

**Environmental Law, Energy & Land Use Practice Group**

October 12, 2018

**NOTICE TO CLIENTS AND FRIENDS**

**PR Development: Energy Cooperatives (Coop) in Puerto Rico**

On August 27, 2018, the Puerto Rico Senate voted on and approved Bill No. 984 in the hopes of creating the *Puerto Rico Energy Cooperatives Act* (the “Bill”). The Bill is on its way to the Puerto Rico House of Representatives for debate. The main purpose behind this piece of legislation is to encourage communities and other organized consumer groups to find new and alternate ways to generate and distribute electric power for their consumption and that of their members through the development of energy cooperatives. Specifically, the Bill highlights the Senate’s intention of furthering the process of decentralizing and modernizing the current energy generation, transmission and distribution model that historically has remained in the hands of Puerto Rico Electric Power Authority (“PREPA”).

The Bill opens the door for these cooperatives to not only generate and distribute electric power for their members, but to also sell surplus electricity to other affiliated consumers or the PREPA. The proposed legislation places the responsibility on the Puerto Rico Energy Bureau (previously known as the “Puerto Rico Energy Commission”) to adopt and implement the regulations and minimum technical requirements needed to establish an energy cooperative. The Puerto Rico Energy Bureau would also review and approve the tariff structure to ensure it is fair and reasonable.

To achieve these goals, the Bill would also introduce several amendments to the Puerto Rico Cooperative Societies General Act of 2014<sup>1</sup>, which would regulate the creation of an energy cooperative. The cooperatives would fall under the jurisdiction of the Cooperative Development Commission for which will ensure compliance with the rules and regulations set forth by the Puerto Rico Cooperative Development Commission Act<sup>2</sup>. The Bill would also amend the Puerto Rico Energy Transformation and Relief Act<sup>3</sup> in order to promote the development and integration of community microgrids, solar communities and energy cooperatives. As a result, this decentralization policy seeks to provide individuals and communities with more alternatives and increase access to renewable energy sources.

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This document has been prepared for information purposes only and is not intended as, and should not be relied upon as legal advice. Should you have any questions about the matters hereby discussed, wish to obtain more information on their potential impacts on policy or operational matters, or need assistance to participate in the commenting process, please feel free to contact us at your convenience.

Eidalia González-Tosado  
[egonzalez@ferraiuoli.com](mailto:egonzalez@ferraiuoli.com)

Eugene Scott  
[escott@ferraiuoli.com](mailto:escott@ferraiuoli.com)

Eduardo Tamargo-Motroni  
[etamargo@ferraiuoli.com](mailto:etamargo@ferraiuoli.com)

221 Ponce de León Ave., 5th Floor, San Juan, PR 00917 - T 787.766.7000 | F 787.766.7001 | [www.ferraiuoli.com](http://www.ferraiuoli.com)

<sup>1</sup> Act 239-2004, as amended.

<sup>2</sup> Act 247-2008, as amended.

<sup>3</sup> Act 57-2014, as amended.