





Shining light on Puerto Rican solar policy

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In the sun-drenched landscape of Puerto Rico, a shift towards sustainable energy is illuminating the path to a greener future. As the island grapples with the dual challenges of building environmental resilience and recovering from extreme climate events, policymakers are spearheading initiatives to harness the abundant solar potential. On the island, it all comes down to affordable, reliable, and adaptable energy systems.

In recent years, Puerto Rico has faced significant energy challenges, exacerbated by factors such as aging infrastructure, dependence on imported fossil fuels, and the devastating impacts of natural disasters like Hurricane Maria. These challenges underscore the urgent need to diversify the energy mix and bolster the island's resilience. At the forefront of this transformation is the burgeoning solar energy sector, which holds the promise of abundant, clean and locally generated power.

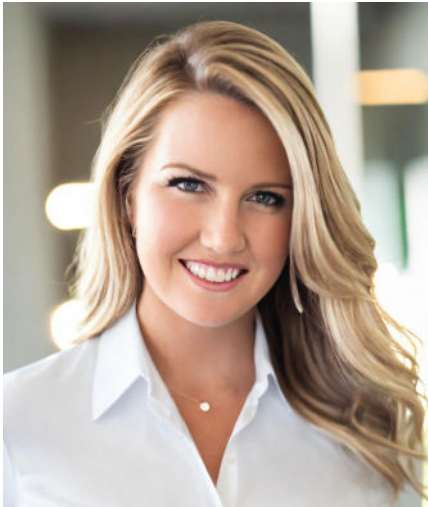
Against this backdrop, policymakers in Puerto Rico have embarked on a series of initiatives aimed at accelerating the adoption of solar and advancing renewable energy goals. These efforts encompass a range of strategies, from regulatory reforms and financial incentives to community-based initiatives and large-scale infrastructure projects.

Central to these endeavors is the recognition of solar energy's potential to create microgrids around the island, allowing rural communities to maintain energy independence without disruption.

Setting goals

The Puerto Rican government has set an ambitious target of achieving 100% renewable energy by 2050. It has also set interim goals of achieving 40% by 2025, 60% by 2040, the phaseout of coal-fired generation by 2028, and a 30% improvement in energy efficiency by 2040.

There is a unique opportunity for the US territory to act as a blueprint for the mainland to model achieving their 100% renewable energy goals. In support of the Puerto Rico energy transition, the federal government has allocated significant funding to contribute to state and local efforts.



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The US Secretary of Energy, Jennifer Granholm, has made multiple visits to the island symbolizing the deep commitment of this administration's commitment to these lofty goals.

The PR Energy Resilience Fund (ERF)

In December 2022, President Biden signed the Consolidated Appropriations Act into law, which included \$1 billion for the US Department of Energy (DOE) to establish the Puerto Rico Energy Resilience Fund (ERF) to improve the resilience of the

Puerto Rican electric grid, with a focus on the island's most vulnerable households. The DOE expects to release at least two funding rounds for the Puerto Rico ERF.

Funded by ERF, on July 31st 2023, the DOE Grid Deployment Office (GDO) released \$450 million to support residential solar PV and battery storage installations and offer consumer protection and education resources. In November 2023, the DOE granted three companies for \$400 million, five nonprofits for \$40 million and two organizations for \$10 million, currently undergoing funding negotiations. The DOE anticipates that the first installations will begin in spring 2024.

Subsequent rounds are expected in 2024, which will provide investments for energy resilience solutions like community solar, microgrids, and other grid modernization solutions, as well as potential partnerships with local groups and workforce training.

Solar access program

Through the DOE GDO Solar Access program, the DOE announced a complementary \$3.85 million funding in competitive Solar Ambassador prizes to sixteen community organizations across Puerto Rico to help accelerate the installation of residential solar and battery storage systems on up to 30,000 homes across Puerto Rico.

Each of the 16 selected organizations will receive seed funding, participate in DOE training sessions, and are eligible for further compensation based on the number of households they enroll for residential solar systems and battery storage installations.

Solar and storage policies signed into law

PS 1064, which exempts projects with rapid shutdown on concrete residential roofs, was signed into law in early January this year.

The new law requires the Puerto Rico Energy Bureau (PREB) to conduct a study to evaluate and consider the costs and benefits associated with the net metering program, distributed generation technologies, smaller-scale solar energy, and energy storage systems by 2030.

Before the passage of this legislation, net metering was only protected until April 2024, as determined by the Puerto Rico Energy Public Policy Act of 2019, which guaranteed it for five years. Following completion of the study, PREB may make any changes to the current net metering policy; however, there must be at least a 12-month period before changes come into effect.

When any change to net metering goes into effect, all existing customers will be considered a 'grandfathered' net metering customer under the rate in effect prior to the determination for 20 years. However,

net metering customers can choose whether to accept the new rate or compensation mechanism approved by PREB.

Rebuilding the island

Puerto Rico faces extreme weather challenges, from hurricanes to earthquakes, which can cause disruptions to daily life.

The island endured one of the longest power outages in US history after hurricanes Maria and Irma in 2017, which caused billions of dollars of damage, crippled the energy system for more than a year in some rural areas, and led to thousands of deaths.

In fact, it is estimated between 3,000 and 4,500 people died. Following these hurricanes, an earthquake rocked the

island in 2020, with hurricane Fiona in 2022 adding to the operational, maintenance, and financial challenges.

Legislation in progress

PC 0783 is proposed to require all new

buildings and private single-family homes to provide the resistance and dimensioning necessary for installing solar on their roofs.

The RC C0488 joint resolution would order the PREB to carry out a study on the need, in the short and long term, to establish recycling centers for

solar panels and batteries in Puerto Rico, establish the necessary regulations on the management and storage of batteries and panels and establish the processes to dismantle large-scale solar projects.

The RC 0892 joint resolution would order the Finance and Budget Committee of

the Puerto Rico House of Representatives to investigate the use and management of the \$1,000 million assigned to the United States DOE

for a program that will aim to install solar panels and energy storage batteries on the roofs of homes of low-income and/or disabled people in Puerto Rico.





PC 1642 would grant an exemption for the payment of interest on loans to cover the purchase of equipment and the labor cost for installing solar panels and energy storage systems at the taxpayer's primary residence.

PC 1525 would establish a tax credit for every individual to acquire and install solar photovoltaic energy for a primary residence.

Ongoing implementation

Puerto Rico's Integrated Resource Plan (IRP) is a 20-year plan to replace fossil fuel generation assets with renewable energy to meet Puerto Rico's renewable energy targets.

LUMA Energy, the power company that operates, maintains, and modernizes the transmission and distribution system of Puerto Rico Electric Power Authority

(PREPA), is conducting the Solutions for the Energy Transformation for Puerto Rico (SETPR) initiative. This is designed to include public participation in the development of the IRP. Through SETPR, LUMA has conducted multiple meetings to receive feedback and input on their upcoming revision to the IRP.

Puerto Rico's Department of Housing's CDBG-MIT

Effective from January 31st, 2024, Puerto Rico's Department of Housing is implementing the second round of the New Energy Program, funded through the Community Development Block Grant – Mitigation grant, which will provide eligible households with incomes under 80% of the Area Median Family Income (AMFI) with renewable energy installations. There will be 6,000 tickets available, and eligible participants can receive an award of up

to 100% of the cost to install the system or \$30,000, whichever is less.

As Puerto Rico continues to navigate its renewable energy future, the significance of current solar legislation cannot be overstated. By fostering a regulatory environment promoting solar adoption and investment, policymakers can propel the island towards a sustainable and resilient energy infrastructure.

As communities harness the power of the sun, not only do they reduce their carbon footprint, but they also pave the way for economic growth and energy independence. With continued collaboration between government, industry stakeholders, and citizens alike, Puerto Rico stands poised to shine for its innovation and progress in the years to come.

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