

Background:

Puerto Rico's Electrical System

Act 17- 2019: On April 11, 2019, the New Puerto Rico Energy Policy was approved intended to transform the Puerto Rico electrical system, with clear goals to strengthen the regulator, and new objectives related to distributed and renewable energy.

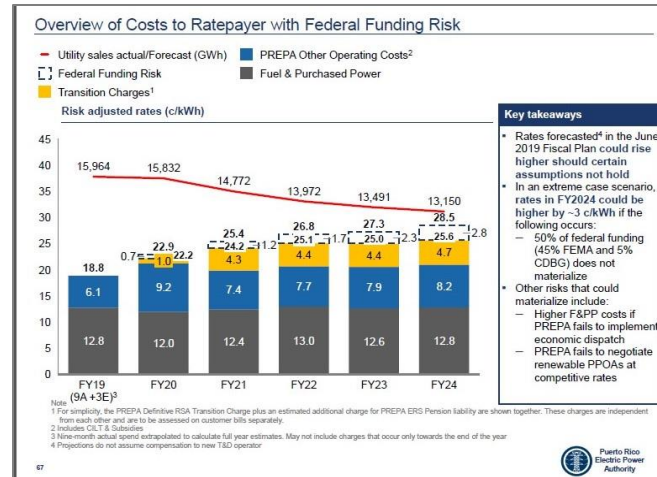
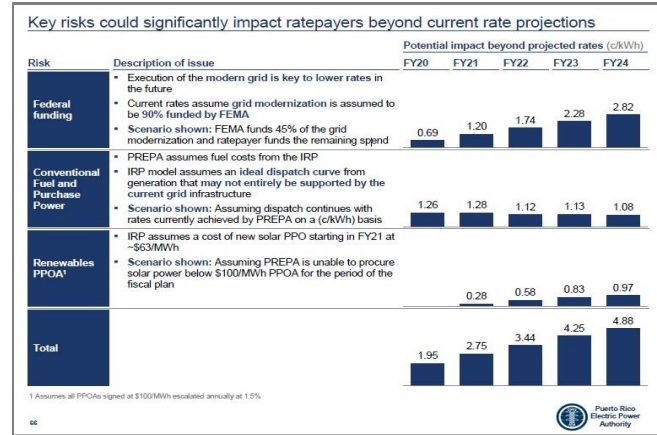
RSA and PREPA Fiscal Plan: On May 3, 2019 a debt restructuring agreement with PREPA and its bondholders was approved by the FOMB. On June 27, 2019 FOMB approved a modified Fiscal Plan for PREPA. The Fiscal Plan considers the debt restructuring agreement and other charges that projects substantial electricity rate increases that could achieve 10 c/KwH.



Independent Assessment: An independent study done by renowned economist, Ramón Cao PhD, concluded that such rate increase will result, in a five year term, in a decrease of the Gross National Product of 22%, and a loss of over 170,000 jobs.

CREF's Puerto Rico Panel

PREPA Fiscal Plan Rates Impact



(S. B. 1121)
(Conference)

(No. 17-2019)
(Approved April 11, 2019)

AN ACT

To create the "Puerto Rico Energy Public Policy Act" for the purposes of establishing the Puerto Rico public policy on energy in order to set the parameters for a resilient, reliable, and robust energy system with just and reasonable rates for all class of customers; make it feasible for energy system users to produce and participate in energy generation; facilitate the interconnection of distributed generation systems and microgrids; and unbundle and transform the electrical power system into an open system; amend Sections 2, 3, and 4, renumber Section 5 as Section 4A, renumber Section 5A as Section 4B, add a new Section 5, repeal Section 5B, and substitute the contents of Sections 6 and 6B of Act No. 83 of May 2, 1941, as amended, known as the "Puerto Rico Electric Power Authority Act," in order to restructure the Governing Board of the Electric Power Authority, establish the power, authorities, duties, and responsibilities of the entities responsible for administering, operating, and maintaining the Electrical System of Puerto Rico, provide for the requirements of the Integrated Resource Plan, and establish penalties for noncompliance therewith; amend Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, and 10, repeal Section 11, and renumber Sections 12 and 13 as Sections 11 and 12, respectively, in Act No. 114-2007, as amended, in order to increase the kilowatts for the interconnection of distributed generation systems to the transmission and distribution network; establish a shorter term for the interconnection determination; amend Sections 1.4, 2.3, 2.4, and 2.5, repeal Section 2.6, renumber Sections 2.7 and 2.8 as Sections 2.6 and 2.7, renumber Section 2.9 as Section 2.8 and amend it, renumber Section 2.10 as Section 2.9, renumber Section 2.11 as Section 2.10 and amend it, add new Sections 2.12 and 2.13, renumber Sections 2.12 and 2.13 as Sections 2.14 and 2.15 of Act No. 82-2010, as amended, known as the "Public Policy on Energy Diversification by Means of Sustainable and Alternative Renewable Energy in Puerto Rico Act," to increase the Renewable Portfolio Standard until achieving, by 2050, 100% energy production from renewable sources; clarify that all Renewable Energy Certificates, including those for renewable energy and for net metering customers, may be acquired by a retail electricity

Act 17, 2019

- I. **Are the goals of Act 17-2019, New Puerto Rico Energy Public Policy, being fulfilled as expected?**
 1. **On the areas related to regulation, assessments and studies :**
 - **An strong and independent regulatory entity**
 - **Energy Storage**
 - **Energy Efficiency and Demand Response**
 2. **On areas related to Distributed Energy Resources (DER) and Renewable Portfolio Standard (RPS):**
 - **Deployment of DER**
 - **RPS goals of 20%, 40% and 60% for this IRP period and 100% for 2050**
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II. Debt Restructuring

What would be the effect of the Puerto Rico debt restructuring and other charges on the PREPA Fiscal Plan on the Puerto Rico energy transformation?

III. Recent Government Changes

What could be the effect of the august 2019 government change and coming elections on the implementation of the New Puerto Rico Energy Public Policy?

IV. Q & A

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