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

IN RE: Reglamento de Interconexión	Caso Núm. NEPR-MI-2019-0009 ASUNTO: Comentarios al Reglamento de Interconexión Propuesto

MOCIÓN SOMETIENDO COMENTARIOS DEL INSTITUTO DE COMPETITIVIDAD Y SOSTENIBILIDAD ECONÓMICA DE PUERTO RICO A REGLAMENTO PROPUESTO

AL HONORABLE NEGOCIADO DE ENERGÍA:

COMPARECE el Instituto de Competitividad y Sostenibilidad Económica de Puerto Rico ("ICSE"), por conducto de la representación legal que suscribe y muy respetuosamente expone, alega y solicita:

1. El 13 de julio de 2026, el Negociado de Energía de la Junta Reglamentadora de Servicio Público (en adelante, "Negociado") emitió una Resolución y Orden, mediante la cual notificó la disponibilidad de un Borrador Preliminar Revisado del Reglamento de Interconexión.

2. Asimismo, el Negociado invitó a todas las partes interesadas y demás personas o grupos interesados a someter sus comentarios y recomendaciones sobre dicho borrador.

3. Si bien es cierto la fecha de señalada por el NEPR para radicar comentarios escritos fue el 14 de agosto de 2026, posteriormente el propio Negociado señaló vistas para los días 25 de agosto y 21 de septiembre de 2026 para "evaluate and address stakeholders

comments on Revised Preliminary Draft and Revised TIR seek consensus and solutions that are aligned with public policy.

4. Dado que los señalamientos y comentarios del ICSE no perjudican a ninguna parte radicándose luego del 14 de agosto de 2026, no atrasan los procedimientos y son compatibles con los señalamientos de vista en agosto y septiembre, se solicita respetuosamente se reciban los mismos.

POR TODO LO CUAL, se solicita muy respetuosamente al Negociado tome conocimiento de lo antes expresado y acepte los comentarios sometidos.

CERTIFICO: Haber presentado este escrito mediante el portal de radicación del Negociado de Energía de Puerto Rico.

En San Juan, Puerto Rico, a 15 de septiembre de 2026.

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Exhibit 1

Comentarios del ICSE

COMMENTS OF ICSE ON THE PROPOSED INTERCONNECTION REGULATION

The interconnection process and the proposed Distributed Generation and Microgrid Interconnection Regulation ("Proposed Regulation") do not exist in a legal vacuum. Interconnection is indispensable to implementing the public policies established by Acts 57-2014 and 17-2019 and Joint Resolution 5-2026. Although PREB retains discretion regarding implementation, it may not adopt requirements that frustrate, contradict, or effectively amend those statutory mandates.

The statutory framework relies substantially on distributed energy producers, particularly renewable-energy producers, to implement Puerto Rico's public policy. Those producers use private capital to finance, develop, and operate the generation resources promoted by law. One consequence of that mandate is that privately financed distributed generation displaces generation capacity and energy that would otherwise have to be financed, developed, operated, or procured through the centralized electric system. The Public Utility[1] avoids or reduces corresponding capital, development, procurement, and operating expenditures.

This does not mean that every interconnection cost must be borne by the Public Utility and ultimately recovered from ratepayers. The costs of facilities used exclusively by a particular project may properly be assigned to that project. Different considerations apply, however, to improvements that (1) increase hosting capacity, (2) accommodate future projects, or (3) otherwise benefit the electric system as a whole and its customers.

Although the Proposed Regulation provides special protections for smaller systems, it otherwise generally assigns the costs of interconnection facilities and distribution upgrades to the interconnecting customer. It does not establish a comprehensive, generally applicable methodology for distinguishing project-specific costs from shared or system-beneficial improvements, allocating shared costs among identifiable

[1] For purposes of these Comments, "Public Utility" refers collectively to PREPA, as owner of Puerto Rico's public electric system, and to its agents LUMA and Genera.

beneficiaries, or reimbursing the first project when subsequent projects use improvements that it financed.

Automatically assigning the entire cost of a shared improvement to the first project creates an inequity: the triggering project finances infrastructure that later projects and the electric system may use without bearing a corresponding share of its cost. It may also discourage or prevent otherwise viable projects from implementing the public policy mandated by law.

Joint Resolution 5-2026 expressly calls for proactive hosting-capacity planning and budgeting. Project-specific information supplied during the interconnection process is not a substitute for system-wide planning. The Public Utility must anticipate the grid improvements reasonably necessary to accommodate the distributed generation required by public policy and include system-beneficial investments in its planning and budgeting processes.

The Proposed Regulation should therefore establish a cost-allocation framework that distinguishes among <u>dedicated interconnection facilities</u>, <u>shared distribution improvements</u>, and <u>broader system investments</u>. Shared costs should be allocated among reasonably identifiable beneficiaries, while costs producing general system benefits should be considered for recovery through the appropriate utility planning and ratemaking mechanisms. Queue position should not, by itself, determine an Interconnection Customer's ultimate responsibility for the entire cost of an improvement that creates capacity or benefits beyond that customer's project. *See* Proposed Regulation, Sections 2.08(B), 5.04(A), and 7.08(A)-(B).

The Proposed Regulation includes certain reporting, disclosure, and procedural safeguards. Nevertheless, essential technical requirements, forms, agreements, and fees have been reserved for the separate Technical Interconnection Requirements. Stakeholders must receive timely access to those materials and a meaningful opportunity to evaluate their technical and economic consequences before they become effective. Such access is a mandate of Acts 57-2014 and 17-2019, which specifically require transparency and stakeholder participation.

Ultimately, interconnection requirements must facilitate—not prevent, delay, or unnecessarily increase the cost of—implementing Puerto Rico's binding energy policy. The governing framework should achieve safe and reliable interconnection at the lowest reasonable cost while allocating that cost according to causation, proportionality, and the benefits received.

Finally, PREB should not proceed from the premise that the strict cost-causer-pays model represents a settled national consensus or universally accepted best practice. Although the model remains common, it has been increasingly criticized when it requires the first interconnecting customer to finance an indivisible system upgrade that creates additional capacity or other benefits for the electric system and subsequent projects.

Several jurisdictions—including Maryland, Maine, Minnesota, Massachusetts, and New York—have adopted different forms of cost sharing, pooled funding, proportional allocation, reimbursement, or utility recovery.[2] These approaches vary considerably and do not establish a single alternative model. They nevertheless demonstrate that there is no national consensus that the triggering project should invariably bear the entire cost of every improvement required for interconnection.

The criticism is practical as well as equitable. A strict first-mover approach can make otherwise viable projects uneconomic, encourage project withdrawals, and permit later projects to use improvements financed by the triggering customer without contributing to their cost. Recent national research has identified an association between high per-kilowatt upgrade costs and the withdrawal of small distributed-energy projects. That research also emphasizes, however, that publicly available cost data remain extremely

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[2] See Janique Williams, *Interconnection Cost-Causer-Pays Model: Is It Fair or Antiquated in the Era of Grid Modernization* (Feb. 2024) (https://www.powermag.com/interconnection-cost-causer-pays-model-is-it-fair-or-antiquated-in-the-era-of-grid-modernization/).

limited and that observed cost differences among states may reflect their differing cost-allocation practices.[3]

Accordingly, PREB should not adopt cost-causer-pays as an unquestioned default. It should evaluate the available alternatives—including proportional cost allocation, reimbursement mechanisms, proactive hosting-capacity investment, flexible interconnection, and the use of advanced inverter capabilities—and explain why the selected approach best implements Puerto Rico's statutory mandates and particular system needs.

In summary, the questions to be evaluated and answered are:

1. Who should bear the costs of implementing the statutory mandated public policy of Puerto Rico?
2. What are the rules that incentivize grid access and private generation investments?
3. How can a revolving fund be used to finance that portion of a first-mover's interconnection costs which increase hosting capacity and so benefit subsequent customers?

[3] See Kathryn Chelminski et al., *Interconnection Timelines and Costs for Distributed Energy Projects in the United States (2000–2025)*, Lawrence Berkeley National Laboratory, at 49–50, 53–54, 60 (Sept. 2026).