

**Environmental Law, Energy & Land Use Practice Group**

February 27, 2019

**NOTICE TO CLIENTS AND FRIENDS**  
**PR Development: Integrated Resource Plan 2018 -2019 (IRP)**

On February 13, 2019, the Puerto Rico Electric Power Authority (PREPA) presented the latest draft version of the Integrated Resource Plan 2018-2019 (IRP) to the Puerto Rico Energy Bureau (the Bureau). The IRP delineates PREPA's 20-year strategic plan to overhaul the island's power generation and transmission and distribution (T&D) infrastructure. The scope of the draft IRP can be summarized as follows:

- ✓ The 2019 IRP focuses on four (4) key needs: a) addressing the impact of an aging, inefficient, and costly energy generation system that relies heavily on fossil fuels; b) reducing energy costs by introducing renewable energy resources; c) achieving compliance with the Renewable Portfolio Standard (RPS); and d) decentralizing power generation, which is currently concentrated in the southern region of the island.
- ✓ In order to curtail the island's reliance on fossil fuels, the IRP proposes a shift towards strengthening the use of natural gas for power generation. Pursuant to a scenario of multiple liquid natural gas (LNG) terminals and a strategy of more distributed and flexible generation (Scenario 4 - Strategy 2), this expansion includes the proposed construction of two (2) ship-based LNG terminals and two (2) combined cycle gas turbine (CCGT) plants in Yabucoa and Mayagüez, each with an estimated capacity of 302 MW. It also proposes to construct a land-based LNG terminal and pipeline in San Juan to supply a new CCGT plant and the retrofitted San Juan 5&6 units. One IRP scenario considers the possibility of installing an additional 302 MW CCGT at Costa Sur, which will depend in part on the renegotiation of the existing contract with EcoEléctrica, which expires in 2022.
- ✓ The IRP also proposes a major expansion in the use of solar photovoltaic (PV) energy sources between 2019 and 2022, with the goal on introducing between 720 and 1,200 MW of renewable energy within the first four (4) years. The Request for Proposals (RFPs) will be issued in blocks of approximately 250 MW, depending in the pricing, ability to interconnect, and energy storage capacity. Within the same time frame and pursuant to Scenario 4 - Strategy 2 - of the IRP, PREPA is considering the installation of a Battery Energy Storage System (BESS) capable of storing between 440 and 1,100 MW.
- ✓ To address the need of decentralizing power generation, the IRP proposes dividing the island into eight (8) separate and independent MiniGrids. This will allow for a more independent and efficient administration of each MiniGrid in case of another natural disaster. In addition, 17-18 gas power turbines (GT) known as "peak units" would be distributed between the regions in order to serve critical and priority loads within each grid.

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This document has been prepared for information purposes only and is not intended as, and should not be relied upon as legal advice. Should you have any questions about the matters hereby discussed, wish to obtain more information on their potential impacts on policy or operational matters, or need assistance to participate in the commenting process, please feel free to contact us at your convenience.

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