

PREPA Submits Final Procurement Plan for the Puerto Rico Energy Bureau's Approval

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The Final Integrated Resource Plan (“IRP”) approved by the Puerto Rico Energy Bureau (“PREB”) on August 24, 2020 required the Puerto Rico Electric Power Authority (“PREPA”) to develop competitive solicitation processes for the procurement of new renewable energy resources and battery energy storage consistent with the terms of the IRP. On October 23, 2020, PREPA filed before the PREB the draft Procurement Plan required under the IRP. After due evaluation, on December 8, 2020, the Energy Bureau issued a Resolution and Order wherein it required certain modifications to the draft Procurement Plan. On December 22, 2020, PREPA filed the Final Procurement Plan. PREPA also requested the PREB to reconsider certain aspects of the timeline to evaluate the interconnection of proposed projects, which motion is presently pending before said regulator.

According to PREPA's filing, the Procurement Plan would be managed by a Project Committee, which would assist in the preparation of Requests for Qualifications and Requests for Proposals (“RFPs”) (which would be folded into a single process), evaluate and select proponents, and negotiate terms of contracts.

RFPs would be advertised by means of public notice in one newspaper of general circulation and PREPA's and the PREB's websites, which proposals would include: a description of the project; a proposed schedule; due date, time, and method of submission of requests for clarifications and proposals; and instructions as to format; among other items.

Evaluation and selection would generally follow the three-phase process described in the Joint Regulation for the Procurement, Evaluation, Selection, Negotiation and Award of Contracts for the Purchase of Energy and the Procurement, Evaluation, Selection, Negotiation and Award Process for the Modernization of the Generation Fleet: (1) quality control review; (2) project committee review and recommendation; and (3) negotiation.

PREPA would seek proposals from companies and consortia interested in designing, constructing, installing, operating, and maintaining renewable energy projects to be installed at one or more sites across Puerto Rico. The RFPs

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would be open to all forms of renewable energy, including solar photovoltaic, wind, energy storage, hydro, virtual power plants (“VPPs”), or any combination of said technologies. RFPs would be expected to require commercial operation of the projects within twenty-four(24) months from the execution of the contract, with consideration given to projects which would commence commercial operation no later than thirty (30) months, and with a preference for proponents presenting shorter timelines.

For all projects (except VPPs), PREPA would request the submission of all-inclusive turnkey proposals. Utility-scale renewable energy projects (PV solar and wind) should have a minimum of 20 MW of renewable generation capacity to be installed at one or more sites in Puerto Rico, paired and integrated with battery storage.

Proponents would have to enter into a Power Purchase and Operating Agreement (“PPOA”) and an interconnection agreement under which proponents would sell and PREPA would purchase: (1) the net electric output of renewable generation subject to specific energy delivery guarantees; (2) products of the battery energy storage system subject to specific energy delivery and operating guarantees; and (3) associated rights, benefits, and credits of the project, including environmental attributes (renewable energy certificates or “RECs”).

The schedule of minimum RFP quantities proposed by the Energy Bureau is the following in conformance with target quantities in the Modified Preferred Resource Plan described in the Final IRP:

Solar PV or equivalent other energy, MW

4-hr. battery storage equivalent, MW

RFP Target Release Date

Procurement Tranche

Minimum

Cumulative

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Minimum

Cumulative

Dec-20

1

1000

1000

500

500

Jun-21

2

500

1500

250

750

Dec-21

3

500

2000

250

1000

Jun-22

4

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500
2500
250
1250
Dec-22
5
500
3000
125
1375
Jun-23
6
750
3750
125
1500

The RFP for the first tranche would be issued as early in 2021 as possible. The expected timeline of the release of subsequent RFPs would be six (6)-month intervals to be issued in sequence (e.g. every six months, over the next three years for a total of six tranches of RFP releases).

An updated Procurement Plan reflecting the specific plans for the second tranche and incorporating lessons learned from the first tranche would have to be filed on or before May 1, 2021.



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