

Puerto Rico Government to Begin Privatization of PREPA

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On January 22, 2018, Governor Ricardo Rosselló announced the sale of assets of the Puerto Rico Electric Power Authority (“PREPA”) through a three-phase process that will occur within the next 18 months, approximately. The purpose is to transform the generation system into a modern, efficient, and less expensive one through the privatization of power generation and the grant of term-defined concessions for energy distribution and transmission.

The Privatization Process

First Phase: Define the legal framework through legislation. The market will be assessed and opened for companies interested in participating in the transformation of PREPA.

Second Phase: Receive offers from interested companies and evaluate their technical, economic, and financial capacity.

Third Phase: Negotiate the terms of awarding and contracting with the selected companies to ensure that they meet the requirements for the transformation and modernization of the energy system.

The model is purported to be sustainable, efficient, and resilient, as well as financially viable for customers. It would promote economic development, specifically looking to benefit small and medium-sized businesses, attract new industries for the creation of jobs, and encourage investment.

The proposed platform is that the energy industry in Puerto Rico would be government-regulated, based on renewable and environmentally friendly sources to meet the goal of achieving more than 30% of generation through renewable sources. Also, with a modern energy model, response to natural disasters can be faster and frequent blackouts can be prevented.

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