

Puerto Rico Energy Bureau Publishes Draft Regulation for the Evaluation and Approval of Agreements with Electric Power Service Companies

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On November 22, 2024, the Puerto Rico Energy Bureau (“PREB”) published a Draft Regulation for the Evaluation and Approval of Agreements with Electric Power Service Companies (“Draft Regulation”). In its Resolution and Order issued in case no. NEPR-MI-2020-0014, the PREB emphasized the need for an updated regulatory framework that aligns with emerging technologies and energy public policy objectives.

The Draft Regulation proposes to establish the framework for reviewing, evaluating, and approving Power Purchase Agreements (“PPAs”) and other contracts with electric power services companies (“EPSCs”). The Draft Regulation aims to ensure that all agreements comply with Puerto Rico’s public policy goals, including reliability, affordability, efficiency, and the transition to renewable energy sources. It also supports the modernization of the island’s electrical system while fostering consumer protections and fair practices.

The Draft Regulation applies broadly to contracts involving energy generation, transmission, distribution, and storage services, including those with the EPSCs, the Puerto Rico Electric Power Authority (“PREPA”), municipalities, energy cooperatives, microgrids, and community solar projects. However, PPAs involving systems with capacities below five (5) megawatts and contracts for maintenance or installation services for energy generating equipment or facilities, or administrative services to energy producers will be exempt from the review process of the Draft Regulation.

The Draft Regulation proposes certain requirements for its PPA and contract review and approval process which include, but are not limited to, certifications of compliance with Puerto Rico’s Integrated Resource Plan (“IRP”), adherence to federal and local environmental standards, and detailed plans addressing pricing, efficiency, and operational goals. Applications for the PPA and contract review and approval process must include evidence of compliance with competitive bidding processes (when applicable), consumer protections, and financial accountability. Agreements involving PREPA must align with

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competitive procurement guidelines and require additional oversight from the Energy Bureau.

The Draft Regulation emphasizes transparency and accountability, mandating clear pricing mechanisms, non-discriminatory practices for consumers, and detailed procedures for dispute resolution. Consumer protection measures are integrated, including provisions for notifying consumers about service interruptions, offering payment plans to avoid disconnections, and ensuring access to mediation and arbitration. Contracts are also required to include mechanisms for regular reporting, operational audits, and compliance monitoring.

In its Resolution and Order, the PREB requests input from stakeholders and the general public before initiating formal rule-making proceedings. Comments may be submitted **on or before December 23, 2024** through any of the following means:

1. By email to the following address: comentarios@jrsp.pr.gov;
2. Online, using the Energy Bureau's Electronic Filing System, at the following address: <https://radicacion.energia.pr.gov>
3. By postal mail addressed to the Puerto Rico Energy Bureau's Clerk's Office, at World Plaza Building, 268 Muñoz Rivera Ave., Suite 202, San Juan, PR 00918-1925; or
4. In person at the Energy Bureau's Clerk's Office, at the address set forth above.

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