

Environmental Law, Energy & Land Use Practice Group

November 9, 2018

NOTICE TO CLIENTS AND FRIENDS

PR Development: Development of Energy Policy in Puerto Rico

On October 22, 2018, Bill No. 1121 was read on the Senate floor and presented to the Senate Special Commission on Energy Matters (the “Commission”) in the hopes of creating the “Puerto Rico Energy Policy Act” (the “Bill”). The Bill is currently being revised by the Commission before continuing its legislative track. The Bill proposes to establish a new energy policy and modernize the way energy is produced and distributed in the island. The scope of the Bill can be summarized as follows:

- ✓ As per the Bill, the new energy policy promotes the decentralization of energy production by allowing the participation of private entities, facilitating the creation of energy cooperatives, and by turning the average energy consumer into an energy producer.
- ✓ The Bill implements significant amendments to the Puerto Rico Electric Power Authority Act¹, which is responsible for creating the Puerto Rico Power Authority (“PREPA”). The proposed amendments redefine PREPA’s powers to allow other entities to compete with PREPA in energy production, distribution and management. Specifically, Article 1.3 of the Bill states that “PREPA will not possess exclusive rights to produce, transmit, distribute or commercialize the distribution of energy”, thus opening the market to other competitors. Moreover, Article 2.3 (4)(a) modifies the method by which PREPA’s Government Board Members (a total of seven (7)) are elected. Also, it increases the number of members selected by the executive branch, with the approval of the Senate, from three (3) to five (5). One candidate will be named at the sole discretion of the Governor, while the remaining four (4) will be selected from a pool of fifteen (15) candidates to be provided by the Puerto Rico Professional College of Engineers and Land Surveyors, the Puerto Rico Chamber of Commerce, the College of Public Accountants of Puerto Rico, and the University of Puerto Rico. Subsection (a) (iv) adds additional language disqualifying any candidate that has served as a member of an administrative body (local or central) of any political party during the year prior to the nomination.
- ✓ The Bill increases the powers and responsibilities of the Puerto Rico Energy Bureau (the “Bureau”), previously known as the “Puerto Rico Energy Commission”. The Bureau would be responsible for setting new energy storage goals—as it relates to the installation and use of battery systems—in the hopes of eliminating the island’s dependency on coal by 2028.
- ✓ The Bill proposes amendments to the Energy Diversification Act² to set short, medium and long-term goals for the island energy generation. Specifically, article 1.6 § 7 of the Bill proposes that by 2025, 20 percent of the island’s energy should come from renewable energy sources. By 2040, renewable energy generation should account for 40 percent, before achieving the ultimate goal of 100 percent renewable energy by 2050.

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

¹ Act 83-1941, as amended.

² Act 82-2010, as amended.

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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