

Oral Testimony of  
Ramon J. Cruz  
Before the House of Representatives Natural Resource Committee Hearing on  
Rebuilding and Privatization of the Puerto Rico Electric Power Authority  
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Chairman Grijalva and distinguished members of the House Natural Resources Committee, thank you for the opportunity and privilege to testify in front of you today. I am Ramon Cruz, an environmental and energy policy expert from Puerto Rico. I was Vice President of Puerto Rico's Environmental Quality Board, which is the state version of the EPA, during the previous administration and the first appointee to the Puerto Rico Energy Commission back in 2014. I am on the Board of Directors of the Sierra Club, the nation's oldest conservation organization. I am speaking in front of you in my personal capacity as a concerned citizen, former Puerto Rican government official, and as someone with years of experience regarding PREPA.

In my oral statement to you, I want to focus on three main issues: the disingenuous and misguided restructuring and privatization efforts of the electric utility in Puerto Rico, the problems with so called "Natural Gas" and some issues regarding renewable energy efforts in Puerto Rico.

First, I called it disingenuous and misguided the restructuring efforts because the government and PREPA's management are not putting the best interest of Puerto Rico first and instead following the same patterns from that locked us into an obsolete, centralized system dependent on fossil fuels. What we have seen from this government, especially since Hurricane Maria hit the island, is a dismantling of the former Energy Commission and the installation of a new entity, while a hurried privatization effort happens simultaneously; instead of the more appropriate course of action: putting everything on hold until the process of securing a strong, independent regulatory agency is finished. While state Bill 1121 provides for the establishment of such an entity, by the time the rules are written, most of the shots will have already been called. All this is done in a hurry, to supposedly bring the electric system back in place, but loopholes are open to enable the government and private interests to favor natural gas or how many of us call it, "fracked gas" infrastructure, instead of focusing on the deployment of more affordable and resilient renewable energy.

My main point here is that regardless of whether there is a Private PREPA or Public PREPA, the most important part is to put sound rules and regulations in place and establish a strong independent regulatory commission that would make processes more transparent than what we see now, with private deals being done in secret and laws being expedited that favor one technology over others.

Furthermore, privatization is not a panacea to solve decades of mismanagement and the lack of investment in infrastructure in the electricity sector. There are well-run public utility companies throughout the United States, including major systems that provide electricity to millions of customers in Los Angeles, Austin, San Antonio, Seattle, Orlando,

Jacksonville, and many other cities. These public companies are reliable and many of them have increasing amounts of renewable energy. In fact, many of them provide energy at lower costs and with fewer emissions of carbon dioxide and other greenhouse gases than many electric power companies that are owned by private investors. In reality, the ownership system does not determine if the system will be reliable and provide electricity at low cost.

The second point I want to make is that the current dynamic of expedited privatization efforts, interference by PREPA management in the ongoing long term planning process, the so-called "Integrated Resource Plan" or IRP, and the openly declared effort by PREPA and others in the state government to focus on "fracked gas" in Puerto Rico will lock the island into infrastructure that will soon be obsolete for the next 30 years. This focus on fracked gas may have been understandable in the 90s when states saw gas as a transition fuel. But, given what we know now about the impact of methane emissions, and given that we have seen the price of renewable energy and battery storage drop thanks to advances in technology, there is no reason to focus on developing infrastructure based on continued fossil fuel use for the next 30 years. High level elected officials in the island and some even in this committee have openly said that they want to make Puerto Rico a gas hub for the rest of the Caribbean. But, Puerto Ricans want their island to be a hub for clean energy.

For the last part of my statement I want to focus on the deployment of renewable energy and, in particular, the solarization of the island. There is no doubt that our best efforts should be directed towards maximizing the development of solar energy in Puerto Rico and focusing on how to store that energy instead of making a bad bet on fracked gas. We should follow Hawaii's example in having a goal of 100% renewable, reliable and affordable clean energy and take actions that lead us in that direction. Right now, while the government recently established a similar goal officially, we will not reach 100% clean energy by 2050 if the actions by certain politicians direct large expenditures toward fracked gas infrastructure.

For me, it is clear that the focus of the solarization strategy for Puerto Rico and the focus of a large portion of the billions of dollars that the Federal Government is supposed to contribute, should be on lowering the price and improving the quality and resilience of the system. That is something you can get through the development of microgrids to decentralize the system and investment in rooftop solar. However, this is not so easy as so far, the small efforts in the island have benefited the haves, rather than the have-nots.

Currently, in order to receive funds to solarize, one must have property titles and those who do are the ones that become energy independent, passing the responsibility of maintaining a centralized grid to the "have-nots" and regular consumers. Therefore, our efforts should aim to provide the infrastructure to generate power from the sun all over the island on people's roofs to benefit the system as a whole. Of course, there must be an incentive to participate in such programs, but that cannot only benefit those who own the roof. This must be accompanied by an outreach campaign for people to participate in the leasing program and for the utility to provide that service.

This rooftop solar plan, while possible through privatization, is much easier to implement from a transparent public entity regulated by a strong, independent referee. This together with issues of governance and finance raised by some of my colleagues should help the federal government ensure that the much needed financial help coming to the island guarantees a strong and resilient electric system in Puerto Rico for the majority of its citizens.