



October 10, 2024

Website: www.oversightboard.pr.gov

Hon. David A. Skeel Jr.

Chairman

Financial Oversight and Management Board for Puerto Rico

P.O. Box 192018

San Juan, PR 00919-2018

**RE: URGENT CONTROL OF THE REVITALIZATION PROJECTS FOR THE ELECTRIC GRID
IN PUERTO RICO**

Dear Members of the Puerto Rico Financial Oversight Board:

Before addressing the matter under consideration, we would like to congratulate Mr. Cameron McKenzie Hertell on his appointment to the Financial Oversight and Management Board (the Board or "FOMB"). We are confident that his knowledge, experience, and human qualities will be useful in finding solutions to the challenges facing Puerto Rico's economy.

Founded 111 years ago, the Puerto Rico Chamber of Commerce (PRCC) is the leading private sector organization on the island, with a membership that represents all sectors of our local economy, including its affiliated associations.

PRCC focuses on channeling the demands and concerns of the business community. This includes supporting trade associations with common interests. Our goal is to protect and promote commercial, industrial, and professional activities, the heart of our production system.

As consumers and business owners, we depend on affordable and reliable energy to operate and grow, creating jobs and opportunities for the people of the island.

Congress created a task force to evaluate the Puerto Rican economy when it passed PROMESA. The findings and recommendations of this task force were presented in a report to the US House of Representatives and the Senate¹.

¹ 48 USC Ch. 2196; Congressional task force on Economic Growth in Puerto Rico, page 37-39 (2016). Available at <https://www.finance.senate.gov/imo/media/doc/Bipartisan%20Congressional%20Task%20Force%20on%20Eco>



VOICE AND ACTION of the Private Enterprise

P.O. Box 364106 San Juan
PR 00936 - 4106
Miramar Plaza Center
954 Ave. Ponce de León
Suite 406 San Juan PR 00907-3646

787-721-6060

camarapr@camarapr.net

camarapr.org | #CamaraComercioPR

The goal of these lawmakers was to outline the policy priorities needed to promote sustainable economic growth, create jobs, reduce child poverty, and attract investment.

One of the things the US Congress analyzed in their report was the island's electricity generation and distribution system. They concluded that the excessive cost and unreliability of these energy sources was a major constraint on economic growth.

The island's heavy reliance on dirty EPA non-compliant fossil fuels for energy generation was at the root of this situation. Energy prices became unmanageable due to the dependence on the external market for energy production by an obsolete generation fleet.

To remedy the situation, US Congress proposed to comply with the mandate of Section 9 of the Consolidated and Extended Appropriations Act of 2015 (48 USC 1492a) and Section 505(d) of PROMESA², which required the development of a comprehensive study of electricity rates.

The purpose was to develop an action plan that will help to reduce the dependence on fossil fuels and significantly increase the number of optimal and cost-effective sources of energy production. The financial, policy and technical experts of this team would be responsible for developing a schedule, financial, and electrical plans to implement all the projects.

After Hurricanes Irma and Maria devastating paths across Puerto Rico in 2017, the island's electrical infrastructure was severely destroyed. Understanding the role of energy in economic recovery, Congress provided billions of dollars in funding to Puerto Rico but did not fund the U.S. Department of Energy to conduct the study needed to determine how to rebuild the grid³.

The destruction of the entire electrical system left the island without power for an extended period. This has slowed economic growth and affected the quality of life for all residents and business owners.

[nomic%20Growth%20in%20Puerto%20Rico%20Releases%20Final%20Report.pdf](#); See also Congressional Task Force On Economic Growth In Puerto Rico, Status Update To The House And Senate. Available at <https://www.finance.senate.gov/imo/media/doc/Congressional%20Task%20Force%20on%20Economic%20Growth%20in%20Puerto%20Rico%20Status%20Update%20to%20House%20and%20Senate%20Final.pdf>.

² Congressional task force on Economic Growth in Puerto Rico, page 39 (2016). Available at <https://www.finance.senate.gov/imo/media/doc/Bipartisan%20Congressional%20Task%20Force%20on%20Economic%20Growth%20in%20Puerto%20Rico%20Releases%20Final%20Report.pdf>.

³Congressional Research Service (2017). Available at <https://crsreports.congress.gov/product/pdf/IN/IN10811/2>.



VOICE AND ACTION of the Private Enterprise

P.O. Box 364106 San Juan
PR 00936 - 4106
Miramar Plaza Center
954 Ave. Ponce de León
Suite 406 San Juan PR 00907-3646

787-721-6060

camarapr@camarapr.net

camarapr.org | #CamaraComercioPR

Since the Board took office, the deterioration of the electrical system has been acknowledged by all sectors. Estimates of economic recovery were linked in the Fiscal Plans to expected improvements in the electrical system.

To boost competition, improve energy services, cut elevated bills, ensure payments, and support Puerto Rico's growth, the Board let the local government hire private operators to manage the electrical system.

Years later, Puerto Rico still faces uncertainty about its energy and economic recovery. This is not just the result of technical failures or external challenges but is fundamentally a crisis of accountability.

Today, there does not seem to be an energy plan that indicates exactly when the island will have an efficient electrical system, or an effective roadmap that reduces the frequency and scale of service interruptions.

Despite the significant allocation of billions in federal funds, there has been a lack of full ownership, coordination and determination in the energy transformation, reconstruction efforts and process.

Although the legal framework is in place at the local level, and the preparation of an Integrated Resource Plan (IRP) for all components has been required, we still do not have one.

The use of federal funds to stimulate the economy remains delayed along with its projections for economic growth and development to ensure that Puerto Rico does not continue to suffer from unstable power service, prolonged blackouts, and rising electricity costs beyond acceptable performance parameters, we urge the Board to take control to assure a stronger commitment and role in the power system restoration and rebuilding process.

Specifically, as an entity created by US Congress, the FOMB can accelerate funding approval and coordination with federal interagency approvals. Also, the Board can kick off periodic meetings with all public and private, federal and local energy stakeholders to make sure all interested parties are meeting their obligations and responsibilities to restore the electric grid and provide affordable and reliable energy.

Otherwise, the businesses and industries that make up the private sector cannot continue to create jobs and contribute to the economy. It is essential to keep the electric grid stable to prevent investors from looking to invest elsewhere.



VOICE AND ACTION of the Private Enterprise

P.O. Box 364106 San Juan
PR 00936 - 4106
Miramar Plaza Center
954 Ave. Ponce de León
Suite 406 San Juan PR 00907-3646

787-721-6060

camarapr@camarapr.net

camarapr.org | #CamaraComercioPR

The proper circulation of allocated funds will enable the reactivation and strengthening of other sectors of the economy. This is essential for the success of the fiscal plans and the fulfillment of the debt adjustment plans.

Without an efficient energy system, financial plans cannot be met. Unreliable energy puts a strain on business finances and hinders economic growth. PRCC and their business associations strongly believe that this status quo cannot continue.

Recently, the PRCC sent a written testimony to the House of Representative's Natural Resources Committee. In such testimony we urged the Committee to support our request for the creation of a Puerto Rico Revitalization Cabinet Task Force, that can lead the energy transition for the island. This Task Force should be modeled after the successful Hurricane Sandy initiative lead by the White House, which helped streamline and prioritize recovery efforts to deliver results. Immediately upon taking office, the soon-to-be-elected POTUS must prioritize this request with the urgency it deserves.

Time is of the essence. While we wait for Executive action on the Task Force, we kindly request the Board to create a Working Energy Group that can spearhead and reinforce the energy reconstruction. Once the Presidential Task Force is enacted by Executive Order the FOMB's Working Energy Group can collaborate or be integrated into the Task Force.

As a starting point, we recommend completing the Integrated Resource Plan (IRP) of the electrical system. The Board could consider making this plan a critical project for the energy sector under Law 17 of 2019.

Additionally, Board members need to hold companies accountable for their performance indicators. As financial and public policy experts, the Board must demand accurate and reliable information about the impact of prolonged and repeated power outages on the business community.

The Board needs to make sure that the efficiency of their work is not compromised by power instability.

To help stabilize generation and reduce blackouts, we invite the Board to consider Genera's proposal to temporarily add 550 MW of generation to Puerto Rico's electrical grid as an emergency Energy measure.

Furthermore, we are asking that all sources of energy production that are cost-effective for the business community should be considered in the context of the island's generation and distribution challenges today and in the immediate future. This approach will support the



VOICE AND ACTION of the Private Enterprise

P.O. Box 364106 San Juan
PR 00936 - 4106
Miramar Plaza Center
954 Ave. Ponce de León
Suite 406 San Juan PR 00907-3646

787-721-6060 | camarapr@camarapr.net | camarapr.org | #CamaraComercioPR

sustainability of the electrical grid and help meet Puerto Rico's long-term fiscal goals.

Thank you for your time and consideration. We look forward to collaborating with the Working Group on affordable, reliable energy to make Puerto Rico strong and resilient.

Sincerely,

Luis E. Pizarro Otero, Esq., LLM
President & Chairman of the Board
Puerto Rico Chamber of Commerce
Edificio Miramar Plaza
954 Ave. Ponce de León, Suite 406
San Juan, PR 00907
Phone: 787/721-6060
email: luis.pizarro@fidellc.com
website: <https://camarapr.org/>

CC. Board Members

Arthur J. González
Andrew G. Biggs
Betty A. Rosa
John E. Nixon
Juan A. Sabater
Luis A. Ubiñas
Cameron McKenzie



VOICE AND ACTION of the Private Enterprise

P.O. Box 364106 San Juan
PR 00936 - 4106
Miramar Plaza Center
954 Ave. Ponce de León
Suite 406 San Juan PR 00907-3646

787-721-6060

camarapr@camarapr.net

camarapr.org | #CamaraComercioPR



Puerto Rico Chamber of Commerce



Cámara de Comercio del Oeste de PR, Inc.



Asociación de Comerciantes en Materiales de Construcción



Asociación de Gestores de Incentivos, Licencias y Permisos de Puerto Rico



Puerto Rico Association of Realtors



Asociación de Laboratorios Clínicos PR



Colegio de Ingenieros y Agrimensores de PR



Puerto Rico District Export Council



Colegio de Administradores de Servicios de Salud



Asociación de Centros Comerciales Puertorriqueños



Colegio de CPA de PR



Alianza de Centros de Salud Comunitaria, Inc.



VOICE AND ACTION of the Private Enterprise

P.O. Box 364106 San Juan
PR 00936 - 4106
Miramar Plaza Center
954 Ave. Ponce de León
Suite 406 San Juan PR 00907-3646

787-721-6060

camarapr@camarapr.net

camarapr.org | #CamaraComercioPR



Asociación de Salud Primaria
de Puerto Rico



Asociación de IPA's
de



Asociación Hecho en PR
Puerto Rico



Empesarios por Puerto Rico



Asociación de Constructores
de Puerto Rico