



official statement

PUERTO RICO FISCAL AGENCY AND FINANCIAL ADVISORY AUTHORITY

September 12, 2024

The following is a statement by Financial Advisory and Fiscal Agency Authority executive director Omar J. Marrero-Díaz:

Today, the Governor of Puerto Rico, Hon. Pedro Pierluisi, submitted his response to the lawsuit (the "Invalidation Action") filed by the Puerto Rico Financial Oversight and Management Board (FOMB) seeking to invalidate Act 10-2-24 (Act 10), a law designed to promote Puerto Rico's efforts to modernize its electrical system and the use of sustainable energy sources on the Island. The Government remains committed to transforming Puerto Rico's energy system and making the transition to clean and renewable energy, as established in the public energy policy embodied in Act 17-2019.

As it has done since day one, the Pierluisi Administration will continue to defend the Government's energy policy and support the transition of the Puerto Rico Electric Power Authority (PREPA) to a modern, resilient, reliable and sustainable energy system, while preserving the rate-setting powers of the Puerto Rico Energy Bureau (NEPR, in Spanish). Contrary to the Oversight Board's unsubstantiated assertions, the Government maintains that Act 10 reflects the elected Government's energy policy and is consistent with PREPA's Certified Fiscal Plan.

Act 10 furthers the distributed generation mandate of PREPA's Fiscal Plan, which calls for a reduction in utility-scale generation and requires an expansion in distributed generation capacity through the continued installation of rooftop photovoltaic solar.

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Importantly, solar conversion supports PREPA's long transformation process by providing much-needed immediate generation capacity while relieving PREPA's overburdened and deficient generation fleet. Invalidating Act 10 would not only be contrary to the will of the elected government, but more importantly, it would also threaten PREPA's ability to continue to meet its obligations under the Fiscal Plan.

To date, PREPA has been able to comply with the Fiscal Plan's Distributed Generation Mandate only because PREPA's existing net metering program provides incentives that drive the continued expansion of solar conversion. If the net metering program were to be modified, especially in a manner that would reduce or eliminate incentives for solar conversion, PREPA's ability to meet its Fiscal Plan obligations would be affected.

As Puerto Rico continues to face unprecedented heat waves that are affecting PREPA's fragile electric system, it is imperative that the Government and the Oversight Board promote and incentivize solar conversion, as well as compliance with the Distributed Generation Mandate.

Contrary to the Oversight Board's assertions, Act 10 does not seek to affect the regulatory power of the Puerto Rico Energy Bureau. Rather, Act 10 seeks to provide PREPA with an additional path to develop its generating capacity while continuing to develop PREPA's long-term power generation projects.

Invalidating Act 10 not only jeopardizes PREPA's ability to meet its Fiscal Plan obligations, but limits much-needed increases to PREPA's near-term generating capacity and undermines the Pierluisi Administration's concerted actions to maintain and build momentum in PREPA's transition to a modern, resilient, reliable and sustainable energy system.

The Administration and the Pierluisi Administration are committed in vigorously defending the people and businesses of Puerto Rico.



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