

Puerto Rico Energy Bureau Issues Final Resolution and Order on PREPA's Integrated Resource Plan

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On August 21, 2020, the Puerto Rico Energy Bureau ("PREB") issued a Final Resolution and Order on the Puerto Rico Electric Power Authority's Integrated Resource Plan, wherein the Energy Bureau approved in part and rejected in part the Integrated Resource Plan ("IRP") as proposed by the Puerto Rico Electric Power Authority ("PREPA") and modified the Action Plan submitted by the utility.

This Energy Alert provides an overview of certain salient points of the PREB's Final Resolution and Order:

- The PREB ordered PREPA to issue a series of requests for proposals for the provision of renewable energy in support of the goals of the Act 82-2010 renewable portfolio standard and for the provision of battery energy storage in support of capacity requirements needed to meet PREPA's peak load requirements and in support of integration requirements for renewable energy generation.
- PREPA was ordered to maximize the rate of solar PV installations and battery storage as part of the Modified Action Plan.
- PREPA must open competitive procurements to obtain power purchase and operating agreements to all forms of renewable energy, including, but not limited to wind, hydro, solar photovoltaic, Virtual Power Plants and storage.
- PREPA was ordered to submit a draft renewable sources and battery energy storage resource procurement plan to the Energy Bureau within sixty (60) days.
- The PREB approved PREPA's plans to retire the oil-fired steam resources over the next five years at San Juan, including units 7, 8, 9 and 10; at Palo Seco, including units 3 and 4; and at Aguirre, including steam units 1 and 2.
- The PREB approved PREPA's plan to retire the Aguirre CC units 1 and 2 over the next five years.
- The PREB approved PREPA's renegotiated power purchase and operating agreement with EcoEléctrica and the Naturgy Natural Gas Sale and Purchase

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Agreement.

- The PREB accepted PREPA's conversion of the San Juan units 5 and 6 to burn natural gas as a fixed decision (constraint) in the proposed IRP. Because the contract with PREPA's counterparty expires in 2025, PREPA was ordered to include the renewal and extension of said contract as an option, not as a constraint, in the next IRP.
- The PREB accepted the MiniGrid concept as a mechanism to provide resiliency during the loss of transmission or distribution system operations due to severe weather events. Nevertheless, the PREB did not approve the MiniGrid design/construct as proposed by PREPA due to its lack of optimization of MiniGrid transmission system expenditures and distributed resiliency approach.
- The PREB will open a MiniGrid Optimization proceeding, which will explore the costs, benefits, and alternative configurations of combinations of wires (i. e. hardened transmission and distribution assets) and local distributed resources that best serve Puerto Ricans in safeguarding against the effects of short-term and extended electric systems outages that can occur as a result of several weather events. The PREB expects this proceeding to commence in the Fall of 2020.
- The PREB established the San Juan/Bayamon region as the first MiniGrid region to be considered for optimization due to the relative density of load in that region.
- The PREB indicated that it is nonetheless open to stakeholder or PREPA duly justified suggestions as to whether a different MiniGrid region or other zone might be better examined initially.

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