

November 12, 2019

Honorable Thomas Rivera Schatz, President of the Senate
Honorable Carlos Johnny Méndez, President of the House of Representatives
Legislative Assembly of Puerto Rico
Capitol of Puerto Rico
San Juan, 00907, Puerto Rico

Re: P. del S. 1427

Letter to the Legislative Assembly of Puerto Rico Opposing Derogation of the Energy Efficiency Public Policy established in Article 6.29B of Act 57-2014 and Article 1.6 (11) of Act 17-2019.

The Puerto Rico Legislative Assembly passed Act 17-2019 this year. This law addresses the need to reform our energy policy and at the same time, send the message that Puerto Ricans are doing their part to make this planet a more livable place. In that spirit, we, a group of stakeholders, urge that Puerto Rico's Senate and House of Representatives support a robust energy efficiency (EE) program that will keep us on a path to 100% clean, affordable, and reliable energy. Although we oppose rate increase, we are concerned the recently approved P. del S. 1427 makes amendments to previous legislation limiting the power of the Puerto Rico Energy Bureau (the Bureau) to develop sound EE policies and regulations, and derogates the goal of reaching 30% EE by 2040. As explained in the motive statement of the proposed legislation, more than 35 states have adopted energy efficiency programs, yet the issue is to find viable alternatives to fund or finance the program. In addition, the motive statement of the proposed legislation recognizes that, in order to identify such alternatives, it is necessary for the Bureau to engage in a wide transparent and participatory process. Therefore, we ask the Legislative Assembly and the Bureau to immediately start engaging stakeholders in a process where we can come up with the best road to achieving the 30% EE target established in Article 6.29B of the 57-2014 Act and reiterated in Article 1.6 of the 17-2019 Act.

The announcement last month of the Puerto Rico Electric Power Authority's (PREPA) rate increases was covered in the local press as it was to pay for an advertising campaign¹ to encourage the public to reduce consumption. That is not the definition of energy efficiency; it is energy conservation. Although it is easy to mistake one term for the other, energy conservation goal is to reduce the demand for energy by limiting consumption. EE, on the other hand, is the implementation of technologies that keep us using the same devices more efficient. "Efficiency is the art of getting the same or better performance using less energy—all while cutting utility bills for residential, business, and industrial customers²." There are different mechanisms to make EE work. It could be replacing all street lights to LEDs, as mentioned in the 57-2014 act. Also, financing energy-efficient appliances for low-income customers and energy assessments

¹ *El Vocero* Aumento en la luz será para pagar campaña publicitaria. 23 de Octubre, 2019

² NRDC and Energy Efficiency: Building the Clean Energy Future (2017) P. 1

for commercial and residential buildings. Many cities in the United States are adopting EE by making changes to the building code, setting a timeline to make public buildings energy efficient, and providing tax abatement for commercial and industrial buildings that join an EE program. It sounds like a significant upfront investment, but the benefits will outweigh the initial costs. After all, it is cheaper and more environmentally beneficial to save energy than to build more power plants³.

The goal of 30% energy efficiency by 2040 keeps us on the path of a more reliable and resilient grid as well as clean and affordable energy for all. The ensuing programs would substantially reduce the need for building more fossil fuel infrastructure in the island, limit our dependency on fossil fuel we do not produce, and optimize investments in clean energy. Done right, EE could be an engine of economic development and job creation for the most impacted communities while reducing the cost of energy for businesses and consumers. According to the US Energy and Employment Report of 2018, EE sectors continue to produce the most jobs of any energy sector⁴. Smarter ways of consuming energy will also have an impact on our public health and environment as we will need less fossil fuel generation like the coal generation that is polluting the waters and sickening communities in the south of the island.

Limiting the capacity of the Bureau to establish a robust energy efficiency goal will:

- **Make energy more expensive:** Energy will be more expensive without efficiency than with it. Investment in energy efficiency will reduce rates because it means less investment in generation and batteries. If PREPA has to spend on more power plants, it will be more expensive than the efficiency charge.
- **Result in more gas plants:** Efficiency reduces energy needs. Without it, more gas plants will probably get built.
- **Prevent people from affording energy upgrades:** Efficiency programs help people afford the upgrades to their homes which reduce their electricity use and bills and make them more comfortable. Without efficiency, many people will not be able to afford these upgrades.

The Bureau rate increase is not a result of energy efficiency measures. In the long run, energy efficiency is cost-effective and will lower customer bills. The Puerto Rico legislature should not derogate the Energy Efficiency Public Policy established in Article 6.29B of in Act 57-2014 Act and Article 1.6 (11) of Act 17-2019. Instead, the Legislative Assembly should work with the Bureau and stakeholders to identify sources of funding for comprehensive, proven EE strategies that include job training and job creation, keep our communities healthy, and help us to reduce the need for fossil fuel consumption and infrastructure. Consequently, **we ask the Legislative**

³ According to the American Council for an Energy Efficient Economy, “Investments in energy efficiency can have a big impact. Those made between 1990 and today have helped us avoid building the equivalent of 313 large power plants and have delivered cumulative savings of nearly \$790 billion to customers nationwide.”

⁴ The 2019 US Energy and Employment Report. P. 129

Assembly and the Bureau to immediately start a transparent and participatory process where stakeholders can come up with the best road to achieving the 30% EE target established in Article 6.29B of the 57-2014 Act and reiterated in Article 1.6 of the 17-2019 Act.

This letter is endorsed by:

- Amaecer 2025
- Amigos de Rio Guaynabo
- Coalición de Organizaciones Anti-Incineración
- Dialogo Ambiental
- Earthjustice
- Environmental Defense Fund
- Hispanic Federation
- Sierra Club
- Union of Concerned Scientists

Cc: Economic Development, Planning, Telecommunications, Public and Private Alliances and Energy Commission of the Puerto Rico House of Representatives; Puerto Rico Energy Bureau
Energy Commission of the Senate