

DRAFT Opening Statement

Chairman Raúl M. Grijalva

Full Committee hearing on “*The Puerto Rico Electric Power Authority (PREPA) Post-Implementation of the LUMA Transmission and Distribution Contract.*”

October 6, 2021

The committee is meeting today to hear from a number of witnesses regarding the status of the privatization of management of Puerto Rico’s electric grid from the Puerto Rico Electric Power Authority, or PREPA, to LUMA Energy. We will also hear about the authority’s plans to spend the estimated 9.5 billion dollars of the federal cost-share for the reconstruction of the island’s electrical infrastructure which was destroyed by Hurricanes Irma and Maria almost exactly four years ago.

This hearing is indeed timely in part because of recent changes that have taken place at PREPA, with the resignation of the PREPA Board Chair as well as the utility’s Executive Director.

It is more likely the case than not, that these changes in PREPA’s leadership were due to the recent spate of widespread power outages on the island that has understandably left the island residents very angry; especially since the LUMA contract was supposed to improve service.

Why are there so many power outages happening now and what are their causes? Are they because of lack of maintenance at the power generation plants or because of poor vegetation control and lack of proper consultation with PREPA by LUMA on proper load management? Do these and other problems stem from a shortage of experienced workers at LUMA who know the system and can anticipate when and where hiccups are likely to occur?

We intend to receive answers to these and other questions. I am hopeful that many of them can be answered today from our diverse group of witnesses including a representative of the Puerto Rico Energy Bureau which is tasked by law with overseeing operations at PREPA including the LUMA-managed transmission and distribution system.

The last time this committee held a hearing on PREPA, I said that my primary goal was to determine the best way to guarantee that PREPA can be rebuilt so that it can withstand future extreme weather, provide the people of Puerto Rico with reliable, inexpensive power and prevent the displacement of its workers.

In many ways, this remains my chief concern as we convene this hearing today.

When I visited Puerto Rico two years ago and met with PREPA officials, I raised with them a number of concerns I had at the time about their then privatization plan. These concerns, which I had also heard from various stakeholders on the island, were that their plan lacked transparency and stringent contract monitoring and oversight requirements which are needed to instill confidence in the process.

In many ways, I am still hearing those same concerns expressed today.

Finally, I must repeat my many calls, as echoed by the PREPA Integrated Resource Plan or (IRP) and Act 17, for renewables to quickly become the energy source for the island so that the cost of producing power – and its reliability - will be reduced for ratepayers.

Even though Puerto Rico Act 17 calls for PREPA to increase its renewable portfolio to 40 percent by 2025, 60 percent by 2040, and 100 percent by 2050, ongoing foot dragging in the implementation of the law as well as the IRP make it unlikely that these renewable energy goals will be met.

PREPA and LUMA need to move more aggressively to comply with the IRP and Puerto Rico law. If they don't, the people of Puerto Rico will pay the price.

I regret that LUMA backed out a the last minute from our oversight hearing on the coal power plant on the island a

few months ago. Attending today was the right decision. I want to thank all our witnesses for being here and I look forward to hearing your testimony.