Written Statement
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Authorized Representative of the Governor of Puerto Rico
Central Office for Recovery, Reconstruction and Resiliency

Examining Puerto Rico's Electrical Grid and the Need for Reliable and Resilient Energy
House Committee on Natural Resources
Thursday, September 26, 2024
10:00 a.m.
1324 Longworth House Office Building

Chairman Westerman and Members of the Committee:

On behalf of the Governor and the Citizens of Puerto Rico, I thank you for once again giving me the opportunity to discuss Puerto Rico's electrical grid and the need for reliable and resilient energy. In addition to serving as the Executive Director of Puerto Rico's Central Office for Recovery, Reconstruction and Resiliency (COR3) I am also the Authorized Representative of the Governor of Puerto Rico and as such have worked directly in the recovery efforts due to the aftermath of various disasters, including hurricanes Irma and Maria. As you are aware, the US Government Accountability Office (GAO) has determined that "*the recovery from Hurricanes Irma and Maria has been the **largest** and **most complicated** in our nation's history". I am pleased to appear today to share with you the significant progress that has been made on our energy recovery efforts over the last two years.*

Background

It is not a secret that Puerto Rico's infrastructure had been in decline for decades due to a lack of maintenance and critical capital improvements, leaving the island vulnerable to natural disasters and other shocks and stressors. Our electrical grid was particularly susceptible. The Puerto Rico Electric Power Authority (PREPA)—the vertically integrated public utility that owned and operated the island's power system—had long relied on infrastructure that dates back to the 1960s. PREPA had also long depended on imported oil, resulting in vulnerability to supply disruptions and price volatility. The devastating impact of Hurricanes Irma and Maria in September 2017 exposed the full extent of the electrical grid's weakness. The hurricanes destroyed 80% of the transmission and distribution network, causing an island-wide blackout and a prolonged state of emergency. Most residents did not have power for months, in some areas, even a year. Hospitals, schools, and businesses stopped operations, crippling the economy and endangering public health. The aftermath was overwhelming and made clear that we urgently needed not only to repair but also to reconstruct and modernize the electrical grid to make it more reliable and resilient.

It is undeniable that emergency work on the electrical grid began immediately following the hurricanes, which allowed the Island to recover 100% electric power service by mid-2018 after a $1.9 billion investment by FEMA. On September 10 and September 20, 2017, President Donald Trump issued two major disaster declarations for Puerto Rico (DR-4336 and DR-4339) that unlocked federal assistance for the response and recovery efforts, including funds from the Federal Emergency Management Agency's (FEMA) Public Assistance Program. Later that year, then

Governor of Puerto Rico, Ricardo Rosselló created the Central Office of Recovery, Reconstruction and Resiliency (COR3) to lead the response and recovery efforts, manage the federal funds, and ensure their proper use.[1] Since then, COR3 has managed the Public Assistance and Hazard Mitigation Grants programs at the local level, and thus has been responsible for disbursing funds that FEMA has obligated to subrecipients the Public Assistance program.

On February 9, 2018, Congress passed the Bipartisan Budget Act (BBA), instituting a variety of changes to how FEMA can implement disaster assistance. One provision of the law gives FEMA the authority in Puerto Rico and the U.S. Virgin Islands (specific to impacts related to Hurricanes Irma and Maria) to provide assistance to restore disaster-damaged facilities or systems to industry standard and to restore functionality of the disaster-damaged facility or system without regard to pre-disaster condition. This provision is applicable to critical services, specifically, electrical grid, aqueduct and sewer, education and healthcare.

Furthermore, to address PREPA's longstanding inefficiencies and reform the island's outdated and dilapidated energy system, in June 2018, the island's legislature enacted the Puerto Rico Electric Power System Transformation Act[2]. This Act, later amended by the Puerto Rico Energy Public Policy Act of 2019,[3] established a framework for restructuring PREPA's operations by (1) unbundling generation, transmission, and distribution, and (2) introducing private operators. Following its enactment, the Puerto Rico Public-Private Partnerships Authority (P3A) and PREPA entered into public-private partnership agreements with two private entities to transfer PREPA's transmission and distribution responsibilities to LUMA Energy in 2020 and its generation responsibilities to Genera-PR in 2023. These private operators are now responsible for reconstructing and modernizing the electrical grid, aligning it with best practices and standards.

Moreover, due to the unprecedented devastation and the limitations of recovery programs at the time of the disasters, the permanent and resilient reconstruction phase was not able to proceed with earnest for three years. The magnitude of the damage caused by the hurricanes, coupled with safety challenges caused by widespread non-compliance with building codes in Puerto Rico (many homes and roads in Puerto Rico had been built without permits, often in flood-prone or landslide areas), the earthquakes and the COVID-19 pandemic, extended the response period from 2017 to 2020. As a matter of fact, the Washington Post published in January 2020 that, "*Puerto Ricans **still waiting on disaster funds as Hurricane Maria's aftermath**, **earthquakes continue to affect life on the island***.". The Center for a New Economy, a local think tank, published on September 2021 that, "*The COVID-19 pandemic may **delay** Hurricane Maria's reconstruction efforts.*".

During that time, PREPA, FEMA, and COR3 worked together to approve and fund emergency (Category A and B) work such as debris removal, replacement of utility poles and transmission centers and substations repairs. The agencies could not initiate permanent (Category C to G) work, including the reconstruction and modernization of the electrical grid, until 2021.

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[1] P.R. Exec. Order No. 2017-65 (2017); P.R. Exec. Order No. 2017-69 (2017) (amending Exec. Order No. 2017-65).

[2] Puerto Rico Electric Power System Transformation Act, Act No. 120 of June 21, 2018.

[3] Puerto Rico Energy Public Policy Act, Act No. 17 of April 11, 2019.

Then, as we entered the long-term recovery phase, further challenges arose. As has been noted, FEMA operates on a **reimbursement model**, meaning that Public Assistance subrecipients have to cover the costs of large infrastructure projects which required significant upfront investment. However, Puerto Rico's economic resources have historically been scarce, so subrecipients struggled to secure capital to finance the necessary work. Additionally, in 2019, FEMA established a manual drawdown process for Puerto Rico as a means of fiscal control. Under this process, COR3 had to submit detailed funding requests with supporting documentation for FEMA's approval before drawing down grant funds for recovery projects. The manual drawdown process further hindered the recovery phase.

Also, in 2019, in an effort to expedite the process to obligate permanent work funds for Puerto Rico's electrical grid, FEMA implemented—**for the first time**—its FEMA Accelerated Award Strategy (FAASt). Under FAASt, FEMA uses statistical sampling to calculate fixed cost estimates for a group of critical infrastructure projects instead of requiring inspections and cost estimates for each individual project. Thus, FAASt allowed FEMA to expedite fund obligations in September 2020 ($9.5 billion – federal share) that effectively act as a master recovery budget for each subrecipient. However, **FAASt does not authorize any related construction or funds disbursements**. All projects still must go through the traditional obligation steps of FEMA's National Delivery Model. This includes the submission of Scopes of Work with required engineering and design data to allow FEMA to conduct an Environmental and Historic Preservation (EHP) review and potentially approve additional funding to finance hazard mitigation measures under Section 406 of the Stafford Act. Once the Scope of Work is obligated by FEMA, the project is authorized for construction and allows COR3 to process requests for disbursements petitioned by the Applicant (PREPA). **By December 2020, no Scopes of Work had been submitted to or approved by FEMA for the electrical grid long-term reconstruction**.

Adding another layer of required administrative hurdles to commence work, on March 26, 2021, the Puerto Ric Energy Bureau issued a Resolution and Order requiring that all projects to be executed with federal funds shall be submitted for Energy Bureau's approval. The Energy Bureau, as Puerto Rico's electric system regulator for all energy-related matters, has been deeply involved in the reconstruction process. Before formally submitting a project for the consideration of FEMA and COR3, LUMA, Genera and PREPA must obtain regulatory approval from the Energy Bureau to ensure consistency with applicable laws and regulations (refer to Diagram 1).

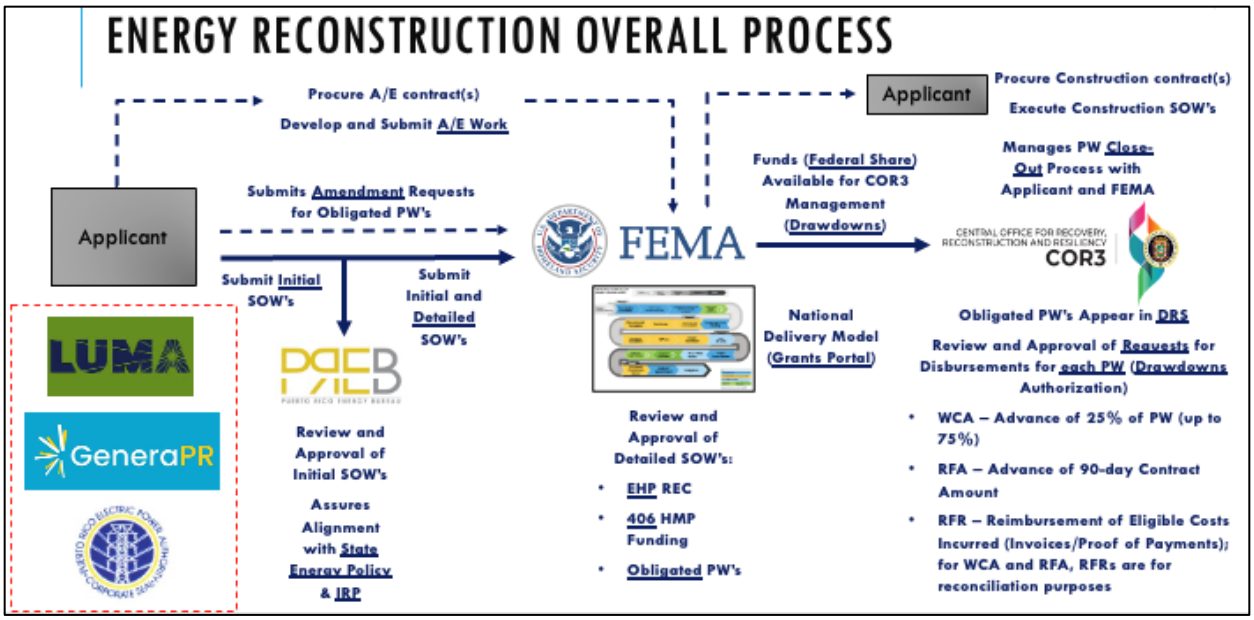

Diagram 1 – Simplified Process for Scopes of Work Review, Approval and Execution

However, by April 2021—when Puerto Rico had complied with the manual drawdown process for two consecutive years—COR3 formally requested that the special oversight be lifted, allowing the island to be treated like other U.S. jurisdictions. On September 22, 2021, FEMA approved the request. As a result, COR3 was able to streamline the reimbursement process and accelerate the distribution of federal funds to subrecipients.

Then, to address the liquidity issue, COR3, with FEMA's approval, developed and launched the Working Capital Advance (WCA) pilot program in June 2022. The program provides cash advances to subrecipients for approved permanent work, up to 75% of the federal share of the project disbursed in installments of 25%. These cash advances ensure that projects can move forward before reimbursement funds are made available, addressing cash flow issues upfront. Through the WCA, we have been able to expedite the pace of recovery across the island. This has been highlighted by FEMA in a 2024 report, stating that, "Innovation in the Field: Working with the Government of Puerto Rico to identify and remove recovery barriers, FEMA is actively supporting the government's Working Capital Advance program, which began in 2022."

In September 2022, shortly after the permanent and resilient reconstruction of the electrical system finally kicked-started, hurricane Fiona Hurricane Fiona hit Puerto Rico as a Category 1 storm, almost exactly five years after Hurricane Maria, dropping record rainfall, unleashing landslides and mudslides, flooding neighborhoods and leaving most of the island without power or water. Hurricane Fiona exacerbated the vulnerability of Puerto Rico's electrical infrastructure.

Further, on January 2023, FEMA, with the support from COR3, implemented the Island-Wide Benefit Cost-Analysis (IWBCA), a methodology to evaluate the cost-effectiveness of Hazard Mitigation projects for the electrical infrastructure based on an integrated system (generation, transmission and distribution). FEMA estimated the projects' maximum aggregated benefit at $6.8 billion (federal share) by treating PREPA's infrastructure as a single, interconnected system across the island. The approach allowed multiple projects to be evaluated simultaneously,

expediting the funding process and reducing double counting and project duplication. FEMA awarded the IWBCA an Administrator's Award for Innovation for promoting efficiency and innovation in public service. In March 2024, FEMA notified COR3 that vegetation clearance around critical infrastructure, such as the transmission and distribution (T&D) system, is an eligible hazard mitigation activity.

Clearly, we have faced and still face numerous challenges throughout this process but, at every step, we have developed innovative strategies to overcome them. Thanks to these efforts, all emergency work has now been completed and we have successfully transitioned to the long-term recovery phase, focusing on permanent work and hazard mitigation to reduce the grid's vulnerability and enhance its resilience. There has been significant progress in approving and commencing permanent work, but many challenges still lie ahead.

Significant Progress for Permanent Work

FEMA's Puerto Rico Region 2 Interim Report

We have made significant progress towards Puerto Rico's recovery. Indeed, in the April 2024 *Puerto Rico Region 2 Interim Progress Report*—which highlights recovery milestones and the ongoing efforts to rebuild stronger—FEMA noted that "efforts to help rebuild [María, Fiona, Earthquakes] are paving the way for **an unprecedented recovery** and, in coordination with the Government of Puerto Rico, the **pace of the recovery has gained momentum in the last several years** as new infrastructure, permanent repairs and reconstruction can be seen across the island." Moreover, the report also established that "**Puerto Rico should serve as an example for other states and territories in terms of innovation and leading an unpresented recovery**."

Allocation, Obligation, and Disbursement of Funds

To date, FEMA has allocated approximately $16.3 billion in funds for permanent work through its Public Assistance Program. The permanent work allocation includes approximately $9.5 billion in funds under Section 428 (FAASt September Master Recovery Budget)) and $6.8 billion in mitigation funds (FEMA January 2023 Letter to COR3) under Sections 406 and 404 of the Robert T. Stafford Disaster Relief Act.[4] Of the $16.3 billion allocation, FEMA has obligated $4.835 billion for 188 Project Worksheets (PW's), based on detailed Scopes of Work submitted by LUMA, Genera and PREPA (refer to Table 1). The obligations include $3.55 billion for LUMA ($2.95 billion under Section 428 and $596.6 million under Section 406), $1 billion for Genera (all under Section 428), and $271 million for PREPA (all under Section 428). The PW's with the largest obligations of funds are: Global Engineering/Architectural Services, Global Equipment & Materials (for long-lead items), and for Advanced Metering Infrastructure (AMI). Additionally,

[4] Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. §§ 5121–5207 (2018). Under Section 428, the Act provides for alternative procedures for the Public Assistance Program, allowing for more flexibility in funding disaster recovery projects by permitting the use of fixed estimates for project costs and simplifying the administrative process. Under Sections 404 and 406, the HGMP aims to reduce the risk of future disasters by funding projects that minimize hazard impacts, enhance resilience, and protect public infrastructure following a disaster and in the future.

FEMA has obligated $620 million to cover eligible administrative costs for LUMA, Genera and PREPA.

Of the $4.9 billion in obligated funds, COR3 has disbursed approximately $1.3 billion: $490 million to LUMA, $255 million to Genera, and $528 million to PREPA. Disbursements made by COR3 can only occur when FEMA obligates a detailed Scopes of Work (sub-FAASt Project PW's), and when LUMA, Genera or PREPA submits to COR3 a request for reimbursement or request for advance (i.e. Working Capital Advance). As a result, COR3 has disbursed 26% of the $4.9 billion obligated by FEMA, directly corresponding to the disbursements under the Working Capital Advance (WCA) pilot program. The vast majority of PW's have been processed through WCA, following requests from LUMA and Genera.

	Allocated Funds		**Obligated Funds**		**Disbursed Funds**	
	Section 428	**Section 406**	**Section 428**	**Section 406**	**Section 428**	**Section 406**
LUMA			$2,951,733,292.00	$596,632,105.98	$489,991,384.64	$0
Genera			$1,015,039,888.71	$0	$254,567,069.97	$0
PREPA			$271,307,043.00	$0	$498,919,976.82	$28,968,209.27
Total	**$9,459,885,412.39**	**$6,840,000,000.00**	**$4,238,080,223.71**	**$596,632,105.98**	**$1,243,478,431.43**	**$28,968,209.27**
Combined total	**$16,299,885,412.39**		**$4,834,712,329.69**		**$1,272,446,640.70**	

Table 1 – Summary of FEMA FAASt Obligation and Disbursements of funds

Collaborative Efforts to Modernize Puerto Rico's Electrical Grid

LUMA, Genera, and PREPA are working collaboratively to rebuild and modernize the island's electrical infrastructure. Every fiscal year, they develop a consolidated budget to ensure that each entity has the necessary funding to meet its regulatory, operational, and capital needs. Further, the consolidated budget aims to maximize federal funding—especially Public Assistance and Hazard Mitigation funding—while maintaining compliance with federal, state and local energy requirements. Additionally, LUMA, Genera and PREPA, with the support from COR3, developed a joint Five-Year Infrastructure Investment Plan that lays out their infrastructure investment strategy for the generation, transmission and distribution components of the electrical grid. Through the joint plan, the three entities can best align on critical infrastructure projects and leverage their expertise and resources to ensure that all work meets the most advanced standards of reliability, sustainability, and resilience. Equally important, at the request from FEMA, LUMA, Genera and PREPA, with the support of COR3, also developed a joint Integrated Resilience Plan. Both the Five-Year Plan and the Integrated Resilience Plan were submitted to FEMA for the proper review process (refer to Diagram 2).

Diagram 2 – Short, Medium and Long-Term SOW's (Five-Year and Integrated Resilience Plans)

Permanent Work and Hazard Mitigation Projects Pipeline

Up to 2021 there were zero PW's approved for energy projects. Since then, there have been 189 approved projects worth $5.8 billion, including administrative costs. These projects include legacy power plant repairs, substation rebuild, vegetation clearance and mitigation, implementation of Advanced Metering Infrastructure (AMI), and streetlight, utility pole, and conductor repairs and replacement (refer to Diagrams 3 and 4).

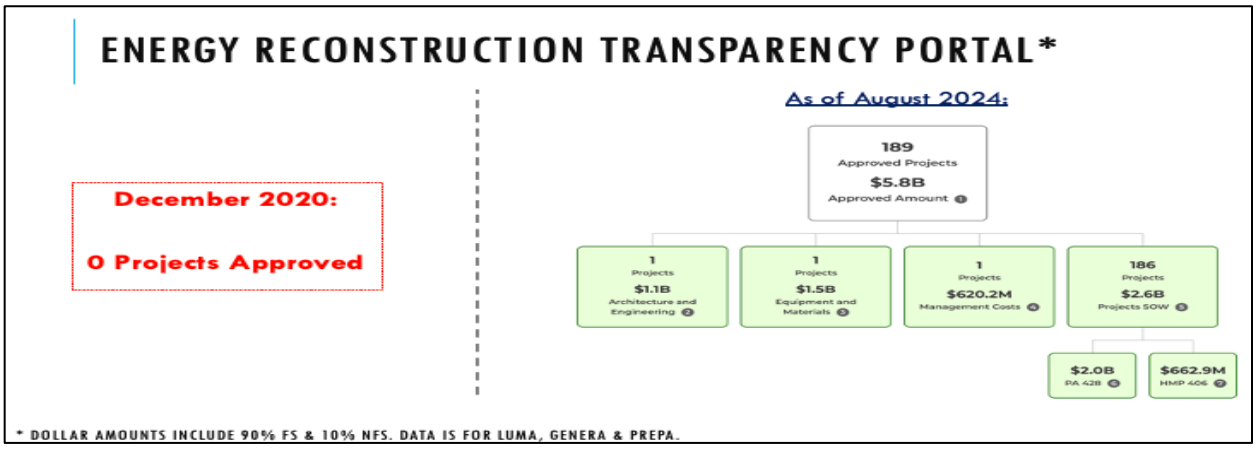

Diagram 3 – Summary of FAASt Scopes of Work Obligated by FEMA

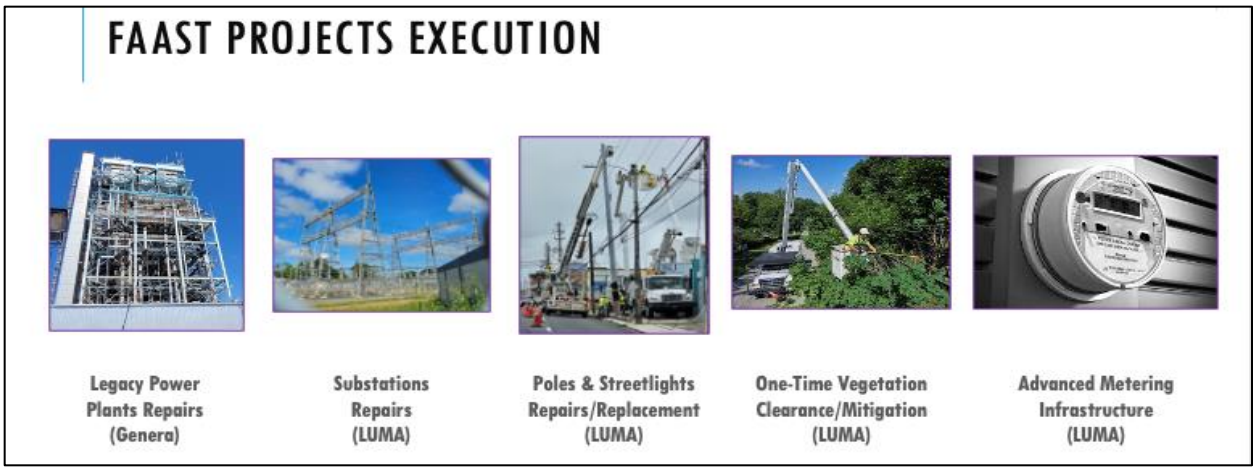

Diagram 4 – Example of Scopes of Work currently in Construction Stage

LUMA ENERGY

Currently, LUMA is focusing on obtaining approval for approximately $10 billion in funding for its permanent projects. The vegetation clearance, distribution automation, substations repairs and AMI programs are particularly noteworthy given the impact they will have on grid reliability, customer experience and project execution complexity.

According to data provided by LUMA, unmaintained vegetation is the leading cause of service interruptions (approximately 50% of power outages). With vegetation clearance and mitigation work, LUMA aims to significantly improve reliability and overall customer experience over the next three years. The goal is to clear over 16,000 miles of transmission and distribution lines, manage debris, and apply targeted herbicides in critical areas, including more than 300 substations and telecommunication sites. The program consists of 31 projects organized by region and asset type.

Furthermore, these projects will address immediate vegetation risks (with rapid responses to high-risk sites that frequently disrupt service or pose safety hazards) and will reestablish rights of way (ROWs) to standard widths. However, the vegetation clearance program will be complicated by the need to navigate the FEMA EHP process. FEMA EHP reviews are mandated to ensure that projects comply with federal regulations aimed at protecting cultural and natural resources. This often involves assessing the potential impacts on historical sites, endangered species, and other environmental factors, which can significantly lengthen the project approval timeline. Delays in obtaining the necessary permits can impede progress, complicating the urgency of addressing vegetation-related outages. Additionally, the requirement for public consultation and the evaluation of alternative actions can further prolong the process, creating challenges in balancing immediate infrastructure needs with regulatory compliance.

The AMI program involves the replacement of approximately 1.5 million electric meters and the establishment of a communication network to support real-time monitoring and system management. The program aims to integrate AMI with existing utility systems for billing and outage management. Thus, AMI will enhance system reliability, resiliency, and cost-efficiency by providing detailed real-time data on outages, voltage, theft, and load, allowing operators to detect

and address issues proactively. AMI will also support broader goals, such as fault location, load forecasting, and sustainability, while aligning with FEMA and COR3 in an $877 million project to deploy the system. This effort is one of the largest FEMA-funded initiatives in Puerto Rico.

GENERA PR

Genera's efforts will concentrate on improving legacy generation assets through plant repairs, critical component repairs, and baseload projects. Significant projects include the installation of Battery Energy Storage Systems (BESS) and Peaking Units in seven assets: Cambalache, Vega Baja, Palo Seco, San Juan, Yabucoa, Aguirre, and Costa Sur. The BESS system is crucial for improving grid reliability. BESS can store excess energy generated during periods of low demand and release it when needed, helping to balance supply and demand fluctuations. BESS can also provide backup power during outages, reduce reliance on fossil fuel generators, and stabilize grid frequency and voltage. By integrating BESS with new Peaking Units, Genera will be able to enhance efficiency, reliability and stability. This can support a smoother transition to renewable energy sources. We are extremely pleased that FEMA recently approved this effort and obligated $235 million for its implementation and $510 million for equipment purchase.

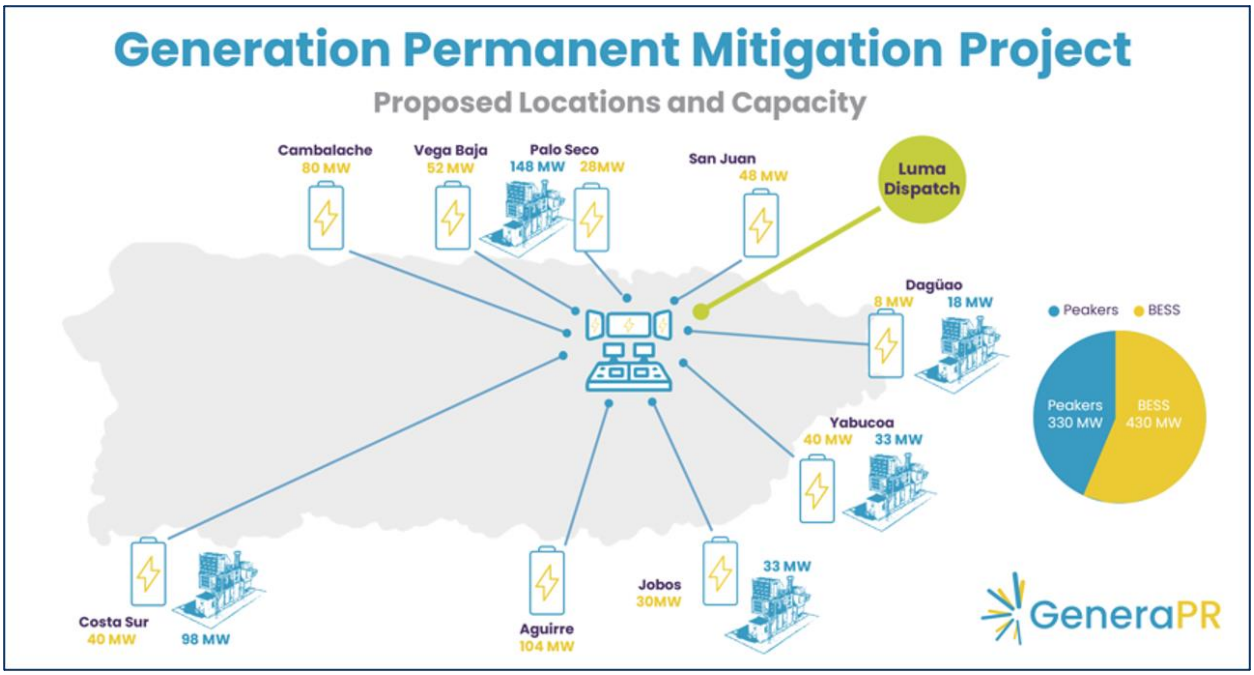

Diagram 5 – Genera PR Plan for Grid Stabilization Centers

PREPA

These projects are categorized into dredgings, dam and hydroelectric plant repairs, irrigation channels, and others, including minor repairs to the Nuclear Power Plant and system upgrades for the dam communications. Recently, PREPA submitted five major FEMA FAASt projects, including the Hydroelectric System, multiple Dams and Irrigation channels repair that represents $475 million. Of these three have advanced to FEMA's Atlantic Consolidated Resource

Center for cost and scope validation. Additionally, PREPA is preparing to submit or revise detailed SOWs for other irrigation and hydroelectric projects that totals $30 million.

Leadership teams from LUMA, Genera, and PREPA meet weekly with COR3 and FEMA to closely monitor project developments, resolve shared concerns, and manage risks that may impact the integration of these entities. The goal of these meetings is to ensure that federal and local objectives are aligned for the smooth execution of electrical grid projects. The collaboration also supports LUMA's and Genera's operation under their respective public-private partnership agreements.

Challenges to Long-Term Recovery

In its February 2024 report about Puerto Rico Disasters Recovery, GAO highlighted that "Progress made, but the Recovery continues to face challenges.". Indeed, COR3 and the Government of Puerto Rico has communicated to FEMA, as well as to members of Congress various existing and emerging challenges that must be addressed to avoid losing momentum. First, we are experiencing a convergence of multiple, interconnected shocks that amplify the severity of each other. This is known by emergency management scholars as a poly-crisis.[5] Puerto Rico's recovery efforts are not only responsive to Hurricanes Irma and Maria, but also to subsequent disasters and broader issues that create a complex and unpredictable environment (e.g. PREPA's bankruptcy). The recovery challenges have been compounded by a series of events that occurred following the hurricanes, including a swarm of earthquakes in 2020, a world-wide pandemic, Hurricane Fiona in 2022, and more recently, severe floods and Tropical Storm Ernesto. These compound events have significantly impacted the long-term recovery process and continue to impact the daily lives of Puerto Rican citizens.[6]

Second, cost inflation has posed as another significant challenge for the present and future. As you are well aware, under Section 428 of the Stafford Act, subrecipient awards are fixed, so increased expenses that result in a budget overrun can jeopardize successful project completion. This is very worrisome since all of the FEMA funding for the long-term reconstruction of the electrical system is tied to Section 428. As the GAO noted in its February 2024 report, **"cost increases are of concern because a subrecipient's award acts as a fixed budget to complete projects across its various facilities. Therefore, increased costs for one project could excessively reduce the established budget to complete later projects."[7].** COR3 has prepared and submitted to FEMA various reports documenting the impact of unanticipated inflation, for example, for the electrical system reconstruction, which its fixed-cost estimates were conducted between 2019 and 2020. COR3 has proposed FEMA to agree on a one-time adjustment to successfully address the expected long-term gap of funding. COR3 believes that FEMA has the

[5] *Navigating Poly-crisis: The New Reality for Crisis Management in the United States* from Belfer Center for Science and International Affairs, Harvard Kennedy School by Mark Swilling

[6] *See* U.S. Gov't Accountability Office, *Hurricane Recovery Can Take Years: Puerto Rico, 5 Years On, Shows Its Unique Challenges*, GAO WatchBlog (Sept. 15, 2022), https://www.gao.gov/blog/hurricane-recovery-can-take-years-puerto-rico-5-years-show-its-unique-challenges.

[7] U.S. Gov't Accountability Office, *Puerto Rico Disasters: Progress Made, but the Recovery Continues to Face Challenges*, GAO-24-105557 at 2 (Feb. 2024), https://www.gao.gov/assets/gao-24-105557.pdf.

authority to reach an agreement to bring back the risk to acceptable levels for both the federal government and the Government of Puerto Rico.

Third, due to the instability caused by Hurricane Fiona, FEMA established a Power Stabilization Task Force, with a main focus to provide temporary generation. Missions led by FEMA and USACE resulted in the deployment of 350 MW of temporary power between June and September 2023, by installing 17 generating units at the San Juan and Palo Seco sites. To ensure this critical temporary power generation capacity remain in Puerto Rico beyond the FEMA missions, COR3 and the Government of Puerto Rico crafted a deal with FEMA in March 2024 to obligate a new PW for the acquisition of 14 temporary units. The 14 units were purchased by PREPA with FEMA funds, allowing Puerto Rico to produce temporary power until December 2025. COR3 is working with FEMA to request additional funding to cover federal environmental compliance requirements, as well as to extend the December 2025 deadline to ensure this vital temporary generation is available to fully support the long-term reconstruction of the electrical infrastructure, as well as the effective integration of renewable energy technologies.

Fourth, as indicated previously, all FEMA SOW must comply with EHP federal requirements prior to obligating funds and beginning construction work. Even though the collaboration with FEMA has been outstanding, and they have committed to expedite the review process, the reality is that complex projects (such sensitive-scope vegetation or cross-island transmission centers) take months (or years), since the process mandate that federal partners such as Fish & Wildlife are consulted, and some of the projects most likely will require Environmental Assessments (EA) or more stringent Environmental Impact Statements (EIS). Hence, COR3 recommends to Congress to take a deeper view of statutory and regulatory requirements related to EHP, in order to expedite the review process.

Fifth, COR3 has argued to FEMA the necessity to apply retroactively certain policy decisions that will positively impact the Hurricane María long-term recovery and resilience. One example is the small projects threshold. For disasters declared after 2022, this threshold is $1 million, compared to Hurricane María which is $123,100 thousand. Another example is FEMA's announcement in January 2024 that the agency will expand funding to tackle the climate crisis, improve resilience and cut energy costs through net-zero projects. For the first time, FEMA will fund net-zero energy projects, including solar, heat pumps, and efficient appliances, through its largest grant program—Public Assistance, which covers the rebuilding of schools, hospitals, fire stations, and other community infrastructure investments post-disasters. FEMA is also funding net-zero energy projects for its Hazard Mitigation Grant Program (HMGP) and now offers incentives through its Building Resilient Infrastructure and Communities (BRIC) annual grant program to encourage more communities to use net-zero projects that increase community resilience. Nevertheless, this new action is applicable for any federal disaster declared after August 16, 2022, hence, funds under Hurricane Maria cannot benefit from it. Additionally, COR3 requests congress to assess potential statutory and regulatory changes that will provide FEMA with the authority to retroactively implement such beneficial measures such as small projects thresholds and climate resilience actions. Furthermore, such statutory and regulatory revisions must include new authority for FEMA to include renewable energy technologies such as offshore wind, ocean thermal energy conversion and hydro power, to be funded under Public Assistance and/or Hazard Mitigation programs.

Finally, Public Assistance (and Hazard Mitigation) processes can be administratively burdensome, particularly when managing processes for multiple disasters. As mentioned above, recovery in Puerto Rico must overcome the overlapping and complex layers of bureaucracy that delay both the obligation and disbursement of critical funds, hindering timely recovery and resilience-building efforts.

Closing Remarks

We hope this statement has provided you with a clearer understanding of our significant progress in the last two years and our current challenges. We are committed to ensuring compliance and transparency in managing the federal funds allocated to Puerto Rico and welcome any assistance in addressing the existing and emerging challenges we identified.

On behalf of the entire COR3 team, we extend our gratitude to Congress and the U.S. Government for their ongoing support in improving the quality of life for all Puerto Ricans. We appreciate Congress's attention to these critical issues and look forward to continuing our collaboration to assess and address the lessons learned from these unprecedented challenges.