Medición Neta (Regulation for Interconnecting Generators with the Authority's Electric Transmission or Subtransmission System and Participate in the Net Metering Programs) Reglamento Núm. 8916 de 6 de febrero de 2017.
4. Regulation on Electric Energy Wheeling, Regulation No. 9374 dated April 20, 2022

List of Relevant Guides

1. Resolución de 6 de febrero de 2019, *In Re: Resoluciones Interpretativas*, Case No.: NEPR-MI-2019-0001

List of Relevant PREB's Cases

1. Motion Submitting Complete Version of Technical Interconnection Requirements Document dated May 19, 2022, *In Re: Interconnection Regulations*, Case No.: NEPR-MI-2019-0009.