



June 11, 2012

www.mcvpr.com

McV Energy Alert

Act No. 103 of June 2, 2012 Amends Puerto Rico Electric Power Authority's Net Metering Program

On June 2, 2012, the Governor of Puerto Rico signed into law Senate Bill No. 2472, amending Act No. 114 of August 16, 2007 ("the Net Metering Act") to, among other things, increase the maximum generating capacity of net metering projects to five megawatts (5 MW) for commercial and industrial clients interconnected with the Puerto Rico Electric Power Authority's ("PREPA") sub-transmission and transmission system ("Act 103").

Article 2 of PREPA's Net Metering Act, regarding eligibility for the Net Metering Program, provided that a qualifying renewable energy source must have a maximum generating capacity not greater than twenty five kilowatts (25 kW) with respect to residential clients and one megawatt (1 MW) with respect to commercial, government, industrial or agricultural clients, educational institutions or medical facilities or hospitals. Act 103 amended that article to provide that the renewable energy source must "possess a maximum generating capacity not greater than 25 kW with respect to residential clients and one megawatt (1 MW) with respect to commercial, government, industrial or agricultural clients, or educational institutions or medical facilities or hospitals *connected to distribution voltages (up to 13.2 kV) and five megawatts (5 MW) for commercial, government, industrial or agricultural clients, or educational institutions or medical facilities or hospitals connected to sub-transmission or transmission voltages (38 kV or 115 kV)*". (The text in italics was added by Act 103.)

Act 103 also states that net metering facilities must comply with interconnection and operation requirements set forth in PREPA's regulations, and that failure to comply with such requirements may entail suspension from the Net Metering Program. PREPA, however, may not capriciously suspend or cancel any net metering agreement, nor shall PREPA undermine contractual obligations.

Meanwhile, Article 5 of the Net Metering Act established caps regarding the maximum energy that residential or commercial clients could generate and that PREPA would be obligated to credit. Act 103 amended Article 5 of the Net Metering Act to provide that PREPA is obligated to credit net metering client the excess energy generated during the billing period up to a "daily maximum of three hundred kilowatt hours (300 KW HOURS) for residential clients and ten megawatt hours (10 MW HOURS) for clients *connected to distribution voltages and fifty megawatt hours (50 MW HOURS) for clients connected to sub-transmission or transmission voltages.*" (The text in italics was added by Act 103.)

In addition, Act 103 added Section (f) to Article 5 of the Net Metering Act to provide that any of the parties to a net metering dispute may request the Energy Affairs Administration to appoint an arbitrator to resolve such controversy if the parties have not reached an agreement within 120 days of the filing a net metering application before PREPA, or in those cases in which PREPA disconnects a renewable energy resource under the Net Metering Program because of technical or safety reasons.

If you have any questions or comments, or wish additional information regarding this matter, please contact any of the attorneys listed below, members of our Environmental, Energy and Land Use Practice:

Carlos J. Fernández-Lugo	787.250.5669	cfl@mcvpr.com
Pedro F. Meléndez-Arreaga	787.250.5677	pfm@mcvpr.com
Hernán Marrero-Caldero	787.250.5600	hmc@mcvpr.com
Germán Novoa-Rodríguez	787.250.5603	gnr@mcvpr.com
Rosa Corrada-Colón	787.250.5651	rcc@mcvpr.com
Ignacio Vidal-Cerra	787.250.2612	ivc@mcvpr.com

The content of this McV Alert has been prepared for information purposes only. It is not intended as, and does not constitute, either legal advice or solicitation of any prospective client. An attorney-client relationship with McConnell Valdés LLC cannot be formed by reading or responding to this McV Alert. Such a relationship may be formed only by express agreement with McConnell Valdes LLC.