

Overbuilding Fossil Fuel Generation Threatens Puerto Rico's Affordability and Climate Goals

Puerto Rico is currently at a crossroads as it is facing the potential to overbuild its centralized generation system and the island could be locking in continued dependence on imported natural gas.

With a base rate case and the integrated resource planning (IRP) case currently before the Puerto Rico Energy Bureau (PREB), the future cost of electricity will also be heavily influenced by ongoing procurement decisions, including a procurement process for 3,000 megawatts (MW) of new power generation. IEEFA's report takes an in-depth look at proposed new power generation and the need for the island to seriously consider the opportunities presented by renewable energy.



OVERBUILDING RISKS

Puerto Rico ratepayers face significant risks from current plans to overbuild the generation system. These risks include:

- ① Excess capital costs for underutilized power plant capacity, which would be borne by ratepayers.
- ② Higher fuel costs and fuel supply disruptions, related to New Fortress Energy's ongoing conflicts of interest; these risks increase with the expansion of New Fortress's gas supply to the island.
- ③ Not meeting Puerto Rico's 100% by 2050 renewable energy target, because of the non-viability of biodiesel and green hydrogen as future fuels.



The Puerto Rico Energy Bureau should consider:

- Requiring that IRPs be filed on the three-year timetable established in 2014, to minimize the use of ad hoc generation contracting outside of a rigorous resource planning process.
- Not approving any proposed contracts that would result in an overbuilding of centralized generation and a lock-in of natural gas beyond the 2050 deadline for achieving 100% renewable energy.





- Rejecting any future IRP that (a) depends on environmentally unsustainable biodiesel and/or economically uncompetitive fuels such as green hydrogen, and (b) would not put Puerto Rico on a path towards meeting its 100% renewable energy target.

Given the rapid expansion of rooftop solar power generation across the island, this is the year for Puerto Rico to expand renewable energy efforts, not tie itself to volatile, unreliable, and expensive fossil fuels.

