

Puerto Rico Public-Private Partnerships Authority Publishes Desirability and Convenience Study for Utility Scale Energy Storage Systems

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The Puerto Rico Public-Private Partnerships Authority (“Authority”) published a Desirability and Convenience Study (“Study”) to determine if it is advisable and convenient to procure a Public-Private Partnership (“P3”) for the deployment of utility-scale energy storage systems with the purpose of improving electrical grid stability and delivering peaking capacity to the Puerto Rico Electric Power Authority (“PREPA”) at various PREPA substations (“Project”).

According to the Study, benefits of energy storage or battery systems in light of recent natural disasters and the state of PREPA’s infrastructure include: reduction of reliance of high-voltage transmission lines that connect generation to load where local grids could be energized for short periods of time until service is reestablished in the event a load is isolated from distant generation; reduction of marginal cost of generation while helping to avoid the need to spend more fixed-capital on aging and inefficient generators; the intelligent siting of energy storage systems to help defer or eliminate planned transmission or distribution upgrades by reducing peak loads in overloaded sections of the grid; and the speed with which smaller modular systems can be deployed to allow planners to match infrastructure build-out with grid needs, among others.

The Project would consist of the deployment of a portfolio of one or more energy storage systems at strategic PREPA sites. A request for proposals would define general requirements and may request pricing for a number of different size configurations based on site conditions. The contractor would provide: (1) financing of the energy storage system and associated balance-of plant equipment; (2) design, engineering, and construction of each specific site; and (3) operation, maintenance, ongoing capital improvement, warranties, training, and support. Under the P3 model, the selected party would maintain ownership of proposed Project assets and would provide the government with committed capacity resources for the efficient operation of electric utility services.

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Systems would be sited at existing suitable substations identified by PREPA with interconnection where energy storage systems can provide the most value to PREPA's electric system. PREPA would provide detailed information regarding sites.

Energy storage systems are expected to range in size from 10MW to 40MW with one (1) to four (4) hours of discharge at nameplate capacity. Optimal choice of each energy storage would depend on a variety of factors, including available site space and electric grid needs.

A long-term power purchase and operating agreement would be executed, which would include a monthly capacity payment to the contractor and under which the contractor would have full responsibility to operate and maintain the energy storage systems and will be required to guarantee specified levels of capacity, energy, and availability. PREPA would have full control to dispatch the energy storage system and would provide all of the energy to charge the system.

To gauge industry interest in the Project, the Authority is requesting comments, which must be submitted in writing to the following address: utilityscaleenergyproject@p3.pr.gov. The deadline for submitting comments is June 11, 2018, on or before 5:00pm AST.

Formal procurement is expected to commence in June 2018, when the Request for Quotations or Proposals (RFQ/P) is to be issued. The final steps of the P3 procurement process, Project award, and financial close would be reached during the third and fourth quarter of 2018.

Economic feasibility and affordability analyses are included in the Study.

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