

DIVERSIFICATION AND CONSERVATION »



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Puerto Rico Implementing Cleaner, Leaner Energy Plan

by Mary Branham

1 How would your proposal to convert Puerto Rico's oil-fired plants to natural gas benefit Puerto Rico?

"Puerto Rico faces some of the highest energy costs in the country, with electricity costs more than twice that in the rest of the nation. ... The cost of electricity is a significant drag on the Puerto Rico economy. According to the U.S. Energy Information Administration, Puerto Rico's (kilowatt hour) cost in 2009 was 21.69 cents, compared to the U.S. average of 10.2 cents. Puerto Rico's extreme reliance on oil is clearly bad for the environment as well. Puerto Rico's energy diversification efforts, especially the transition to natural gas, will cut environmental emissions by 79 percent and will save individuals and businesses as much as \$1 billion per year when the transition to natural gas is complete in the next four to five years."

2 What are the environmental benefits of Puerto Rico's energy strategy?

"The transition to natural gas represents the biggest environmental protection effort in Puerto Rico's history. Burning dirty oil for 68 percent of existing power needs, as Puerto Rico is currently doing, is bad for the environment. Transitioning to natural gas will cut emissions of criteria pollutants by 79 percent and cut greenhouse emissions by up to 30 percent."

3 What are Puerto Rico's near-term strategies for addressing the cost of energy?

"One strategy we are implementing immediately to bring down energy costs is improving the way Puerto Rico purchases oil and natural gas in the marketplace. ... We are transitioning to direct purchases from oil suppliers and diversifying purchase contracts to get the best price, a strategy that, when combined with other measures underway, should help cut energy bills for consumers in the coming months. These efforts will augment Puerto Rico's transition to natural gas."

4 What are your goals for renewable energy?

"Puerto Rico's diversification strategy incorporates renewable sources, including wind, solar and waste-to-energy, as key elements of our comprehensive energy reform. New energy reform laws that I signed in 2010 lay out incentives for alternative energy development and commit the government to ambitious goals for the growth of renewable energy. Through the Energy Diversification Act, the government's new targets for energy generation are: 12 percent of power generation through renewable and alternate sources by 2015, 15 percent by 2020 and 20 percent by 2035."

5 The Caribbean's largest wind farm and largest solar energy project will be located in Puerto Rico. What will that mean to Puerto Rico's energy future?

"Puerto Rico is in the process of developing multiple renewable energy projects, with our high energy costs actually making renewables more economically feasible than in many parts of the United States. Two of the largest projects that are currently being developed include a 24 megawatt solar project by AES Solar and a 75 megawatt wind turbine project by Pattern Energy, which would be the largest wind project in the Caribbean to date. Another planned project by the company Energy Answers would use waste-to-energy technology in a 58 megawatt energy plant."

6 How is Puerto Rico incentivizing renewable energy?

"Puerto Rico's new Green Energy Fund, created in 2010, will enable the government to co-invest \$290 million in renewable energy over the next 10 years. The Green Energy Incentives Act also creates several special tax exemptions for companies engaged in renewable energy generation. The first round of funding from the clean energy fund provided \$20 million for 114 small and medium scale renewable energy projects."

Puerto Rico Gov. **Luis Fortuño**, the 2012 CSG national president, has taken steps to lower energy costs and decrease the island's dependence on foreign oil. The former Puerto Rico representative to Congress also sees benefits in working with other U.S. territories in the Caribbean to address energy challenges. He served as Puerto Rico's secretary of Economic Development and Commerce, and touts the benefits of many energy projects in improving the island's economy.

 Read the full interview with Luis Fortuño at capitolideas.csg.org.

7 What kind of infrastructure and development plans will Puerto Rico—and other states—need to make electric vehicles a viable option?

"Puerto Rico is working to develop a market for electric vehicles, and a (memorandum of understanding) we signed with Nissan last year includes exploring the creation of a battery recharge network to support electric vehicles, as well as possible incentives for using it. This effort is part of a larger economic development strategy to create a new ecotourism destination in the eastern region of Puerto Rico. ... Developing clean transportation options like electric vehicles will help position the region for smart growth through a sustainable tourism plan."

8 Policymakers across the country are touting the benefits of conservation as part of an energy plan. Why is conservation an important energy strategy?

"Puerto Rico's Energy Affairs Administration has made energy efficiency a top priority. One of (the administration's) most exciting initiatives is the new partnership with energy-savings companies as a result of Puerto Rico's recently passed Energy Savings Performance Contracts law (Act 19), which authorizes government units to use (energy-savings companies) to implement large capital investment projects that will conserve energy and water. The (energy-savings companies) perform audits of public buildings and help secure financing to make energy efficient upgrades—which are ultimately paid for by energy savings."

9 Why are the efforts by the Puerto Rico Federal Affairs Administration to interconnect Puerto Rico's power grid to the U.S. Virgin Islands and other islands in the Caribbean important?

"As islands not connected to a national grid, both U.S. territories rely heavily on imported oil and have smaller, isolated energy markets that inhibit our ability to take full advantage of the wind, solar and geothermal resources throughout the Caribbean region. In 2009, we proposed using undersea cables to connect the electrical grids of the two territories and, ultimately, island nations in the Caribbean, to expand the size and economic viability of our energy market for renewable energy, natural gas and other energy resources. Because Puerto Rico isn't connected to a grid, our utility, the Puerto Rico Electric Power Authority, must produce excess energy to meet unexpected surges in demand; this excess generation could be sold to the U.S. Virgin Islands, which is grappling with electricity costs even higher than in Puerto Rico."

10 Voters will be asked to consider the political status of Puerto Rico in November. How important is this vote to Puerto Rico?

"In November, citizens in Puerto Rico will take their first ever up-or-down vote on their support for the island's current status as a U.S. territory. The ballot will pose two questions to the island's electorate. Voters will first be asked if they agree with maintaining the current unincorporated territory status, to which they can answer either yes or no. Voters will also be asked to express their preference for one of the three non-territorial status options recognized by Congress, and Republican and Democratic presidential administrations: statehood, full independence or independence with free association to the United States. ... Once the people make their choice in November, it will then be the turn of elected officials—both in San Juan and Washington—to act upon that mandate." 