

## New Energy Public Policy for Puerto Rico: 100% Renewables by 2050

On October 17, 2018, Senate Bill No. 1121 was presented before the Legislature of Puerto Rico for the creation of the "Public Energy Policy Act of Puerto Rico". The Bill establishes the new public policy on energy of Puerto Rico in order to create the parameters for a resilient, reliable and robust energy system, with fair and reasonable rates for all classes of consumers, enabling the user of the energy service to produce and participate in the generation of energy, facilitate the interconnection of distributed generation systems and microgrids, and disaggregate and transform the electrical system.

In addition to establishing the new public policy on energy, the Bill also amends Act No. 83 of May 2, 1941, as amended, known as the "Puerto Rico Electric Power Authority Act" in order to restructure the selection process of the Governing Board of the Puerto Rico Electric Power Authority ("PREPA") trying to provide independence, separate PREPA's Energy Control Center into a subsidiary of PREPA, and establish the powers, faculties, duties and responsibilities of the new PREPA, as well as establish the requirements for an Integrated Resources Plan and criminal penalties for failure to comply.

The Bill also amends Act No. 114-2007, as amended, in order to increase the size for the interconnection of distributed generation systems to the transmission and distribution grid, and establish a ninety (90) day term for PREPA to evaluate interconnection requests. PREPA's failure to comply with the above term will result in the automatic approval of the interconnection request. PREPA's non-compliance with the terms for interconnection subjects PREPA to monetary penalties.

Act 82-2010, as amended, known as the "Public Policy on Energy Diversification through Sustainable and Alternative Renewable Energy in Puerto Rico" is also amended to increase the Renewable Energy Portfolio to 100% of energy from renewable sources by the year 2050; clarify that all Renewable Energy Certificates, including those for renewable energy and those with net metering, can be purchased by a retail energy provider; and require the Energy Bureau of Puerto Rico to conduct a study to determine specific goals for energy storage systems.

The Bill amends Act 57-2014, as amended, known as the "Energy Transformation and RELIEF Act of Puerto Rico" to establish energy demand and efficiency response programs, increase the budget of the Energy Bureau to twenty million dollars (\$20,000,000), grant it greater powers and faculties, and implement incentive and penalty mechanisms



based on performance metrics. The powers of the Independent Office of Consumer Protection are broadened, and in addition to the electric service, its representation is expanded to include customers of the telecommunications and transport service.

The Bill amends Act 120-2018, known as the "Law to Transform the Puerto Rico Electric System", to extend the term for the Energy Bureau to issue the Energy Compliance Certificate and order that 10% of the payments received from a Transaction of PREPA, as defined in the law be destined to the Green Energy Fund of Puerto Rico. Act 211-2018, known as the "Reorganization Plan Execution Act of the Public Service Regulatory Board of Puerto Rico" is amended to clarify that the budget assigned to the Energy Bureau shall not form part of the funds available for the Public Service Regulatory Board.

In addition to the amendments of the previously mentioned laws, the Bill clarifies that those photovoltaic generation systems approved in accordance with the parameters of Executive Order OE-2017-064, "To energize residences with photovoltaic generation systems and batteries, and accelerate the recovery of Puerto Rico's electric power system after Hurricane María" ("Executive Order") are automatically approved to operate, as long as they comply with the provisions contemplated in the Executive Order.

You may contact the attorneys at Vidal, Nieves & Bauzá, LLC should you have any questions regarding the Bill.

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