

**Opening Statement
Chairman Raúl M. Grijalva**

**Full Committee hearing on
“*The Status of the Rebuilding and Privatization of the Puerto Rico Electric Power Authority (PREPA)*”**

April 9, 2019

The Committee on Natural Resources will come to order. The committee is meeting today to hear from a large and diverse group of witnesses about the status of the plans of PREPA -- the Puerto Rico Electric Power Authority – for rebuilding after Hurricane Maria as well as the privatization of its power generation, distribution, and transmission systems.

Last July, when this committee held a hearing on *PREPA’s Management Crisis and its Implications for Recovery*, I stated that my primary concerns were determining the best way to guarantee that PREPA will be rebuilt so that it can withstand

future extreme weather, providing the people of Puerto Rico with reliable and inexpensive power, and preventing displacement of PREPA's workers.

These remain my chief concerns today.

When I assumed the Chairmanship of this committee in January, I stressed that I wanted to hear from as many Puerto Rican voices as I could on how best to address the island's challenges.

Whether it is the impact of PROMESA and the austerity measures it brought; recovery from the devastation of Hurricane Maria and the nearly three thousand deaths; or the need for PREPA to be rebuilt and restructured so that there never again would be a ten to twelve-month island-wide blackout because of a catastrophic storm. These

are the three pillars of Puerto Rican concerns that I hope we can achieve some success in resolving.

In furtherance of these goals, I led a delegation of committee members to visit Puerto Rico last month. While there, we visited communities recovering from hurricane Maria, including Toro Negro, a community which because of their remoteness, expected to be one of the last areas to receive electricity.

As result, they took the initiative and created their own micro-grid utilizing solar energy and batteries. In doing so, they were not only able to provide power to their own community but were also able to connect neighboring areas as well.

One of the individuals who hosted us at Toro Negro, Dr. Nelson Colón, will be a witness on the second panel of our hearing today.

We also met with PREPA officials who outlined their plans to transform the company. These plans include retrofitting two of PREPA's plants in the San Juan area to use natural gas instead of diesel. PREPA also plans on hiring a private contractor to operate and manage the utility's transmission and distribution network, which they hope will lead to more efficient management.

While we are all rooting for PREPA to be successful, concerns have been raised about their privatization plan lacking transparency, and the kind of stringent contract award, monitoring, and oversight requirements needed to instill confidence in the process.

I hope that in addition to today's hearing providing some of the lacking transparency, PREPA and the Government of Puerto Rico will listen to these concerns and commit to be completely transparent in future privatization decisions.

Additionally, I want to repeat my call, as I did at last year's hearing, for renewables to ultimately become the primary energy source in PREPA's future power generation so that the long-term cost of producing power will be reduced for ratepayers.

Even though recent Puerto Rican legislation calls for PREPA to increase its renewable portfolio to 12 percent by 2020, 50 percent by 2040, and 100

percent by 2050, concerns about the length of the transition to natural gas contracts, and the debt associated with the stranded cost from the previous fuel contracts, will make it unlikely that these renewable energy goals will be met.

Mismanagement at PREPA has been an open secret for decades and must be addressed if the expected federal contribution to help rebuild the electric grid is to be realized. Allegations of corruption and improper political influence have been constant and cannot continue to be the norm. I am expecting that with the new PREPA this will no longer be the case. But that remains to be seen.

Finally, I want to stress that any concession agreement or other privatization projects must

respect existing collective bargaining agreements.

In closing, I want to thank all our witnesses for being here, especially those who travelled at their own expense from the island to be with us. I also want to thank Assistant Secretary Walker for being here. It is important that we hear about the support that the Department of Energy has been providing to PREPA.

Thank you and I look forward to hearing from our witnesses.