



October 12, 2021

The Honorable Raul M. Grijalva , Chairman
The Honorable Bruce Westerman, Ranking Member

Mr. Brian Modeste, Staff Director
Mr. Ivan Robles, Policy Aide Office of Insular Affairs
House Committee on Natural Resources
United States House of Representatives
1324 Longworth House Office Building
Washington, DC 20515

RE: Unsolicited comments on the problems residential and small commercial customers of PREPA/LUMA are having and how the Congress of the United States could help.

Dear Chair Grijalva, Ranking Member Westerman and Members of the House Committee on Natural Resources:

As has been widely reported, the Puerto Rico electric grid is unable to provide reliable, affordable, resilient and clean electric energy.

At the recently concluded hearings, you heard from some but not all the Puerto Rican electric sector stakeholders. I would like to share with you these unsolicited comments from a Puerto Rican businessman.

I have been a participant of renewable energy projects in Puerto Rico since 1978. I have had success with some and failure with others.¹

Currently, the role of a regulated grid to provide electric service to a residential or small business² client is not exclusive. Solar ("PV") plus storage ("BESS") provides the reliable, resilient, affordable and clean energy we all aspire to.

¹ Windmar Group, a local renewable energy company, has installed over 10,000 solar ("PV") plus storage ("BESS") residential and small business systems since Hurricane Maria devastated Puerto Rico in September of 2017. In the last 12 years, Windmar Group has developed over 100MW of PV solar and installed over 150MWh of battery storage systems. Currently, we employ over 1,000 men and women. The Windmar Training Center graduates 40 new employees every month. For many of them, installing residential solar systems is their first job.

² Puerto Rico as of May 2021 had 1,348,097 Residential customers. They are responsible for 42% of the electricity sold. Most residential clients and small commercial clients in Puerto Rico have enough roof space on their homes and buildings to deploy the solar panels they need to self-generate the electricity they consume.



What is making possible the growth of residential solar and how the US Congress could help?

The realization by lenders that a long-term, typically 20 years, loan to finance a PV solar and BESS system to a residential customer with a FICO score above 650³ is a safe bet has been a game changer. The loan payment for such a system is less than the electric bill for the electricity the system provides. Furthermore, the BESS avoids the extra expenses for spoiled food and medicine or back-up generation when the grid goes out.

As Hurricane Maria demonstrated, by adding storage to the PV, the PV asset is no longer stranded; guaranteeing the consumer continued electricity supply. Thus, ensuring quality of life of the consumer and providing the revenue to pay for the system.

While PREPA, LUMA, FOMB, COR3, and PREB go back and forth not getting much done, tens of thousands of Puerto Rican households have switched to PV+BESS systems. They currently generate for self-consumption more electrical energy than the existing utility scale solar installations provide to the grid. It only takes a day to install 5kW of panels and a battery at a house. Thousands of Puerto Rican workers hit the road every day installing thousands of systems every month.

If you want to help, there are a few easy fixes to the existing federal renewable energy incentives and loan guarantee programs that could facilitate and accelerate the residential and particularly the small business rollout of PV+BESS.

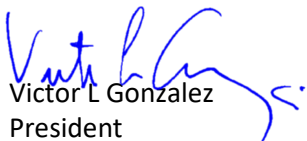
First, amend the ITC to extend a cash in lieu of the ITC (Section 1603 of ARRA) or to provide Direct Pay to Puerto Rican taxpayers. Currently, only US taxpayers can capture the ITC from the PV+BESS systems that are installed in Puerto Rico. The tax equity by-pass to capture the ITC does not work for small installations.

Second, provide loan guarantees to small business to entice lenders to provide 20-year financing. Currently financial institutions provide only 7 to 10-year commercial loans to small businesses.

Third, provide a payment guarantee for 85% of the loan to residential customers with FICO scores below 650.

Lastly, the US Congress can put a carbon tax on the LNG, coal and oil that is imported into Puerto Rico. The funds collected can be used to pay the PREPA unfunded pension liability and the money owed to the bond holders. No need for a SOLAR TAX to pay the legacy debts of PREPA.

Sincerely,


Victor L. Gonzalez
President

³ The average FICO score in Puerto Rico is 678.