Highlights of Puerto Rico's Integrated Resource Plan
Updated August 2020

On August 24, 2020, the Puerto Rico Energy Bureau (PREB) issued the Resolution and Order approving a modified Integrated Resource Plan (IRP) for Puerto Rico's electric public corporation, Puerto Rico Electric Power Authority (PREPA). Below, we have highlighted some of the positives and negatives of the 297-page decision.

Stopping the Gas Rush: PREPA proposed to replace the island's dependence on imported oil with dependence on imported LNG. PREB largely rejected PREPA's proposal to gasify the island's grid. PREB denied plans for LNG Terminals and new gas-fired Combined Cycle Generation Turbines (CCGTs) at Mayagüez and Yabucoa, and it denied a proposal to convert the 200 MW Mayagüez peaker plant to gas. PREB required PREPA to consider retirement of the San Juan gas-fired CCGT in the next Integrated Resource Plan.

The bad news: PREB did allow PREPA to consider a CCGT as part of a supply-side resource at Palo Seco and allowed PREPA to include gas-fired resources in an all-source Request for Proposals to replace 88 MW of older peaker plants. The Palo Seco CCGT proposal was based on an assumption that PREPA could obtain gas from a nearby LNG Terminal, built by New Fortress Energy. We now know that LNG Terminal is highly unreliable and was built illegally without the required FERC approval; we will ask PREB to reject the idea outright on that basis.

Earthjustice has moved to intervene in the FERC proceeding where FERC is investigating the New Fortress Energy LNG Terminal.

PREB also ruled that the AES coal plant could continue operating until December 2027 and that PREPA could consider a conversion of this plant to run on gas in the next Integrated Resource Plan proceeding. We will ask PREB to reconsider that decision, based on the economic advantage of renewables and the decades of environmental and health harms that the AES plant has inflicted on the island.

Beyond that, we will demand that PREB ensure that renewables and especially distributed renewables are allowed to compete fairly in these procurement processes. On a level playing field, we believe renewables and distributed renewables will be more cost-effective and resilient than fossil resources in most locations, and especially in Puerto Rico.

Aggressive Renewables Deployment: PREB ordered PREPA to create a renewables procurement plan to obtain, by 2025, at least 3,500 MW of solar resources (inclusive of rooftop solar) and at least 1,360 MW of storage resources (inclusive of distributed storage). PREB required PREPA to allow onshore wind resources to participate in all procurement processes,

and required PREPA to complete, within two years, a comprehensive feasibility study of offshore wind.

Encouragement of Distributed Solar + Storage: PREB set forth several steps to maximize deployment of distributed solar + storage, for example:

- PREB conditionally accepts PREPA's plan for $911M in distribution investments. This spending must be coordinated with PREPA's Integrated Distribution Planning, and must maximize the ability of the grid to integrate distributed resources.
- PREPA must use appropriate programmatic, market-based, and tariff-based tools to test the availability and cost of distributed storage resources.
- PREPA must always use distributed storage over utility-scale storage, when the former is more cost-effective.

Distributed solar + storage is our clients' main priority; they have set forth an Energy Proposal to deploy rooftop solar + storage systems on 75% of the island's homes by 2035. At the IRP hearing, an expert witness described the rooftop solar + storage systems currently on the island as "the biggest untapped [Virtual Power Plant] resource in the world."

Energy Efficiency: PREB ruled that Energy Efficiency programs were more cost-efficient than any supply-side resource, and that the "maximum level of [Energy Efficiency] deployment should be a core provision of an approved Preferred Resource Plan." The Action Plan that PREB approved includes Energy Efficiency programs designed to reduce demand by 2% annually.

Demand Response: In a different docket, we convinced PREB that PREPA could obtain at least 250 MW of peak load reduction through demand response agreements with the utility's large customers. PREB ordered PREPA to complete those negotiations and to also pursue demand response programs that allow participation by residential customers that own distributed storage.

There are two concerning issues underlying all of these positive steps, however. First, will we be able to enforce these provisions if PREPA fails to satisfy them? And second, much of PREB's vision of implementation relies on private companies and consultants that typically are not from the island. Historically, such efforts have often resulted in expensive contracts handed to politically-connected firms, with questionable benefit to the people of Puerto Rico.

We must hold PREPA to account for all of the ambitious plans set forth by PREB. We will ask PREB to include steps to make these requirements concrete and enforceable. And we will be involved in numerous PREB dockets going forward, to make sure PREPA follows through on these requirements.