

DEPARTMENT OF
ECONOMIC
DEVELOPMENT AND
COMMERCE



GOVERNMENT OF PUERTO RICO



Green Energy Fund Program

ERIKA RIVERA FELICIÉ
ENERGY AFFAIRS ADMINISTRATION
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INTRODUCTION

This presentation provides detailed information about the incentive program for renewable energy projects in Puerto Rico, known as the Green Energy Fund (GEF). The GEF is presented as an alternative to stimulate the development of renewable energy projects of small and medium scale enterprises. Information is provided on the implementation, regulation, application process and reference guides, by the Energy Affairs Administration, the government agency administering the program. Also included are updated data on how this program has already impacted the private sector, promoting distributed generation using renewable energy sources in line with the country's energy policy.

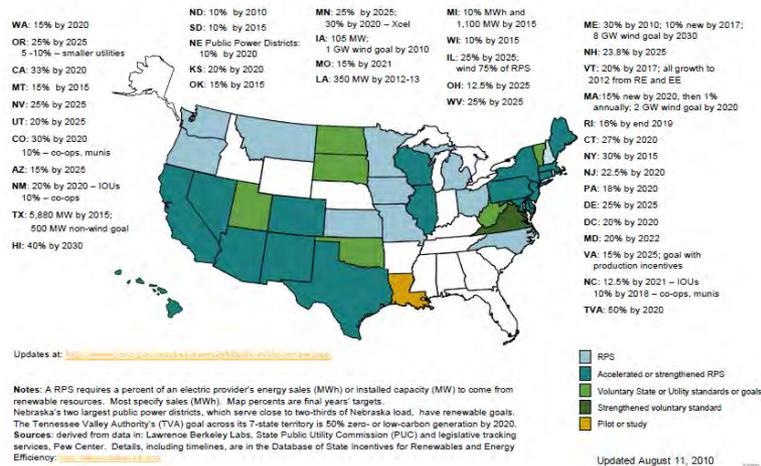
Policy Overview

- Act # 82 July 19th, 2010 – Energy Diversification by means of an RPS Policy
 - Recognizes many sources of renewable energy utilizing various technologies.
 - Sets a hard target of **12%** renewable energy production **by 2015**, and **15% by 2020** with a requirement for retail energy providers to establish a plan to reach **20%** renewable energy production **by 2035**
 - Adopts **APX North American Renewable Registry** (NARR), an electronic platform to manage the issuance, tracking, and trading of RECs
 - **Creates a permanent Renewable Energy Commission** as an oversight entity focused solely on the **implementation of the RPS**

RENEWABLE PORTFOLIO STANDARD

What is an RPS?

- The Renewable Portfolio Standard (RPS) is a legal energy policy that requires an increment in renewable energy production through the use of wind, solar, biomass and geothermic among others
- Diversification is the key to reduce energy price
 - **Diversification** → Helps stabilize, and thus reduce electricity prices
 - 29 states and the District of Columbia have implemented an RPS



Incentive Overview

- Act #83 July 19th, 2010 0 Also known as “Green Energy Incentive Law”
 - Creates a **Green Energy Fund (“GEF”)** through which the government of Puerto Rico will co-invest **\$290 million** in renewable energy projects over the next 10-years; initially funding of \$20 million beginning July 1, 2011
 - GEF will provide flexibility for the government to establish new investment or incentive programs in the future.
 - For companies dedicated to the production of renewable energy on a commercial scale, the law also provides several tax benefits.

GEF Creation

- Starting as on FY 2011-2012, funds will be collected from motor vehicles tax consistent with Sec. 2011 of the Internal Revenue Code of PR.
- These funds will be received by the Dept. of Treasury (DT) and used for the purposes described in this Act, as it follows:

Fiscal Year	Funds
2011-2012	\$20,000,000
2012-2013	\$20,000,000
2013-2014	\$25,000,000
2014-2015	\$30,000,000
2015-2016	\$35,000,000
2016-2020	\$40,000,000 (each year)
Total	290 Millions

GREEN ENERGY FUND PROGRAM

GEF Program Terms

- Created to stimulate the development of green energy projects
- Targets residential, commercial, and public sectors
- Current eligible Green Energy Technologies
 - Solar Photovoltaic (PV)
 - Wind

GREEN ENERGY FUND PROGRAM

GEF Program Terms

Divided in two Tiers

- Tier 1
 - Residential and Commercial
 - System capacity: 100 kW or less
- Tier 2
 - Commercial and Government
 - System capacity: 101kW up to 1 MW

GREEN ENERGY FUND PROGRAM

GEF Program Terms

- \$290 millions from 2011 to 2020
- \$20 millions for Fiscal Year 2011-2012
 - \$8,000,000 for Tier 1
 - \$11,000,000 for Tier 2
- 3 MW produced in Fiscal Year 2011-2012
 - 1.2 MW for Tier 1
 - 1.8 MW for Tier 2

GREEN ENERGY FUND PROGRAM

Tier 1 – FY 2011-2012

- Divided into two (2) cycles per fiscal year

Eligible Technology	System Capacity	Incentive %	Reference Cost
Solar (PV)	Less than or equal to 25 kW	60%	\$7.5/W
	Greater than 25 kW, up to 100 kW	60%	\$6.5/W
Wind	Less than or equal to 25 kW	60%	\$7.0/W
	Greater than 25 kW, up to 100 kW	60%	\$6.5/W

GREEN ENERGY FUND PROGRAM

Tier 2 – FY 2011-2012

- Divided into four(4) quarters per fiscal year

Eligible Technology	System Capacity	Incentive %	Reference Cost
Solar (PV)	Greater than 100 kW, up to and including 1 MW	50%	\$6.0/W
Wind	Greater than 100 kW, up to and including 1 MW	50%	\$6.0/W

GREEN ENERGY FUND PROGRAM

Application System

- Online Application System – www.prgef.com
- Site sketch and layout
- Project Price Quotation
- Letter of Authorization
- Corporate Resolution
- Proposals including other information (only for Tier 2)

GREEN ENERGY FUND PROGRAM

Tier 1 - FY 2011-2012 First Results

- 22 Applications - \$4,000,000
 - 13 Commercial Applications - \$3,750,000 approximately
 - 9 Residential Applications - \$250,000 approximately
- Average capacity of systems to be installed – 46 kW

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Tier 2 - FY 2011-2012 First Quarter Results

- 22 Applications - \$3,000,000
 - 3 Commercial Awards - \$1,300,000 approximately
 - 1 Government Award - \$1,700,000 approximately
- Average capacity of systems to be installed – 317 kW

GREEN ENERGY FUND PROGRAM

Sectors and Industries that applied for funds

- Residential
- Hospitality
- Education
- Commercial
- Non-profit
- Agriculture

GREEN ENERGY FUND PROGRAM

Documents required for Tier 1 & Tier 2

1. Site Sketch and Layout
2. Building Owner Consent / Rent Agreement
 - a. Tenant Authorization Form
3. Project Price Quotation(s)
4. Letter of Authorization
5. Corporate Resolution

GREEN ENERGY FUND PROGRAM

Tier 2

Audited Financial Statements
(2 years)

Funding Information and/or
Commitment Letters

Experience and/or Resumes

Schedule/Project Timeline

Permits (if applicable) and/or
Environmental Impacts

Operation and Maintenance
Information

Land access

- Title Deeds
- Lease Agreement

Sworn Statement

- Other Funds
- Controlled Group

Claim/Appeals

GREEN ENERGY FUND PROGRAM

Important additional Information

- Non-refundable Fees
- Interconnection Agreement
- Incentive Adjustment
- Changes to Equipment or Personnel
- Deadlines
- Tier 2 Evaluation Process
- Information Submitted Online

GREEN ENERGY FUND PROGRAM

Filing Period

TIER 1

- July 1st
- **January 1st**

TIER 2

- July 1st
- October 1st
- **January 1st**
- April 1st

Webpages:

www.aae.gobierno.pr

www.puertoricodoesitbetter.com

www.puertoricolohacemejor.com

<http://www.prgef.com>

Contact Information:

Phone: (787) 332-0914, ext. 2000

Fax: (787) 332-0915