

Environmental Law, Energy & Land Use Practice Group

October 17, 2023

NOTICE TO CLIENTS AND FRIENDS

CDBG-DR Electric Power Reliability and Resilience Program

During August 2023, the Puerto Rico Department of Housing (“PRDH”) announced the launch of the Electric Power Reliability and Resilience Program (“ER2”) for the use of CDBG-DR fund assigned by the Department of Housing and Urban Development (“HUD”). This program seeks to decentralize the generation capacity and energy storage with the goal of reducing the number of blackouts as well as supporting the push to renewable energy as established in Act 17-2019.¹

ER2 has determined the eligible activities to be “the acquisition, construction, reconstruction, rehabilitation, or installation of facilities, improvements, or other components ... undertaken to extend, upgrade and otherwise enhance and improve the cost-effectiveness, reliability, efficiency, sustainability, or long-term financial viability of the grantee's electrical power system including activities to increase the resilience of the electrical power system to future disasters and to address the impacts of climate change”.²

As a cornerstone of ER2, 70% of ER2’s budget of \$1.3 billion must benefit low- and moderate-income (“LMI”) areas while also satisfying LMI National Objective criteria. This presents a huge opportunity for private entities (For-Profit Business, Public-Private Partnerships³ and Non-Governmental Organizations (“NGOs”)) to impact LMI areas through the decentralization and modernization of our energy grid.

Some project types that PRDH has presented to be good examples of successful and viable projects are:

- Community Microgrid Programs
- Distributed Renewable Energy Generation Projects
- Behind-the-Meter Battery Energy Storage Systems (“BESS”)
- Virtual Power Plant Projects
- Centralized Renewable Energy Generation

The parties interested in applying for the use of such funds must submit their applications on or before **November 13, 2023** to PRDH for their evaluation. To further discuss or obtain additional information on how to take advantage of this opportunity, please feel free to contact us at your convenience.

¹ Act 17-2019 sets as a goal that Puerto Rico will have 40% and 100% of renewable energy by 2025 and 2050, respectively.

² Program Guidelines; CDBG-DR Electrical Power System Enhancement & Improvements – ER2

³ As established in Act 29-2009, known as the Public Private Partnership Act.