

“Puerto Rico Energy Public Policy Act”

Act. No. 17 of April 11, 2019

To create the “Puerto Rico Energy Public Policy Act” for the purposes of establishing the Puerto Rico public policy on energy in order to set the parameters for a resilient, reliable, and robust energy system with just and reasonable rates for all class of customers; make it feasible for energy system users to produce and participate in energy generation; facilitate the interconnection of distributed generation systems and microgrids, and unbundle and transform the electrical power system into an open system; amend Sections 2, 3, and 4, renumber Section 5 as Section 4A, renumber Section 5A as Section 4B, add a new Section 5, repeal Section 5B, and substitute the contents of Sections 6 and 6B of [Act No. 83 of May 2, 1941, as amended, known as the “Puerto Rico Electric Power Authority Act,”](#) in order to restructure the Governing Board of the Electric Power Authority, establish the powers, authorities, duties, and responsibilities of the entities responsible for administering, operating, and maintaining the Electrical System of Puerto Rico, provide for the requirements of the Integrated Resource Plan, and establish penalties for noncompliance therewith; amend Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, and 10, repeal Section 11, and renumber Sections 12 and 13 as Sections 11 and 12, respectively, in [Act No. 114-2007, as amended](#), in order to increase the kilowatts for the interconnection of distributed generation systems to the transmission and distribution network; establish a shorter term for the interconnection determination; amend Sections 1.4, 2.3, 2.4, and 2.5, repeal Section 2.6, renumber Sections 2.7 and 2.8 as Sections 2.6 and 2.7, renumber Section 2.9 as Section 2.8 and amend it, renumber Section 2.10 as Section 2.9, renumber Section 2.11 as Section 2.10 and amend it, add new Sections 2.12 and 2.13, renumber Sections 2.12 and 2.13 as Sections 2.14 and 2.15 of [Act No. 82-2010, as amended, known as the “Public Policy on Energy Diversification by Means of Sustainable and Alternative Renewable Energy in Puerto Rico Act,”](#) to increase the Renewable Portfolio Standard until achieving, by 2050, 100% energy production from renewable sources; clarify that all Renewable Energy Certificates, including those for renewable energy and for net metering customers, may be acquired by a retail electricity supplier; direct the Energy Bureau to conduct a study to set specific goals with regards to energy storage systems and eliminate the use of coal as an energy source as of 2028; amend Section 1.4, renumber Chapter III as Chapter IV, renumber Sections 3.1, 3.2, 3.3, 3.4, 3.5, and 3.6 as 4.1, 4.2, 4.3, 4.4, and 4.5, respectively, in [Act No. 83-2010, as amended](#), and add a new Chapter III to create the Green Energy Trust; amend Section 4030.17 of Chapter 3 of Subtitle D of Act No. 1-2011, as amended, to clarify that solar energy storage equipment is exempt from the Sales and Use Tax; substitute the contents of Section 1.2, amend Sections 1.3, 1.4, 3.4, 4.1, 4.2, and 4.3, Chapter VI, eliminate the contents of Subchapter A of Chapter VI and its Sections 6.1 and 6.2, and reserve them; amend Sections 6.3, 6.4, 6.6, 6.7, 6.8, 6.11, 6.16, 6.22, 6.23, 6.24, and 6.25; add a new Section 6.25B,

amend Sections 6.27 and 6.29, add new Sections 6.29A and 6.29B, amend Sections 6.30, 6.31, 6.32, 6.33, 6.34, 6.35, 6.36, and 6.37, eliminate the contents of Section 6.39 and reserve it, amend Sections 6.40, 6.41, 6.42, and 6.43 of [Act No. 57-2014, as amended, known as the “Puerto Rico Energy Transformation and RELIEF Act,”](#) to eliminate the Puerto Rico Energy Administration, establish demand response and energy efficiency programs, increase the budget of the Energy Bureau and grant it more powers and authorities, implement incentive and penalty mechanisms based on performance metrics, broaden the authority of the Independent Consumer Protection Office; amend Sections 2, 5, 6, 7, and 15 of [Act No. 120-2018, known as the “Puerto Rico Electric Power System Transformation Act,”](#) to extend the term for the Energy Bureau to issue the Energy Compliance Certificate and to require the authorization thereof for the inapplicability of Section 1.9 of this Act; amend Section 7 of [Act No. 211-2018, known as the “Act for the Implementation of the Puerto Rico Public Service Regulatory Board Reorganization Plan,”](#) to clarify that the budget allocated to the Energy Bureau shall not be required to be submitted to the Office of Management and Budget; and for other related purposes.

STATEMENT OF MOTIVES

The electric power system should be reliable and accessible, promote industrial, commercial, and community development, improve the quality of life at just and reasonable cost, and promote the economic development of the Island.

Electric power services in Puerto Rico are inefficient, unreliable, and provided at an unreasonable cost to residential, commercial, and industrial customers despite the existence of a vertically integrated monopolistic structure. This is mainly due to a lack of infrastructure maintenance, the inadequate distribution of generation vis-à-vis demand, the absence of the necessary modernization of the electrical system to adjust it to new technologies, energy theft, and the reduction of the Electric Power Authority’s personnel. Likewise, the electrical system of the Island is highly polluting as a result of poor energy diversification, the hindering of the integration of distributed generation and renewable energy sources, and high fossil fuel dependency. Consequently, the power plants of the Electric Power Authority have become the main polluters of our environment given their high greenhouse gas emissions.

The pollution generated by the Authority worsens the effects of climate change. According to the report published by the United Nations Intergovernmental Panel on Climate Change on October 8, 2018, if definite and comprehensive actions are not taken to reduce greenhouse gas emissions, temperatures shall keep rising thus leading to stronger and more frequent extreme weather such as sea level rises, hurricanes, and droughts. The effects of climate change are a cause for concern. Recently, reports have shown that the temperature has increased one degree Celsius (1°C) and a catastrophic rise of one point five degrees Celsius (1.5°C) is expected between 2030 and 2052; therefore, greater changes are warranted. For such purposes, scientists have indicated that we need to achieve net zero carbon emissions by 2050 in order to have an opportunity to stop this increase. Otherwise, temperatures could rise a devastating three degrees Celsius (3°C). Moreover, the pollution generated by the Authority constitutes a violation of the Mercury and Air

Toxics Standards (MATS), which compel electric power generation companies to establish strict controls for the purpose of reducing the air pollution generated by their power plants. Noncompliance with such standards can entail daily penalties of up to thirty-seven thousand five hundred dollars (\$37,500) by virtue of the Clean Air Act.

The aforementioned factors require a change in the Island’s energy public policy. Each of these factors contributes to unreasonable rates and a deficient and unreliable electric power service which makes Puerto Rico lose its competitive value as an investment destination, thus adversely affecting our economic development and reducing job creation and retention, among other evils.

The Electric Power Authority (PREPA or the Authority) holds hostage approximately 1.5 million customers which represent close to \$3.45 billion in total revenue. The electric power generation system is approximately thirty (30) years older than the electric power industry average in the United States. Our electric power system includes two thousand seven hundred and forty-eight (2,748) miles of transmission lines, thirty-one thousand four hundred and eighty-five (31,485) miles of distribution lines, and three hundred and thirty-four (334) substations. The transmission lines include 230 kV, 115 kV, and 38 kV circuits that transmit energy from the power plants to the distribution substations to be delivered to consumers through lower voltage distribution lines. The Authority generates two-thirds of the Island’s power and purchases the rest. Energy demand has decreased from a peak of three thousand six hundred and eighty-five megawatts (3,685 MW) in Fiscal Year 2006 to three thousand one hundred and fifty-nine megawatts (3,159 MW) in Fiscal Year 2014, and three thousand sixty megawatts (3,060 MW) by August 2017, which shows a clear tendency towards lower energy demand. Despite the foregoing, the Authority has a generation capacity of five thousand eight hundred and thirty-nine megawatts (5,839 MW) which includes the nine hundred and sixty-one megawatts (961 MW) provided by the EcoEléctrica Power Plant and AES through twenty (20)- year power purchase agreements. In addition, the main generating units are located in the south area of the Island while the highest energy demand is in the north. See, *Build Back Better: Reimagining and Strengthening the Power Grid of Puerto Rico*, December 2017.

Even though the Authority controls the Island’s energy supply, its financial statements as of June 30, 2014, show debts totaling over \$11.7 billion. The Authority’s bankruptcy conditions have been known for years and have transformed this public corporation into an unsustainable burden for the people of Puerto Rico. Its fragile fiscal situation forced the Authority to undergo a bankruptcy process under Title III of the 2016 [Puerto Rico Oversight, Management, and Economic Stability Act \(PROMESA\)](#).

Given the budgetary and financial uncertainties that have accumulated over the last decade, neither PREPA nor the Government have the necessary financial resources to carry out its operational restructuring, achieve financial recovery, and make the substantial infrastructures changes that the electric power system warrants to provide a service that is essential to our citizens.

According to the Federal Emergency Management Agency (FEMA), due to the onslaught of hurricanes Irma and Maria in September 2017, Puerto Rico suffered “the worst natural disaster in the history of the United States.” The damage caused by these weather events exacerbated and eroded the already deteriorated electric power system. The electric power system was devastated after eighty percent (80%) of the transmission and distribution network collapsed. The United States Government federalized the electric power system’s recovery process and delegated it to the U.S. Army Corps of Engineers, to the extent that it had the final say in all decisions regarding

the procurement and distribution of equipment, materials, and supplies, as well as in the assignment of tasks and zones to reconstruction brigades.

It has been a slow process that has not only caused our people great suffering and entailed great sacrifices, but has also deteriorated our economy and the state’s revenues.

Maintaining the electric power service in the hands of the Government entails an environment subject to the ebb and flow of politics which does not promote stability for this service. In addition to the foregoing, the Government of Puerto Rico was forced to seek alternative measures for the benefit of the citizenry due to the high cost of fuel in a very volatile and speculative market; an old and deteriorated electric power infrastructure reliant on the costliest, less efficient, and most polluting fuels; the ongoing million-dollar demands of the Environmental Protection Agency (EPA); administrative and operational dysfunction caused by excessive government bureaucracy and politicization; certain labor-related conflicts; failed and costly attempts to modernize its infrastructure; a multimillion-dollar debt; the need to disburse millions of dollars for operational restructuring; and bondholder negotiations.

As a result, on January 22, 2018, the Governor of Puerto Rico, the Hon. Ricardo Rosselló-Nevares, announced the transformation of our electric power system. After the required process, [Act No. 120-2018, known as the “Puerto Rico Electric Power System Transformation Act,”](#) was approved on June 20, 2018.

[Act No. 120-2018](#) set forth the process whereby the electric power system shall be transformed into one that is modern, sustainable, reliable, efficient, cost effective, and resilient to the ravages of nature. The aforementioned Act established the process for the sale of power generation assets to private entities and for the concession of the transmission and distribution network through the modified Public-Private Partnership mechanism.

During the legislative process of [Act No. 120-2018](#), numerous sectors voiced their concerns with regards to the need for a complete, viable, and reliable regulatory framework that guides the transformation of our Island’s electric power system and takes into consideration our vulnerability in the aftermath of hurricanes Irma and Maria. Likewise, such process revealed the need to maintain a regulatory entity to oversee the attainment of the objectives established by this public policy, and the importance of having an updated Integrated Resource Plan to regulate the market and a Public Policy that continues until 2050. For such reason, the enacted legislation recognized the need to approve a new regulatory framework and a cutting-edge public policy on energy that encourages the use of new technology, alternative energy methods, distributed generation and renewable energy sources, the integration of microgrids, and the flexibility of a competitive market. To achieve this, the Legislative Assembly was granted a term of one hundred eighty (180) days to develop the regulatory framework and the energy public policy.

Such a transformation is imminent and necessary in the face of an energy demand that has been dropping for the past ten (10) years. The performance metrics of Puerto Rico’s electric power system show that we are far below the United States in the System Average Interruption Duration Index (SAIDI), the System Average Interruption Frequency Index (SAIFI), and the Customer Average Interruption Duration Index (CAIDI). These indexes are used as reliability indicators by electric power utilities to show the average outage duration for each customer served; the average number of interruptions that a customer experiences; and the average outage duration time that any given customer experiences with the average restoration time, respectively.

Puerto Rico’s electric power system lacks an orderly planning to identify the needs for modernizing or retiring facilities, and providing maintenance to infrastructure and prioritizing the installation of underground electrical wiring in areas with facilities for essential services and urban centers. The system also lacks the integration of distributed generation and renewable energy sources that make it flexible, reliable, resilient, and efficient.

The Legislative Assembly took on the task of revising the existing legislation on Puerto Rico’s current regulatory framework and energy public policy including, but not limited to, the following: (1) [Act No. 83 of May 2, 1941, as amended, known as the “Puerto Rico Electric Power Authority Act”](#); (2) [Act No. 114-2007, as amended, known as the “Electric Power Authority Net Metering Program”](#); (3) [Act No. 83-2010, as amended, known as the “Green Energy Incentives Act of Puerto Rico”](#); (4) [Act No. 82-2010, as amended, known as the “Public Policy on Energy Diversification by Means of Sustainable and Alternative Renewable Energy in Puerto Rico Act”](#); (5) [Act No. 57-2014, as amended, known as the “Puerto Rico Energy Transformation and RELIEF Act”](#); and (6) [Act No. 120-2018, known as the “Puerto Rico Electric Power System Transformation Act.”](#) In turn, it incorporated the input and recommendations from various sectors with specialized knowledge in this field, the population in general, the market, and the Government of Puerto Rico to set the parameters that shall guide Puerto Rico towards a future where the energy system is resilient, reliable, and robust, and allows for consumers to be active agents, the modernization of the transmission and distribution network, the transition from fossil fuels to renewable energy sources, the integration of distributed generation, microgrids, and state of art technology that benefits consumers and results in rates below twenty cents (\$0.20) per kilowatt-hour. Among the reports considered were: *the Development of the Regulatory Framework and Public Policy for the Puerto Rico Energy Transformation* by the Senate of Puerto Rico Advisory Committee on Energy Transformation, October 2018; *the Public Collaborative for Puerto Rico’s Energy Transformation* by the Rocky Mountain Institute and the Institute for Competitiveness and Sustainable Economy, October 2018; *the Energy Resilience Solutions for the Puerto Rico Grid* by the United States Department of Energy, June 2018; *Reimagina Puerto Rico Energy Sector Report*, June 2018; and *Build Back Better: Reimagining and Strengthening the Power Grid of Puerto Rico*, December 2017.

Moreover, in view of the urgency to transform the Island’s electric power system, different interest sectors have expressed the need to depoliticize the Electric Power Authority. During a congressional hearing on the public corporation, held in 2018, the Chair of the U.S. House Committee on Natural Resources stated the need to enact legislation allowing for the depoliticization of the Electric Power Authority. Unbundling the Electrical System and incorporating the private sector in the operation of assets and the rendering of electric power services will allow for the elimination of interventions fueled by party politics.

To attain these objectives, this Act provides the means to establish an effective programming that allows for the setting of clear parameters and goals for energy efficiency, the Renewable Portfolio Standard, the interconnection of distributed generators and microgrids, wheeling, and the management of electricity demand. In doing so, it imposes, among other measures, responsibility for lack of diligence in or noncompliance with the implementation of the energy public policy of Puerto Rico, and it adopts incentive mechanisms that make the enforcement thereof feasible. Furthermore, pertaining to the Puerto Rico Energy Bureau, its powers and duties are broadened and its budget is increased. It is also provided for the

implementation of alternative mechanisms that aid in the enforcement of the public policy and for the inclusion of the Bureau, with greater powers, in the Partnership Contracts and Sales Contracts processes established in [Act No. 120-2018](#).

A new and better Puerto Rico is built with the will of those who are not discouraged in the face of adversity. We rise up with the capacity to innovate and make the necessary changes to benefit our People. The transformation herein initiated shall exchange inefficiency for operational excellence. With this step, Puerto Rico shall make progress and move towards the future.

Be It Enacted by the Legislative Assembly of Puerto Rico:

Chapter I. — General Provisions

Section 1.1. — Title.

This Act shall be known and may be cited as the “Puerto Rico Energy Public Policy Act.”

Section 1.2. — Definitions.

The following words or terms shall have the meaning stated below, except as otherwise provided or where the context clearly indicates otherwise. Words importing the singular number shall include the plural and vice versa:

(a) Legacy Power Generation Assets: Shall mean those PREPA Assets, as such term is defined in [Act No. 120-2018](#), related to power generation that the Authority does not sell as part of the transformation process authorized under [Act No. 120-2018](#). The operation of these assets shall be transferred to one or more electric power companies with sole purpose of being operated during their useful life pursuant to the Integrated Resource Plan.

(b) Authority or PREPA: Shall mean the Puerto Rico Electric Power Authority, created by [Act No. 83 of May 2, 1941, as amended](#), and any of its subsidiaries and activities whether or not commercial.

(c) Electric Power Service Company or Electric Power Company: Shall mean any natural or juridical person or entity, including energy cooperatives, engaged in the rendering of energy generation, transmission, and distribution services, billing, wheeling, grid services, energy storage, the resale of electric power, as well as any other electric power service as defined by the Bureau. For purposes of this Act, the Electric Power Authority or its successor, as well as any electric power transmission and distribution network operator, shall be deemed to be an Electric Power Service Company.

(d) Contractor: Shall have the meaning given to such term in [Act No. 29-2009](#), provided, that for the purposes of this Act it refers to those natural or juridical persons that execute Partnership Contracts in relation to PREPA Transactions.

(e) Partnership Contract: Shall have the meaning given thereto in [Act No. 29-2009](#). Provided, that the Energy Compliance Certificate provided in [Act No. 120-2018](#) shall be required in the case of a PREPA Transaction.

(f) Renewable Energy: Includes the terms “sustainable renewable energy,” “alternative renewable energy,” and “distributed renewable energy,” jointly, as such terms are defined in [Act No. 82-2010, as amended, known as the “Public Policy on Energy Diversification by Means of Sustainable and Alternative Renewable Energy in Puerto Rico Act.”](#)

(g) Distributed Generation: Means the electric power delivered to the distribution grid that is generated from an energy source in a facility near where it will be used.

(h) Essential Service Facilities: Shall mean health facilities, police and armed forces stations, fire stations, emergency management offices, emergency shelters, prisons, ports, airports, telecommunications facilities, water supply and waste water treatment facilities, educational institutions, and any other facility designated by the Energy Bureau as an “Essential Service Facility” through regulations.

(i) Act No. 29-2009: Shall mean [Act No. 29-2009, as amended, known as the “Public-Private Partnership Act.”](#)

(j) Act No. 57-2014: Shall mean [Act No. 57-2014, as amended, known as the “Puerto Rico Energy Transformation and RELIEF Act.”](#)

(k) Act No. 82-2010: Shall mean [Act No. 82-2010, as amended, known as the “Public Policy on Energy Diversification by Means of Sustainable and Alternative Renewable Energy in Puerto Rico Act.”](#)

(l) Act No. 83: Shall mean [Act No. 83 of May 2, 1941, as amended, known as the “Puerto Rico Electric Power Authority Act.”](#)

(m) Act No. 120-2018: Shall mean [Act No. 120-2018, as amended, known as the “Puerto Rico Electric Power System Transformation Act.”](#)

(n) Microgrids: Shall have the meaning established in Section 1.4 of [Act No. 82-2010](#).

(o) Bureau: Shall mean the Puerto Rico Energy Bureau established by virtue of the Reorganization Plan of the Puerto Rico Public Service Regulatory Board, and [Act No. 211-2018](#), formerly the Puerto Rico Energy Commission created under [Act No. 57-2014, as amended](#), which is a specialized independent entity in charge of regulating, overseeing, and enforcing the public policy on energy of the Government of Puerto Rico.

(p) Integrated Resource Plan or “IRP”: Shall mean a plan that considers all reasonable resources to satisfy the demand for electric power services during a specific period of time, including those related to energy supply, whether existing, traditional, and/or new resources, and those related to energy demand, such as energy conservation and efficiency, demand response, and distributed generation by industrial, commercial, or residential customers. Every integrated resource plan (IRP) shall be subject to the provisions of this Act and the rules established by the Bureau which shall approve the same. Every plan shall be devised with broad participation from citizens and all interested groups.

(q) Energy Public Policy Program: Shall mean the Energy Public Policy Program of the Department of Economic Development and Commerce of Puerto Rico, formerly known as the Commonwealth Energy Public Policy Office, created by virtue of Reorganization Plan of the Puerto Rico Public Service Regulatory Board and [Act No. 211-2018](#), in charge of developing and promulgating the public policy on energy of the Government of Puerto Rico.

(r) Prosumer: Shall mean any users or customers of the Electrical System who have the capacity to generate electric power for self-consumption that, in turn, have the capacity to supply any energy surplus through the electric power grid.

(s) Electric Power Service: Means the group of activities that make up the electrical system and allow customers to receive and use electric power. The term electricity power service includes, but is not limited to, those activities related to electric power generation, transmission, distribution, commercialization, billing storage, and wheeling.

(t) PREPA Transaction(s): Any and all transactions carried out in accordance with the provisions of [Act No. 29-2009](#) and [Act No. 120-2018](#), whereby PREPA or the Government of Puerto Rico establish one or more Partnerships in connection with any of PREPA’s functions, services, or facilities, or a Sales Contract for PREPA assets related to electric power generation.

Section 1.3. — The Puerto Rico Electrical System.

Puerto Rico’s Electric Power System comprises the functions of electric power generation, transmission, distribution, and commercialization as well as system planning and control. The electric power service is one of the basic and essential services that lay the foundation for the sustainable development of the people of Puerto Rico; therefore, all of the functions of the Electrical System are in the public interest and of strategic importance for private and government operations. However, as of the approval of this Act, the Authority shall not have exclusive rights to generate, transmit, distribute, and commercialize the electric power supply. The Puerto Rico Electrical System shall operate openly rather than in a discriminatory manner and be subject to the regulations of the Puerto Rico Energy Bureau.

Section 1.4. — Guiding Principles of the Puerto Rico Electrical System.

The activities or functions related to the electric power service shall be governed by the principles of efficiency, quality, continuity, adaptability, impartiality, solidarity, and equality.

i) The efficiency principle compels the correct allocation and use of resources to guarantee that services are rendered at the lowest possible cost and that resources which compose the Electrical System are developed according to the best industry practices;

ii) By virtue of the quality principle, electric power services rendered must meet the technical requirements and the reliability and quality standards established therefor;

iii) The continuity principle implies that services shall be rendered without interruptions, other than those programmed due to technical reasons, force majeure, or fortuitous events, or as a penalty when a customer fails to fulfill his obligations, and even in the event of bankruptcy, liquidation, audit, or substitution or termination of contracts entered into with the companies responsible for rendering such services;

iv) The adaptability principle leads to the incorporation of scientific and technological advances that improve the quality and efficiency of services rendered at the lowest possible cost;

v) The impartiality principle requires that, under the same conditions, consumers are treated equally regardless of their social condition and purchasing power, or the technical conditions or characteristics of the service rendered;

vi) The solidarity principle establishes that the design of the rate structure

shall take into account the goal of providing affordable electricity prices to all consumers, particularly to low-income consumers.

vii) The equity principle promotes the attainment of a balanced and appropriate energy service coverage in the various regions and sectors of the Island in order ensure that the basic needs of the entire population are met.

Section 1.5. — 2050 Energy Public Policy.

It is hereby declared as public policy of the Government of Puerto Rico:

1) Universal Access to Electric Power Service

(a) To guarantee that the cost of the electric power service in Puerto Rico be affordable, just, reasonable, and nondiscriminatory for all consumers in Puerto Rico. When reviewing and approving the fees, rents, rates, and any other type of charge that an electric power company seeks to impose, the Energy Bureau shall evaluate the efforts made by the electric power company to maintain such fees, rents, rates, and any other type of charge as close as possible to the twenty cent (\$0.20) per kilowatt-hour goal established in the Certified Fiscal Plan for the Puerto Rico Electric Power Authority. The Bureau shall be ultimately responsible for ensuring that the fees, rents, rates, and any other type of charge collected by the electric power company are just and reasonable, as well as consistent with sound fiscal and operational practices which result in a reliable service at the lowest reasonable cost;

(b) To guarantee the availability of energy materials and supply to the people of Puerto Rico;

2) Electric Power Service Model

(a) To promote the necessary changes in order to transform the Electric Power System into one that satisfies the energy needs of the 21st century Puerto Rico;

(b) To oversee the implementation of strategies geared toward achieving efficiency in the generation, transmission, and distribution of electric power so as to guarantee the availability and supply thereof at an affordable, just, and reasonable cost;

(c) To properly use all electric power service contributions, subsidies, or direct or indirect payments in accordance with the objectives for which they were created;

(d) To establish criminal penalties, both at the personal and corporate levels, for the noncompliance with legal mandates by electric power service companies or by any natural or juridical person that directly or indirectly intervenes in the rendering of electric power services;

(e) To establish an Electrical System model that maximizes the use of the energy resources available and that empowers the consumer to be part of the energy resources portfolio through the adoption of energy efficiency strategies, demand response, the installation of distributed generators, among others;

(f) To design an electric power grid that takes into account the development and integration of community solar, wheeling, the creation of microgrids, and electric cooperatives or energy cooperatives as alternatives and tools to improve the access to renewable energy and the electric power grid’s resilience to natural disasters;

- (g) To ensure that the establishment and implementation of the public policy on energy is an ongoing planning, consultation, execution, evaluation, and improvement process in all energy-related matters;
- 3) Energy Regulatory Entity and Performance-based Regulations**
- (a) The Energy Bureau shall be the independent entity in charge of regulating the energy market in Puerto Rico. The Bureau shall have broad powers and duties as well as the necessary financial and technical resources and trained personnel as necessary to ensure compliance with the energy public policy, the provisions and mandates of this Act, and to ensure that energy costs are just and reasonable, affordable, easy to understand and clearly comparable, and transparent through oversight and rate reviewing;
- (b) The Bureau shall thoroughly scrutinize the electric power grid maintenance as well as require periodic reports on the maintenance status of the electric power grid as well as the plans developed to satisfy such needs;
- (c) The Bureau shall use mechanisms other than cost-based regulation when deemed necessary in order to comply with and implement the metrics and goals set forth in this Act;
- (d) When deemed appropriate, during ratemaking processes, the Bureau shall establish performance-based incentives and penalty mechanisms for electric power service companies as well as mechanisms that ensure strict compliance with the orders of the Bureau;
- 4) Energy Culture, Education, Research, and Development.**
- (a) To promote the responsible and effective use of energy resources in Puerto Rico by residential, commercial, and industrial customers;
- (b) To make efforts to educate citizens and electric power service customers on energy efficiency consumption reduction, distributed generation strategies, and other available tools to empower consumers to have more control over their energy consumption;
- (c) To strengthen the research and development of solar, hydroelectric, wind, and ocean power, among other sustainable power generation technologies to maximize their use;
- 5) Energy Generation, Efficiency, and Demand Response Programs.**
- (a) To reduce our reliance on energy sources derived from fossil fuels and to develop short-, medium-, and long-term plans that allow us to establish a well-balanced and optimum portfolio standard based on the development of renewable energy for Puerto Rico’s Electrical System;
- (b) To require existing and future units that generate power from fossil fuels to be capable of operating with at least two (2) types of fossil fuels, one of which shall be natural gas, to reduce greenhouse gas emissions and to increase the capacity of the electric power grid to integrate distributed generation and renewable energy;
- (c) To ensure that the purchase of fuel for energy generation and the purchases of power for the transmission and distribution network are made at a reasonable price that takes advantage of the reductions in the costs of supplies according to the market, the geographical realities, and the realities of Puerto Rico’s electrical power infrastructure, among other factors;
- (d) To ensure that power purchase agreements do not hinder the development of a modern system that integrates renewable resources and power from distributed generation sources,

while always taking into account current and future energy demands and the provisions of the Integrated Resource Plan;

(e) To promote and oversee that prices are based on the actual cost of the service provided, efficiency standards, or any other parameters recognized by the electric power service industry;

(f) To establish demand response, demand-side management, and energy efficiency programs and strategies that take into account short-, medium-, and long-term goals and incentivize customers to become more energy efficient, with a focus that results in a reduction in costs and energy consumption, as well as greater stability and reliability;

6) Environmental Responsibility.

(a) The Government of Puerto Rico, its agencies, municipalities, and public corporations, as well as all natural or juridical persons shall comply with every applicable environmental law and regulation in order to preserve the ecosystems of Puerto Rico, and improve the quality of life of all Puerto Ricans;

(b) To aggressively reduce the use of fossil fuels, minimizing greenhouse gas emissions, and supporting initiatives in Puerto Rico that focus on the issue of climate change, specifically on mitigation, adaptation, and resilience;

7) Energy Use in the Public Sector.

(a) The Government of Puerto Rico, its agencies, municipalities, and public corporations shall become efficient and responsible energy consumers, and shall promote energy conservation and efficiency among all the branches and instrumentalities of the Government of Puerto Rico as well as the population in general;

(b) The Government of Puerto Rico shall achieve a swift conversion of all public lighting to light emitting diodes (LEDs) or renewable energy in order to reduce the general cost of illumination at a municipal and state level;

8) Distributed Energy, Energy Storage, and Technology Integration.

(a) To ensure the integration of renewable energy into the Electrical System in a safe and reliable manner and at a reasonable cost, as well as identify the appropriate technologies and sites, such as closed sanitary landfills and previously contaminated lands, that shall make such integration feasible in accordance with the best interests of Puerto Rico; and ensure the improvements necessary to achieve the metrics of the Renewable Portfolio Standard pursuant to [Act No. 82-2010](#) are made;

(b) The Authority and any other electric power service company, shall comply with the rules established for the interconnection of distributed generation and microgrids, including the expedited processes under the regulations for the interconnection of generators to the distribution system, and the processes to interconnect microgrids and, in addition, shall establish an effective process to reduce the interconnection time;

(c) To promote the development of microgrids, particularly in essential service facilities as these are defined in [Act No. 57-2014](#), and in remote areas, as a mechanism to promote the resilience and modernization of the distribution networks;

(d) To require that every electric power service company design mitigation options adapted to their information technology networks and operations, which shall include the adoption of specific cyber security measures to effectively prevent and manage cyber-attacks;

(e) To conduct studies as appropriate to set forth the specific energy storage goals that best suit the needs of Puerto Rico;

9) Infrastructure Design, Resilience, Maintenance, and Security.

(a) To ensure the security and reliability of our electric power infrastructure by using modern technologies that promote inexpensive and efficient operations and allow for the integration and dissemination of renewable sources;

(b) To design the infrastructure of the Electrical System to be more robust and resistant to weather events and other disasters, so as to apply and adopt design codes that meet the National standards in effect, as well as security requirements for the utility poles that carry power distribution lines and telecommunication lines, among others:

(c) To plan the Electrical System while addressing the interdependency between the electric power system and other essential service facilities to counteract the effects of power outages;

(d) To conduct the appropriate planning studies on the operating voltages of the transmission and distribution system in order to ensure the reliable operation thereof; specify and keep an inventory of the Electrical System components that meet the standards in effect of the continental United States electric power industry, which facilitates the replacement of such components as part of the regular maintenance or as a result of damage caused by force majeure, such as storms and hurricanes; provided, that this shall not exclude the possible use of Volt-Var Optimization as an efficiency technology;

(e) To maintain the electric power infrastructure in optimal conditions to ensure the reliability, resilience, and safety of the electric power service; electric power service providers shall be required to submit annual energy assurance plans, asset standardization plans, spare part inventories, and the best system maintenance practices plans;

(f) To ensure continuous improvements for the electric power grid, in order to promote its resilience and diversification, by combining the generation capacity with the demand by region, thus facilitating the effective transition to new technologies and renewable energy sources;

(g) To provide incentives for grid modernization incorporating technology as appropriate to attain the transformation goals without entailing excessive spending;

(h) To install underground power distribution lines in urban centers, to the maximum extent possible, and upon conducting the pertinent analysis, in order to increase the resilience, rehabilitation, and repopulation of such urban centers, giving special attention to essential service facilities;

10) Customer Service, Participation, and Transparency.

(a) To guarantee every consumer’s right to receive a reliable, stable, and excellent electric power service at a cost that is accessible, just, and reasonable, a transparent and easy to understand bill, and a fast service response;

(b) To resolve electricity bill or service disputes equitably and diligently;

(c) To promote transparency and citizen participation in every process related to electric power service in Puerto Rico.

Section 1.6. — Initial Objectives.

The goal of the energy public policy is to achieve, among others, the following initial objectives:

- 1)** To promote the fastest and most efficient reconstruction, modernization, and revamping of the transmission and distribution system for the purpose of developing a robust and flexible system that can integrate new technologies, distributed generation, renewable energy sources, and energy efficiency mechanisms as well as provide consumers with alternatives in the energy sector, thereby maximizing available state and federal resources.
- 2)** To promote the use of small-scale electric power plants with capacity to operate with a diversified fuel mix, one of which shall be natural gas, that reduce greenhouse gas emissions, with more modern technology and associated infrastructure and high efficiency capacity, as defined by the Energy Bureau and capable of integrating distributed generation and renewable energy into the electric power grid.
- 3)** To eliminate the use of coal as an energy source not later than January 1, 2028.
- 4)** To make it feasible for energy service consumers to become prosumers through programs such as the net metering program, the adoption of behind-the-meter generation systems, among other mechanisms currently available or to be available in the future.
- 5)** To set priorities for the maintenance of the Electrical System infrastructure and create vegetation management programs.
- 6)** To require electric power service companies to adopt cybersecurity measures to effectively prevent and manage cyberattacks that may affect information technology networks and operations.
- 7)** To reduce and eventually eliminate electric power generation from fossil fuels by integrating orderly and gradually alternative renewable energy while safeguarding the stability of the Electrical System and maximizing renewable energy resources in the short-, medium-, and long-term. For such purpose, a Renewable Portfolio Standard is established in order to achieve a minimum of forty percent (40%) on or before 2025; sixty percent (60%) on or before 2040; and one hundred percent (100%) on or before 2050.
- 8)** To facilitate the interconnection of distributed generation to the electric power grid through any available mechanism including, but not limited to, distributed generation, renewable energy sources, net metering, and the use of microgrids by implementing the mechanisms, strategies, and technologies available in the electric power industry for such purposes.
- 9)** To encourage the use of energy storage technology for consumers at all levels to facilitate and accelerate the integration of renewable energy sources and capitalize on their capacity as a distributed generation mechanism.
- 10)** To promote demand response and energy efficiency programs with a defined timetable and incentives in order to make short-, medium- and long-term programs feasible, while stressing the benefits that such programs provide to consumers and the Electrical System.
- 11)** To attain the thirty percent (30%) energy efficiency goal by 2040, as provided in [Act No. 57-2014](#).
- 12)** To replace one hundred percent (100%) of public lighting with light emitting diode (LED) lighting or renewable energy by 2030.

13) To make the equipment and design consistent with the USDA Rural Utilities Service (RUS) parameters whenever possible and appropriate to facilitate their replacements in ordinary and emergency situations.

14) To strengthen the authority and functions of the Puerto Rico Energy Bureau by broadening its budget autonomy as well as its power to investigate, incentivize, oversee, and impose penalties on any natural or juridical person under its jurisdiction, in order to make feasible and enforce Puerto Rico’s energy public policy.

15) To require every electric power service company in Puerto Rico to comply with the Integrated Resource Plan approved by the Energy Bureau.

16) To establish the elements necessary for the People of Puerto Rico to attain their goal of having a new Electrical System with rates below twenty cents per kilowatt-hour (\$0.20/ kWh) and clean, modern, and reliable energy which shall serve as the basis for the Island’s sustainable economic development.

Section 1.7. — Electrical System Planning and Operation.

Electrical System planning, regulation, and operation as well as electric power generation, transmission, and distribution are the strategic functions in which the State has a legitimate interest. Therefore, the Government of Puerto Rico, by itself or through the Authority or another public corporation affiliated to the Authority, shall maintain ownership of the transmission and distribution assets and may maintain ownership of the legacy power generation assets. The Authority shall delegate or transfer the operating, administrative, and/or maintenance functions for the electric power generation, transmission and distribution, commercialization, and operation of the Electrical System through contracts awarded and executed pursuant to the provisions of this Act, [Act No. 120-2018](#), and [Act No. 29-2009](#). The Electrical System planning and regulatory function shall be entrusted to the Government of Puerto Rico by means of the Energy Bureau and the Energy Public Policy Program, within the scope of their jurisdictions, and consistent with the Integrated Resource Plan.

The Energy Bureau may, subject to the provisions of this Act, pursuant to the planning parameters established in the Integrated Resource Plan, adopt the rules that shall govern the process through which large scale industrial and commercial consumers, energy cooperatives, or other demand aggregator structure may enter into power purchase agreements directly with an independent power producer. Likewise, the Bureau shall prescribe the rules that shall apply to the wheeling of such power through the Electrical System, and the rates applicable to consumers and independent power producers for such services.

The Authority or its successor in interest shall maintain the primary responsibility for acting as provider of last resort (POLR) for any of the generation, transmission, distribution, commercialization, and operating functions of the Electrical System that have been delegated or transferred pursuant to this Act.

Section 1.8. — Unbundling and Transformation of the Electric Power System.

(a) Open System. Puerto Rico’s Electrical System shall not be a vertical monopoly. A horizontal monopoly with regards to power generation may not be established either. No electric power service company, by itself, through or jointly with any subsidiary or affiliate thereof, may control fifty percent (50%) or more of the power generation assets’ capacity, except for the Authority and only in the case of the legacy power generation assets. However, the Authority shall transfer the operating, administrative, and/or maintenance functions in connection with the Authority’s legacy power generation assets on or before December 31, 2020. The Bureau may revise the maximum percentage of the power generation assets’ capacity that an electric power service company or any subsidiary or affiliate thereof may control to prevent the establishment of a monopoly on power generation; however, under no circumstance may it be fifty percent (50%) or more of the power generation assets’ capacity. Electric power service companies, distributed generators, and microgrids that so request it shall be entitled to demand interconnection to the transmission and distribution network under nondiscriminatory conditions, when technically possible, and consistent with the Integrated Resource Plan and when the regulations of the Bureau thus allow it.

(b) Concession of the Transmission, Distribution, and Sale of Electric Power as well as of System Operations. By December 31, 2019 or the closest date thereto, the Authority shall execute one or various Partnership Contracts, in accordance with the provisions of this Act, [Act No. 120-2018](#), [Act No. 29-2009](#) and the regulations thereunder, through which it shall transfer the transmission and distribution functions, the sale of electric power, the operation of the Energy Control Center, and all those activities related to such functions. None of the provisions herein shall prevent the transfer of the different functions from being carried out separately and on different dates. The Authority shall retain personnel as are necessary to fulfill its responsibility as a Partnering Government Entity, as such term is defined in [Act No. 29-2009](#), of assisting the Public-Private Partnership Authority in overseeing the Contractor’s performance of the Partnership Contract and compliance with the performance-based metrics set forth therein.

The Partnership Committee designated to conduct PREPA Transactions shall ensure that the Partnership Contract allows for the maximization of federal funds to modernize the electric power grid. Furthermore, it shall ensure that the Partnership Contract compels the transmission and distribution network Contractor, regardless of the source of funding, to make capital investments as are necessary to modernize and/or maintain in optimum conditions the Island’s electric power grid in order to render it more reliable, resilient, and efficient, and to allow for the integration of renewable energy sources needed to achieve the Renewable Portfolio Standard established in [Act No. 82-2010](#).

One year prior to the expiration of the Partnership Contract executed for the operation of the transmission and distribution network, and upon evaluation the Contractor’s performance, the Public-Private Partnership Authority and the Bureau shall each submit a report to the Governor and the Legislative Assembly with their evaluations of the results and the performance of such Partnership Contract in addition to their recommendations on the convenience of executing a new contract delegating the same or only a few of the functions delegated under the original Partnership Contract or establishing a new model for the Electrical System.

None of the provisions of Section 1.8 shall be deemed or construed as a limitation to the authorization to conduct PREPA Transactions under Act No. 120-2018 or as the expiration of the effective term of such authorization or statute.

Section 1.9. — Long-term Electrical System Planning.

(1) *General.* Long-term Electrical System planning is critical for implementing the Energy Public Policy set forth in this Act and furthering the sustainable development of the people of Puerto Rico through the Electrical System. Such planning shall consist of an Integrated Resource Plan consistent with the provisions of this Act, [Act No. 57-2014](#), and Act No. 83. The Integrated Resource Plan shall be devised by the electric power company responsible for the operations of the Electrical System and shall be approved by the Bureau. The IRP must be drafted with the input of the companies that operate the power plants. Any amendment or modification to the Integrated Resource Plan shall be approved by the Bureau prior to its implementation. The Bureau shall evaluate and approve the Integrated Resource Plan and any amendments or modifications thereto in conformity with the legislative intent and the declaration of public policy adopted by the Legislative Assembly in Section 3 of [Act No. 120-2018](#), Section 13 of [Act No. 29-2009](#) with regards to the protections and considerations applicable to Partnership Contracts, and the public policy declared herein. The Bureau may grant dispensations to or waivers for the Integrated Resource Plan for just cause.

(2) *Term and Continuous Revision.* The planning horizon of the Integrated Resource Plan shall be of at least twenty (20) years. The Integrated Resource Plan shall describe the combination of energy supply resources and conservation that satisfies, in the short-, medium-, and long-term, the current and future needs of Puerto Rico’s energy system and of its customers at the lowest reasonable cost. The Integrated Resource Plan shall be revised every three (3) years from the date in which the Integrated Resource Plan in effect is approved by the Bureau to show changes in energy market conditions, environmental regulations, fuel prices, capital costs, and other factors; provided, that should there be a substantial change in the energy demand or group of resources, such revision process shall be carried out before the three (3) years provided herein to respond to and/or mitigate such changes. Any amendment to the Integrated Resource Plan shall also be filed with the Bureau for review and approval. The Integrated Resource Plan shall be consistent with all the mandates of this Act and with the Energy Public Policy, and shall follow the best practices in electric power industry integrated resource planning.

(3) *Integrated Resource Plan Content.* Every integrated resource plan shall include, but not be limited to:

(A) A range of future demand forecasts established by using methods that examine the effect of economic factors on electricity consumption as well as the effect of the use of lands under the Land Use Plan for Puerto Rico in effect, and the changes in the direction, type, and efficiency of electricity, and its end-use.

(B) An evaluation of the conservation resources available in the market, including the electricity demand management, and an evaluation of the programs in effect and the necessary programs to improve energy conservation.

(C) An evaluation of the range of conventional and non-conventional generation technologies available in the market.

- (D) An evaluation of the system’s transmission capacity and reliability.
- (E) A comparative evaluation of the energy supply resources, including transmission and distribution.
- (F) An evaluation of the combination of resources designated to promote diversification of energy sources; stabilize energy costs; and improve the reliability and stability of the electric power grid.
- (G) An evaluation of the existing electric power plants or facilities of the Authority and those in private hands or granted through concessions, that takes into account the improvements in the infrastructure and operational efficiency of the power plants, their useful life, and the retirement date and decommissioning costs thereof, if applicable.
- (H) PREPA and electric power service companies’ environmental impact assessments related to air emissions and water consumption, solid waste, and other factors such as climate change.
- (I) An evaluation of the interconnection of distributed generation and renewable energy projects and other independent power producers to the electric power grid, to comply with [Act No. 82-2010, as amended](#).
- (J) Projections with regards to the integration of distributed generation into the electric power grid.
- (K) Identification of essential service facilities across the Island and the measures to be implemented to render the electric power service delivered to such facilities more resilient, such as the establishment of microgrids, distributed generation, and underground distribution lines.
- (L) An evaluation of the necessary actions to achieve the energy storage system goals established at all levels by the Energy Bureau, as provided in Section 2.12 of [Act No. 82-2010](#).
- (M) Any other requirement established by the Bureau through regulations or order.

(4) *Approval of the Integrated Resource Plan.* — The integrated resource plan shall be evaluated and approved by the Bureau and may not be eliminated or altered under any circumstances until a plan review process is thus carried out before the Bureau and evidence thereof is furnished. The Bureau shall issue all the necessary rules to be followed when devising its integrated resource plan, which shall include an evaluation plan for attaining the goals set.

(5) *Measurements and Parameters.* — The plan shall include the typical performance measurements of the electric power industry including, but not limited to, revenue per kilowatt-hour (kWh), operating and maintenance expenses per kilowatt-hour, operating and maintenance expenses of the distribution system per customer, customer service expenses per customer, general and administrative expenses per customer, energy sustainability, emissions, total annual amount of energy used in Puerto Rico, total annual amount of energy used per capita, total annual amount of energy used per capita in urban areas, total annual amount of energy used per capita in non-urban areas, total energy cost per capita, total energy cost per capita in urban areas, and total energy cost per capita in non-urban areas.

These measurements shall also measure the performance of PREPA, the Contractor, and electric power service companies in complying with the mandates of this Act. To achieve this, a comparative analysis of other electric power companies similar in size and operations may be

conducted, and shall be considered and adjusted taking into account the differences and geographic challenges of our electric power infrastructure.

Section 1.10. — Duties and Responsibilities of Electric Power Service Companies.

Electric power service companies that render any service in Puerto Rico shall have the following duties and responsibilities:

- (a) To provide and allow for the provision of reliable, clean, efficient, resilient, and affordable electric power, contributing to the general wellbeing and sustainable development of the people of Puerto Rico;
- (b) To promote the provision of a universal electric power service;
- (c) To rise to energy and environmental challenges by using scientific and technological advances available and incorporating the best practices in the electric power industries of other jurisdictions;
- (d) To facilitate and not hinder the interconnection of distributed renewable energy producers, distributed generators, and independent power producers to the electric power grid;
- (e) To ensure the continuity and reliability of the electrical system, by facilitating and promoting the construction of efficient and resilient infrastructure;
- (f) To fully comply with the rules, regulations, orders, mandates, requests and penalties issued by the Bureau when performing its duties to regulate and oversee the Island’s electrical system, and to refrain from any action that may deny, stay, interfere, delay, or hinder the orders issued by the Bureau;
- (g) To fully comply with all applicable environmental legislation and regulations including, but not limited to, the Mercury and Air Toxic Standards (M.A.T.S.), which are monitored by the U.S. Environmental Protection Agency (EPA).
- (h) To create, with the approval of the Bureau, an electricity bill for each customer class, which itemizes, clearly and in detail, the categories of the different charges and credits assessed to the consumer, as established by the Bureau. The bill shall be completely transparent and approved by the Bureau.
- (i) To provide documents and information as requested by the customers, except for: (i) confidential information in accordance with the Rules of Evidence of Puerto Rico; (ii) information related to collective bargaining, labor-related disputes, or issues related to personnel such as appointments, evaluation, disciplinary actions, and dismissals; (iii) ideas with regard to the negotiation of potential Authority contracts or to a determination to rescind or terminate contracts in effect; (iv) information of strategies regarding lawsuits; (v) information of internal investigations while these are being conducted; (vi) aspects regarding the intellectual property of third parties; (vii) trade secrets of third parties; (viii) issues that should be maintained confidential in accordance with any confidentiality agreement, provided, that such agreement is not contrary to the public interest; or (ix) matters of public security involving threats against PREPA, its property or employees. To fulfil this duty, in addition to the original text of any document where such information is contained, documents where such information is organized and shown so that it may be more easily handled and understood by persons without expertise in the disciplines addressed shall be published and made available to customers;
- (j) Keep and maintain a website with free access that provides, at least, the following:

- (i)** A platform to pay bills, examine the consumption history, verify the usage pattern, and obtain information related to their bill, such as the reading of the meter at the beginning and at the end of the billing cycle, dates and number of days in the billing cycle, and meter constant, the rates, the date of the next reading as well as any other information that enables the verification of the reading;
- (ii)** Real-time data related to the energy generation capacity and reserve margin;
- (iii)** Status of the internal procedures to implement the changes required by means of legislation to reform Puerto Rico’s electrical system;
- (iv)** Access to a platform through which customers may request information and public documents not available on the website;
- (k)** Notify the public, within at least forty-eight (48) hours in advance, of any scheduled service interruption through its website, social media, and any other communications media.
- (l)** Comply with an integrated resource plan according to the parameters and requirements established by the Bureau pursuant to the energy public policy.
- (m)** When charges contained in a bill include three (3) or more past due invoices for services that, by error or mistake of the electric power company, were not previously billed, the electric power company shall offer a reasonable payment plan to the customer according to his financial capacity. Notwithstanding the foregoing, electric power companies shall have a maximum term of one hundred eighty (180) days to bill any service provided. Once the aforementioned term has elapsed, the electric power company may not charge for a service provided but not billed. Electric power companies shall have a maximum term of one hundred twenty (120) days from the date of issue of the electricity bill to notify customers of billing errors. Once said term elapses, electric power companies may not claim retroactive charges for said errors, such as those of an administrative or operational nature, or for an erroneous reading of electric power service consumption meters. This shall only apply to residential customers; it shall not apply to commercial, industrial, institutional customers, or otherwise, and shall also not be applicable to periodic charges or adjustments provided in the rate approved by the Bureau. In those cases in which customers keep the meters out of the readers’ visual reach, or in the event of force majeure, such as hurricanes, among others, that prevents the reading of meters, this measure shall not apply to electricity bills issued based on consumption estimates. Likewise, it is hereby prohibited to report delinquent accounts of residential customers to credit bureaus as a debt collection and demand for payment practice, except in the case of undisputed accounts from customers whose amount and recurrence of nonpayment, after more than two demands for payment have been made and every ordinary collection mechanism has been exhausted, imply that there is an intent to defraud.
- (n)** All bills sent by electric power companies to their customers shall advise them of their right to dispute a bill and request electric power companies to conduct an investigation. Electric power companies shall provide, on their website and at the offices designated thereto, information about the procedures, terms, and requirements to dispute a bill and request an investigation, and subsequently resort to the Bureau seeking review of a decision. Likewise, on their website and at every office, electric power companies shall provide information about the procedures, terms, and requirements to request the Bureau to review any decision regarding customer bills.
- (o)** To promote or guarantee the storage of the fuels used to generate electric power and the supply thereof to the generating units through the use of efficient, safe, and resilient technology and infrastructure.

Section 1.11. — Electric Power Generation.

(a) *High Efficiency Electric Power Generation from Fossil and Diversified Fuel Mix.* Every new or existing electric power plant, as of the date of approval of this Act, other than those operating exclusively on renewable energy sources shall have the capacity to generate power from two (2) or more fuels, one of which shall be natural gas, taking into account that, as of the approval of this Act, the issuance of new permits and/or the award of new contracts to establish coal-fired power plants shall be prohibited, and no permit or amendment to an existing contract as of the approval of this Act may authorize or consider coal burning as an energy source after January 1, 2028. At least sixty percent (60%) of the electric power generated from fossil fuels (gas or oil byproducts) shall be high efficiency, pursuant to Section 6.29 of [Act No. 57-2014](#). Contractors that acquire or operate PREPA assets related to generation shall modernize the electric power plants or replace them with high efficiency electric power plants within a period not to exceed five (5) years after the execution of the Partnership or Sales Contract. After this initial period, the contractor that opted for modernizing the electric power plants shall replace them with high efficiency power plants within a period not to exceed five (5) years after the initial period has ended. However, this shall not apply to the operators of legacy power generation assets.

(b) *Power Purchase Agreements.* Any power purchase agreement, or any amendment to or extension of a power purchase agreement awarded prior to the approval of [Act No. 57-2014](#), between the Authority, or the transmission and distribution network Contractor and any independent power producer shall be executed pursuant to the provisions of Section 6.32 of [Act No. 57-2014](#) and the regulations adopted thereunder by the Bureau. However, when a power purchase agreement is part of a PREPA Transaction, the Energy Compliance Certificate issued pursuant to [Act No. 120-2018](#) shall suffice.

The Bureau shall set clear parameters for the pricing, adjustments, price escalators, and profit margins of power purchase agreements. Such parameters shall be consistent with price escalators or adjustments normally used by the industry for such purposes, as well as any other parameter or method used to regulate gains attributable to power purchase agreements in order to ensure that such agreements have an appropriate and reasonable price. No Electric Power Company shall realize gains attributable to fuel. The profit margin of independent generators under power purchase agreements shall be consistent with the parameters established by the Bureau.

No contract for the establishment of new electric power plants may preclude compliance with the renewable portfolio standard and the integration of distributed generation, microgrids, or energy cooperatives.

Power Purchase Agreements shall be awarded taking into account the goals and mandates established in the Renewable Portfolio Standards which compel the transition from energy generation from fossil fuels to an aggressive integration of renewable energy as provided in [Act No. 82-2010](#).

(c) *Reserve Margin.* PREPA or the transmission and distribution network Contractor shall fix, from time to time and subject to the Bureau’s review and approval, the optimal reserve margin for Puerto Rico, taking into account the best industry practices as well as the geographic and electricity infrastructure realities of Puerto Rico, and shall work to maintain such reserve, thus ensuring the continuity and reliability of the electric power service in Puerto Rico.

(d) Renewable Energy. The Authority or the transmission and distribution network Contractor shall maximize the use of renewable energy, in accordance with the applicable local and federal laws, ensuring its integration into the electric power grid in a safe and reliable manner and guaranteeing the stability of the Island’s energy transmission and distribution network, for example, by allowing the installation of the necessary equipment and technology to ensure the connection of renewable energy sources to the electric power grid, or establishing alternate modes of operation for the electric power grid that mitigate the instability that this type of energy may cause to such grid. Said installation shall be completed and incorporated into the Integrated Resource Plan so that other long-term planning options are not excluded. The Authority or the transmission and distribution network Contractor shall oversee that the integration of renewable energy meets the requirements set forth in [Act No. 82-2010, as amended](#), and take the necessary measures to ensure compliance therewith. Furthermore, it shall promote the direct use of renewable energy by its customers, particularly by expediting and simplifying transactions, processes, and requirements in connection with small residential and commercial rooftop solar projects of less than twenty-five kilowatts (25 kW) in accordance with Section 9 of [Act No. 114-2007, as amended](#). The Bureau shall oversee that the Authority, or the transmission and distribution network Contractor comply with those simplified transactions, processes, and requirements. If practicable, the Authority, the transmission and distribution network Contractor, or the Department of Economic Development and Commerce shall establish a financing mechanism to contribute to its development.

(e) Distributed Generation. Distributed generation shall have open and nondiscriminatory access to the distribution network subject to the regulations established by the Bureau. The Authority or the transmission and distribution network Contractor shall identify the most effective and economical ways to make the electric power infrastructure of Puerto Rico more distributed, intelligent, resilient, and reliable, and to promote the use and strategic integration of sustainable energy technologies and practices, in accordance with the regulations of the Bureau.

In carrying out this duty, the Authority or the transmission and distribution network Contractor shall plan, build, and update distribution systems to ensure the adequate and orderly deployment of distributed generation resources and technologies such as microgrids.

(f) Renewable Energy Projects:

(1) To facilitate the development of renewable energy projects and comply with the Renewable Energy Portfolio established in [Act No. 82-2010, as amended](#) herein, all permits, consultations, variations, endorsements, certifications, concessions, and/or authorizations for the renewable energy projects including, but not limited to, any transaction required to comply with Act No. 416-2004, as amended, known as the “Environmental Public Policy Act,” shall be processed by the Permit Management Office and all other agencies concerned following the expedited processes available under a state of emergency pursuant to Act No. 76-2000, as amended, and the administrative orders and regulations of the agencies concerned that apply in such cases. The expedited process for the processing of permits, consultations, variations, endorsements, certifications, concessions, and/or authorizations for the renewable energy projects provided under this Act, is without prejudice to the sponsor of a renewable energy project, the expedited permitting process benefit that may be obtained from the designation of his project as

project a critical project pursuant to Title V of the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA).

(2) The Permit Management Office and the agencies concerned may process applications for permits, consultations, variations, endorsements, certifications, concessions, and/or authorizations for renewable energy projects using the expedited processes referred to above for a period of sixty (60) months as of the effective date of this Act. After such term has expired, such projects shall be considered through the regular processes prescribed by the regulations in effect, without prejudice to the powers of the Governor to declare a state of emergency pursuant to Act No. 76-2000, as amended, whenever necessary.

Section 1.12. — Interconnection of Microgrids.

The development of microgrids is an essential component for the development of a reliable, robust, and decentralized system that promotes resilience, integrates new technology and renewable energy sources, prevents loss of power in essential service facilities, and provides alternatives to consumers. For such purpose, it is necessary to ensure that the processes to interconnect microgrids into the transmission and distribution system are swift, uniform in all regions, and cost and time efficient in order to promote the development of these projects.

A professional engineer, who is a member of the college of engineers, shall certify that the microgrid meets the specifications established through regulations by the Bureau for these projects and that the same was completed according to the laws, regulations, and rules applicable to the interconnection of microgrids into the distribution and transmission system.

The microgrid interconnection process shall allow for microgrids with a generation capacity of less than one (1) MW to connect to the power distribution network; provided, that the technical features of the microgrid to be interconnected and the existing conditions of the electric power grid thus allow. Provided, further, that reliability studies, which shall be conducted promptly, may be required as appropriate for the interconnection of microgrids with a generation capacity of more than five hundred megawatts (500MW), but less than one megawatt (1MW). Moreover, the interconnection process shall provide for the interconnection of microgrids with a maximum capacity of five megawatts (5MW) connected to subtransmission or transmission voltages (38kV or 115kV). The interconnection of microgrids in excess of five megawatts (5MW) must be approved by the Bureau in a process that includes citizen participation.

The Authority, its successor, or the transmission and distribution network Contractor shall evaluate the interconnection request in accordance with the regulations adopted therefor in accordance with Section 1.13 of this Act. In the event that the microgrid interconnection is denied or it is deemed necessary to implement additional technical requirements and improvements to the electric power distribution system, the petitioner shall be entitled to challenge said determination or finding before the Bureau, within a term of thirty days (30) days after the date of the notice of determination for the interconnection request.

Section 1.13. — Microgrid Interconnection Regulations.

The Authority or the transmission and distribution network Contractor is hereby directed to adopt microgrid interconnection regulations pursuant to the public policy on microgrid

interconnection established in Section 1.12 of this Act. Such microgrids interconnection regulations shall be promulgated within the term established by the Energy Bureau through order or regulations. If no microgrids interconnection regulations are adopted within the term provided herein, the Bureau shall adopt the microgrids interconnection regulations.

Any process to adopt, repeal or amend microgrid interconnection regulations shall be subject to the process established in this Section. The regulations proposed by the Authority or the transmission and distribution network Contractor, and any future amendment to or proposal for the microgrid interconnection regulations shall be submitted to the Energy Bureau for the latter to hold public hearings, which shall not be held within less than thirty (30) days after the publication of the public notice of the proposed microgrid regulations. Thirty (30) days after the conclusion of the public hearings, the Bureau shall make a determination as to whether the amendment to the microgrids interconnection regulations shall be introduced or rejected, or if the proposed language should be modified. In the case of the latter, the Bureau shall adopt the language deemed necessary to comply with the principles, objectives, and public policy established in this Act. Once the decision of the Bureau becomes final and binding, the Bureau shall amend and publish the microgrid interconnection regulations in accordance with the amendments adopted through its decision.

Section 1.14. — Penalties for Noncompliance with the Interconnection of Distributed Generators or Microgrids.

The Authority, its successor, or the transmission and distribution network Contractor’s noncompliance with the public policy on the interconnection of distributed generators or microgrids to the distribution network shall entail a fine of one thousand dollars (\$1,000) per day to be imposed by the Bureau and that shall be deposited into the Green Energy Fund of Puerto Rico created by virtue of [Act No. 83-2010, as amended, known as the ‘Green Energy Incentives Act of Puerto Rico.’](#) or similar provisions of incentives laws, to subsidize photovoltaic and energy storage systems. The fine herein imposed shall not be deemed to limit the power of the Bureau to impose any other applicable fine or administrative penalty to enforce its orders and the public policy on energy.

Section 1.15. — Electrical System Infrastructure.

In order to maximize the resources available for the reconstruction and modernization of the Electrical System, the Authority or the transmission and distribution network Contractor shall ensure the specific improvements to the Electrical System are carried out to render it robust, resilient, and stable in accordance with the modernization and reconstruction priorities established hereunder:

- (a) Replacing the transmission towers installed temporarily with monopoles and poles designed and made with materials that can withstand sustained winds of one hundred and fifty-five miles per hour (150mph), and avoid overload.
- (b) Replacing and maintaining the anchors of the transmission infrastructure in order to maintain system resilience.
- (c) Implementing programs to mitigate the corrosion of electric power grid infrastructure.

- (d)** Strengthening substation assets, including transformers, circuit breakers, switchgear and, specifically, control equipment such as relays and communications equipment.
- (e)** Maintaining voltage standards as well as voltage compatibility with the transmission and distribution infrastructure of the states of the United States.
- (f)** Carrying out a synchronized segmentation and selective planning for the transmission system that includes generation diversification, black-start capable units, and taking into account the load in order to maintain minimum power generation in case any event arises.
- (g)** Evaluating the benefits of replacing transmission and distribution lines in urban centers and essential service facilities, as they are defined in [Act No. 57-2014](#), with underground power distribution systems.
- (h)** Modernizing the main generation assets and the fuel storage and supply infrastructure in order to make them highly efficient and capable of operating safely and reliably with at least two (2) types of fossil fuels, excluding coal and one of which shall be natural gas, that reduce greenhouse gas emissions and to integrate distributed generation, including renewable energy sources to significantly reduce generation costs and fossil fuel dependence.
- (i)** Integrating the use of microgrids, as a means to render the Electrical System more resilient to events of force majeure such as storms and hurricanes, thereby allowing for the continuity or quick reestablishment of the service in essential service facilities, industrial sectors, and remote areas to facilitate the integration of distributed generation, make the system more robust, and prevent interdependence between services.
- (j)** Evaluating the feasibility of replacing our current power generation system with smarter and more versatile small scale microgeneration assets that can generate power more efficiently at a lower cost and that reduce and respond effectively to critical system failures.
- (k)** Evaluating the feasibility of relocating transmission lines to make the access thereto easier and faster in order to facilitate the repair and maintenance thereof.
- (l)** Performing the works necessary for waterproofing, relocation, and elevation of substations, located in flood zones, to +3.0 feet above Base Flood Elevation (BFE) or .02% of the flood elevation, whichever is greater.
- (m)** Determining the safe load of transmission poles.
- (n)** Making the equipment and design consistent with the parameters of the USDA Rural Utilities Service (RUS) when possible and appropriate to help with replacements in both normal and emergency situations.
- (o)** Adopting technologies, in coordination with the Energy Bureau, such as the Distributed Energy Resources Management System (DERMS); the Advanced Distribution Management System (ADMS); the Fault Location Isolation and Service Restoration (FLISR); the Volt/VAR Optimization (VVO); and other technologies that improve the stability, resilience, and efficiency of the system as well as its capacity to integrate distributed generation and renewable energy, insofar as the use of resources inure to greater public benefits.
- (p)** Adopting technologies that improve customer service including, but not limited to, smart meters, internet access, and minimizing the necessary wait time to receive any customer service.

Section 1.16. — Vegetation Management Program.

The Authority or the transmission and distribution network Contractor shall submit to the Energy Bureau a comprehensive vegetation management program that is consistent with the best practices of the industry within one hundred twenty (120) days in order to protect the integrity of network assets. The vegetation management program shall direct, among other things, the following:

- (a) Maintaining a distance of at least ten (10) feet between trees and the easements for the transmission lines in accordance with the National Electrical Safety Code Standard (NESC);
- (b) Regularly patrolling and trimming any vegetation or materials that are next to the power lines;
- (c) Adopting the tree pruning recommendations established by accepted industry standards, such as the American National Standard Institute (ANSI);
- (d) Drafting of periodic and detailed reports on the compliance with the vegetation program; and
- (e) Establishing an appropriate and independent fund for the vegetation management program.

The Bureau shall oversee that the comprehensive vegetation management program meets the standards of the industry and the enforcement thereof.

Section 1.17. — Joint Study on Utility Pole Load Capacity.

The Public Service Regulatory Board is hereby directed to conduct a joint study between the Puerto Rico Telecommunications Bureau and the Energy Bureau, within a term of one hundred eighty (180) days, to determine, implement, and ensure the safe load of utility poles to support the distribution of the telecommunications and electric power infrastructure.

Section 1.18. — Study on the Contribution in Lieu of Taxes and Other Subsidies.

In view of this new model for an Electrical System, on or before December 31, 2019, the Energy Bureau shall conduct a study on the implementation, effectiveness, cost-benefit, reasonableness, and economic impact of the contribution in lieu of taxes (CILT) to determine the need and convenience, if any, of reforming this mechanism and the subsidies. The results of such study shall be submitted to both Houses of the Legislative Assembly so they may analyze them and enact the necessary legislation.

Section 1.19. — Future Establishment of an Electricity Market.

The Energy Bureau shall conduct a study on the viability and convenience of establishing an electricity market governed by free competition in Puerto Rico and shall submit a report with the results of such study to the Legislative Assembly and the Governor on or before June 30, 2025.

Chapter II. — Amendments to [Act No. 83 of May 2, 1941](#).

Section 2.1. — Omitted. *[Note: Section 2 of [Act No. 83 of May 2, 1941, as amended](#), is hereby amended]*

Section 2.2. — Omitted. *[Note: Section 3 of [Act No. 83 of May 2, 1941, as amended](#), is hereby amended]*

Section 2.3. — Omitted. *[Note: Section 4 of [Act No. 83 of May 2, 1941, as amended](#), is hereby amended]*

Section 2.4. — Omitted. *[Note: Section 5 of [Act No. 83 of May 2, 1941, as amended](#), is hereby amended]*

Section 2.5. — Section 5A of [Act No. 83 of May 2, 1941, as amended](#), is hereby renumbered as Section 4B.

Section 2.6. — Omitted. *[Note: A new Section 5 is hereby added to [Act No. 83 of May 2, 1941, as amended](#)]*

Section 2.7. — Section 5B of [Act No. 83 of May 2, 1941, as amended](#), is hereby repealed.

Section 2.8. — Omitted. *[Note: The content of Section 6 of [Act No. 83 of May 2, 1941, as amended](#), is hereby eliminated, and substituted for a new Section 6]*

Section 2.9. — Omitted. *[Note: The content of Section 6B of [Act No. 83 of May 2, 1941, as amended](#), is hereby eliminated, and substituted for a new Section 6B]*

Chapter III. — Amendments to Act No. 114-2007.

Section 3.1. — Omitted. *[Note: Section 1 of [Act No. 114-2007, as amended](#), is hereby amended]*

Section 3.2. — Omitted. *[Note: Section 2 of [Act No. 114-2007, as amended](#), is hereby amended]*

Section 3.3. — Omitted. *[Note: Section 3 of [Act No. 114-2007, as amended](#), is hereby amended]*

Section 3.4. — Omitted. *[Note: Section 4 of [Act No. 114-2007, as amended](#), is hereby amended]*

Section 3.5. — Omitted. *[Note: Section 5 of [Act No. 114-2007, as amended](#), is hereby amended]*

Section 3.6. — Omitted. *[Note: Section 6 of [Act No. 114-2007, as amended](#), is hereby amended]*

Section 3.7. — Omitted. *[Note: Section 7 of [Act No. 114-2007, as amended](#), is hereby amended]*

Section 3.8. — Omitted. *[Note: Section 8 of [Act No. 114-2007, as amended](#), is hereby amended]*

Section 3.9. — Omitted. *[Note: Section 9 of [Act No. 114-2007, as amended](#), is hereby amended]*

Section 3.10. — Omitted. *[Note: Section 10 of [Act No. 114-2007, as amended](#), is hereby amended]*

Section 3.11. — Section 11 of [Act No. 114-2007, as amended](#), is hereby repealed.

Section 3.12. — Sections 12 and 13 of [Act No. 114-2007, as amended](#), are hereby renumbered as Sections 11 and 12 respectively.

Chapter IV. — Amendments to Act No. 82-2010 and Act 83-2010.

Section 4.1. — **Omitted.** *[Note: Section 1.4 of [Act No. 82-2010, as amended](#), is hereby amended]*

Section 4.2. — **Omitted.** *[Note: Section 2.3 of [Act No. 82-2010, as amended](#), is hereby amended]*

Section 4.3. — **Omitted.** *[Note: Section 2.4 of [Act No. 82-2010, as amended](#), is hereby amended]*

Section 4.4. — **Omitted.** *[Note: Section 2.5 of [Act No. 82-2010, as amended](#), is hereby amended]*

Section 4.5. — Section 2.6 of [Act No. 82-2010, as amended](#), is hereby repealed.

Section 4.6. — Sections 2.7 and 2.8 of [Act No. 82-2010, as amended](#), are hereby renumbered as Sections 2.6 and 2.7 respectively.

Section 4.7. — **Omitted.** *[Note: Section 2.9 of [Act No. 82-2010, as amended](#), is hereby renumbered as Section 2.8 and amended]*

Section 4.8. — Section 2.10 of [Act No. 82-2010, as amended](#), is hereby renumbered as Section 2.10]

Section 4.9. — **Omitted.** *[Note: Section 2.11 of [Act No. 82-2010, as amended](#), is hereby renumbered as Section 2.10 and amended]*

Section 4.10. — **Omitted.** *[Note: A new Section 2.12 is hereby added to [Act No. 82-2010, as amended](#)]*

Section 4.11. — **Omitted.** *[Note: A new Section 2.13 is hereby added to [Act No. 82-2010, as amended](#)]*

Section 4.12. — Sections 2.12 and 2.13 of [Act No. 82-2010, as amended](#), are hereby renumbered as Sections 2.14 and 2.15 respectively.

Section 4.13. — **Omitted.** *[Note: Section 1.4 of [Act No. 83-2010, as amended](#), is hereby amended]*

Section 4.14. — Former Chapter III of [Act No. 83-2010, as amended](#), is hereby renumbered as Chapter IV.

Section 4.15. — **Omitted.** *[Note: A new Chapter III is hereby added to [Act No. 83-2010, as amended](#)]*

Section 4.12. — Sections 3.1, 3.2, 3.3, 3.4, 3.5, and 3.6 of [Act No. 83-2010](#), are hereby renumbered as Sections 4.1, 4.2, 4.3, 4.4, 4.5, and 4.6, respectively.

Chapter V. — Amendments to Act No. 57-2014

Section 5.1. — **Omitted.** *[Note: The content of Section 1.2 of [Act No. 57-2014](#), as amended, is hereby eliminated and substituted for a new Section 1.2]*

Section 5.2. — **Omitted.** *[Note: Section 1.3 of [Act No. 57-2014](#), as amended, is hereby amended]*

Section 5.3. — **Omitted.** *[Note: Section 1.4 of [Act No. 57-2014](#), as amended, is hereby amended]*

Section 5.4. — **Omitted.** *[Note: Section 3.4. of [Act No. 57-2014](#), as amended, is hereby amended]*

Section 5.5. — **Omitted.** *[Note: Section 4.1 of [Act No. 57-2014](#), as amended, is hereby amended]*

Section 5.6. — **Omitted.** *[Note: Section 4.2. of [Act No. 57-2014](#), as amended, is hereby amended]*

Section 5.7. — **Omitted.** *[Note: Section 4.3 of [Act No. 57-2014](#), as amended, is hereby amended]*

Section 5.8. — **Omitted.** *[Note: Section Chapter VI of [Act No. 57-2014](#), as amended, is hereby amended]*

Section 5.9. — The Content of Subchapter A of Chapter VI and Sections 6.1. and 6.2 of [Act No. 57-2014, as amended](#), are hereby eliminated and reserved.

Section 5.10. — **Omitted.** *[Note: Section 6.3 of [Act No. 57-2014](#), as amended, is hereby amended]*

Section 5.11. — **Omitted.** *[Note: Section 6.4 of [Act No. 57-2014](#), as amended, is hereby amended]*

Section 5.12. — **Omitted.** *[Note: Section 6.6 of [Act No. 57-2014](#), as amended, is hereby amended]*

Section 5.13. — **Omitted.** *[Note: Section 6.7 of [Act No. 57-2014](#), as amended, is hereby amended]*

Section 5.14. — **Omitted.** *[Note: Section 6.8 of [Act No. 57-2014](#), as amended, is hereby amended]*

Section 5.15. — **Omitted.** *[Note: Section 6.11 of [Act No. 57-2014](#), as amended, is hereby amended]*

Section 5.16. — **Omitted.** *[Note: Section 6.16 of [Act No. 57-2014](#), as amended, is hereby amended]*

Section 5.17. — **Omitted.** *[Note: Section 6.22 of [Act No. 57-2014](#), as amended, is hereby amended]*

Section 5.18. — **Omitted.** *[Note: Section 6.23 of [Act No. 57-2014](#), as amended, is hereby amended]*

Section 5.19. — Omitted. *[Note: Section 6.24 of [Act No. 57-2014, as amended](#), is hereby amended]*

Section 5.20. — Omitted. *[Note: Section 6.25 of [Act No. 57-2014, as amended](#), is hereby amended]*

Section 5.21. — Omitted. *[Note: Section 6.25B is hereby added to [Act No. 57-2014, as amended](#)]*

Section 5.22. — Omitted. *[Note: Section 6.27 of [Act No. 57-2014, as amended](#), is hereby amended]*

Section 5.23. — Omitted. *[Note: Section 6.29 of [Act No. 57-2014, as amended](#), is hereby amended]*

Section 5.24. — Omitted. *[Note: Section 6.29A is hereby added to [Act No. 57-2014, as amended](#)]*

Section 5.25. — Omitted. *[Note: Section 6.29B is hereby added to [Act No. 57-2014, as amended](#),]*

Section 5.26. — Omitted. *[Note: Section 6.30 of [Act No. 57-2014, as amended](#), is hereby amended]*

Section 5.27. — Omitted. *[Note: Section 6.31 of [Act No. 57-2014, as amended](#), is hereby amended]*

Section 5.28. — Omitted. *[Note: Section 6.32 of [Act No. 57-2014, as amended](#), is hereby amended]*

Section 5.29. — Omitted. *[Note: Section 6.33 of [Act No. 57-2014, as amended](#), is hereby amended]*

Section 5.30. — Omitted. *[Note: Section 6.34 of [Act No. 57-2014, as amended](#), is hereby amended]*

Section 5.31. — Omitted. *[Note: Section 6.35 of [Act No. 57-2014, as amended](#), is hereby amended]*

Section 5.32. — Omitted. *[Note: Section 6.36 of [Act No. 57-2014, as amended](#), is hereby amended]*

Section 5.33. — Omitted. *[Note: Section 6.37 of [Act No. 57-2014, as amended](#), is hereby amended]*

Section 5.34. — Omitted. The content of Section 6.39 of [Act No. 57-2014, as amended](#), is hereby eliminated and reserved.

Section 5.35. — Omitted. *[Note: Section 6.40 of [Act No. 57-2014, as amended](#), is hereby amended]*

Section 5.36. — Omitted. *[Note: Section 6.41 of [Act No. 57-2014, as amended](#), is hereby amended]*

Section 5.37. — Omitted. *[Note: Section 6.42 of [Act No. 57-2014, as amended](#), is hereby amended]*

Section 5.38. — Omitted. *[Note: Section 6.43 of [Act No. 57-2014, as amended](#), is hereby amended]*

Chapter VI. — Amendments to Act No. 120-2018

Section 6.1. — Omitted. *[Note: Section 2 of [Act No. 120-2018, as amended](#), is hereby amended]*

Section 6.2. — Omitted. *[Note: Section 5 of [Act No. 120-2018, as amended](#), is hereby amended]*

Section 6.3. — Omitted. *[Note: Section 6 of [Act No. 120-2018, as amended](#), is hereby amended]*

Section 6.4. — Omitted. *[Note: Section 7 of [Act No. 120-2018, as amended](#), is hereby amended]*

Section 6.5. — Omitted. *[Note: Section 15 of [Act No. 120-2018, as amended](#), is hereby amended]*

Chapter VII. — Amendments to Act No. 211-2018

Section 7.1. — Omitted. *[Note: Section 7 of [Act No. 211-2018, as amended](#), is hereby amended]*

Chapter VIII. — Additional Amendments and Other Provisions

Section 8.1. — Omitted. *[Note: Section 4030.17 of Chapter 3 of Subtitle D of Act No. 1-2011, as amended, is hereby amended]*

Section 8.2. — Transitory Provision PREPA’s Governing Board.

The current members of the Governing Board of the Electric Power Authority, including those whose appointments are pending Senate confirmation at the time of the approval of this Act shall continue to hold office until the expiration of their terms of appointment or until a vacancy occurs as a result of resignation, death, disability or dismissal. Any process initiated by the Department of Consumer Affairs (DACO, Spanish acronym) prior to the approval of Act No. 207-2018, to elect a representative of customer interests to the Board shall continue under DACO’s jurisdiction until the representative of customers’ interest is elected.

Section 8.3. — Rules of Construction.

Through this Act, the Legislative Assembly reaffirms the Government of Puerto Rico’s agreement under Section 13 of [Act No. 29-2009](#), regarding Partnership Contracts executed in a PREPA Transaction. Likewise, through this Act, the Legislative Assembly reaffirms the legislative intent and the public policy of the Government of Puerto Rico pursuant to Section 3 of [Act No. 120-2018](#), which provides that Partnership Contracts or Sales Contract executed in a PREPA Transaction under [Act No. 120-2018](#) shall be fully covered and protected by our constitutional framework pertaining to the enjoyment of property, the due process of law, and the non-enactment

of laws impairing contractual obligations legally agreed upon. It is herein provided that none of the provisions of this Act or of any other law, regulations, or administrative provision of the Government of Puerto Rico shall be construed or applied so as to diminish, limit, restrict, or otherwise modify the contractual rights of a Contractor, and the terms and conditions of a Partnership Contract or Sales Contract executed as part of a PREPA Transaction in accordance with this Act and [Act No. 120-2018](#). The Bureau shall implement the public policy and the governing principles set forth in this Act to prevent its actions from being capricious and arbitrary and to be consistent with the rules, guidelines, standards, criteria, and intelligible principles already established or delegated by its organic act and the applicable special laws. Moreover, the public policy provisions and governing principles promulgated by this Act shall not provide legal standing, cause of action or administrative action in an entity of the Government of Puerto Rico other than the Energy Bureau.

Section 8.4. — Severability.

This Act shall be construed to be valid to the extent allowed in accordance with the Constitutions of Puerto Rico and the United States. If any clause, paragraph, subparagraph, sentence, word, letter, article, provision, section, subsection, title, chapter, subchapter, heading, or part of this Act were held to be null or unconstitutional, the ruling, holding, or judgment to such effect shall not affect, impair, or invalidate the remainder of this Act. The effect of said holding shall be limited to the clause, paragraph, subparagraph, sentence, word, letter, article, provision, section, subsection, title, chapter, subchapter, heading, or part of this Act thus held to be null or unconstitutional. If the application to a person or a circumstance of any clause, paragraph, subparagraph, sentence, word, letter, article, provision, section, subsection, title, chapter, subchapter, heading, or part of this Act were held to be null or unconstitutional, the ruling, holding, or judgment to such effect shall not affect or invalidate the application of the remainder of this Act to such persons or circumstances where it may be validly applied. It is the express and unequivocal will of this Legislative Assembly that the courts enforce the provisions and application thereof to the greatest extent possible, even if it renders ineffective, nullifies, invalidates, impairs, or holds to be unconstitutional any part thereof, or even if it renders ineffective, invalidates, or holds to be unconstitutional the application thereof to any person or circumstance. This Legislative Assembly would have approved this Act regardless of any determination of severability that the Court may make.

Section 8.5. — Supremacy.

The provisions of this Act and the regulations or rules adopted thereunder shall prevail over any other general or specific provision of a law or regulation of the Government of Puerto Rico that is inconsistent with this Act.

Section 8.6. — Effectiveness.

This Act shall take effect immediately after its approval.

Note. This compilation was prepared by the [Puerto Rico Office of Management and Budget](#) staff who have striven to ensure it is complete and accurate. However, this is not an official compilation and may not be completely free of error. It contains all amendments incorporated for reading purposes only. For accuracy and exactitude please refer to the act original text and the collection of Laws of Puerto Rico Annotated LPRA. The state links acts are property of [Legislative Services Office](#) of Puerto Rico. The federal links acts are property of [US Government Publishing Office GPO](#). Compiled by the Office of Management and Budget Library.

See also the [Original version Act](#), as approved by the Legislature of Puerto Rico.