

DOE official touts benefits of P.R.-USVI power deal

Regional integration could expand Prepa market, foster alternative energy growth

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Joe García, U.S. Department of Energy Office of Economic Impact director, believes the construction of a transmission line between Puerto Rico and the U.S. Virgin Islands can begin resolving the significant energy challenges in Puerto Rico and throughout the Caribbean region.

The federal government has funding available through at least three different sources to help make the project a reality, and it would be beneficial to both U.S. territories, not to mention moving the entire region toward wide use of renewable energy.

"It expands Puerto Rico's market, it helps the Virgin Islands with its power costs, and it will help Puerto Rico modernize its baseload generation, which is something it should have done long ago," García said.

"It starts a grid. My long-term hope is that these cables could keep going down the island chain," he added.

The U.S. Department of Energy (DOE) official is a member of the President's Task Force on Puerto Rico's Status and traveled to San Juan for last week's historic hearing. The first time a group of high-level federal officials came to Puerto Rico to listen to community concerns on the economy, political status and other issues. García rejected criticism that it was a superficial exercise.

"It's important to get the spirit behind it...to see that expression on the face...the emotion during the debate," he said. "I felt very welcomed by the Puerto Rico community. It was very beneficial."

García said it was also clear Puerto Rico faces great economic challenges, the main reason President Barack Obama and his Intergovernmental Affairs Office Director Cecilia Muñoz decided that the task force members would also "see what we can do about the economy while working on the status question."

García and a DOE team extended their stay to meet with government and energy officials to discuss the construction of the underwater

cable and other related initiatives. Currently there is a small cable connecting the former Naval Station Roosevelt Roads in Ceiba and Vieques, and the idea would be to extend it from there to Saint Thomas, U.S. Virgin Islands (USVI).

Puerto Rico Electric Power Authority (Prepa) Executive Director Miguel Cordero told CARIBBEAN BUSINESS in October it was negotiating with the USVI Water & Power Authority (WAPA). Puerto Rico's public utility would initially sell about 25 megawatts of power and then expand it to 100 megawatts, which would require replacing the line from the main island to Vieques. The USVI deal is good business for Prepa, as the government utility has about 1,000 megawatts of unused capacity, and it will cut power costs in the USVI, which are double those in Puerto Rico.

Puerto Rico Secretary of State Kenneth McClintock is also promoting the possibility of eventually connecting all the islands of the Caribbean to a submarine power grid to "accelerate the uptake of clean and efficient energy technologies" and to lower power costs. Besides the USVI, he sees a line connecting the west coast of Puerto Rico to the Dominican Republic, and eventually hooking up to Colombia.

Both García and McClintock argue that interconnection would foster alternative energy development by leveraging existing generation throughout the region. If islands develop green energy such as solar or wind, they still need a "baseload generation" or "baseline reserve" power source, since the new alternatives are intermittent power sources and require a backup. That means the USVI could invest in wind rather than coal generation if it has Prepa as a baseline power source. Interconnection also means that the USVI could sell power back to Puerto Rico when it has an excess of generation. So instead of developing 10 windmills, they could develop 20 and sell the power back to Puerto Rico. Buying green power from island



Joe García,
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neighbors and selling them the Prepa-generated power could also maximize green credits in the Puerto Rico utility's portfolio, while helping it pay down its existing \$6 billion investment in carbon energy plants, and grow its local green portfolio over time. García backed plans to modernize some existing generation "so it is cleaner and more efficient technology" and said interconnecting Puerto Rico to the rest of the region would make Puerto Rico "the biggest player in the game."

"I believe Puerto Rico is one of the best places in the world to deploy the new technology that is being developed and to commercialize it. You have a developed electric system compared with the rest of the Caribbean; it is a solid system," García said. "You have a great technical capacity in terms of Puerto Ricans trained to do this."

García said officials are also considering the creation of an "energy park" at the former Roosevelt Roads Navy base as part of a broader policy to establish alternative energy centers on former military lands that have infrastructure that could be "deployed for new alternatives." He advocated developing about 50 megawatts of wind and solar power as well on former military lands in Vieques or elsewhere, and said the development of offshore wind farms should be explored.

"The margins are there not only to deploy wind technology but also solar technology," he said, noting that Puerto Rico was one of the few U.S. jurisdictions where that was true. The Caribbean also has abundant wind and solar resources, and

shallow waters could make offshore wind development more feasible. Investing in renewables would also allow Prepa to duck sky-high costs for the diesel used to fuel generators during peak demand by replacing this generation. García said such an investment was a better long-term investment than simply investing in power that is cheap right now.

The International Partnership for Energy Development in Island Nations (EDIN), which just selected the USVI as a model site for alternative energy development, could be used for the project. The program, which assists in developing all aspects of alternative energy development, was first deployed with great success in Hawaii. In the USVI the strategy is the use of "a modular format" to bring down costs and dirty emissions.

"Island states or nations have a similar carbon profile: very dirty power, very poor distribution and very expensive," García said. "And if you believe half the carbon forecasts, among the first places to disappear on earth are island states. There is no place that should have a greater need to deploy carbon neutral energy than island states."

García said the project would also qualify for a rural development fund under the U.S. Department of Agriculture, and that a \$500,000 assignment for feasibility studies was granted by Congress. Responding to apparent foot-dragging in Puerto Rico on the development of new energy policy, García said the business community "has to advocate for itself" and insist on "hedging against the future."

Not only would the deal benefit both the U.S. territories, and eventually its surrounding neighbors, it would also build regional stability, García said. But he said Puerto Rico could be the "biggest player."

"If Puerto Rico does this right, it can become the leader. Nobody has more generation in the Caribbean than the Puerto Ricans. They could be the spinning reserve of Caribbean excess power into the grid," García said. ■



Our medal this week goes to Joe García, director of the Office of Economic Impact of the U.S. Department of Energy and member of the President's Task Force on Puerto Rico's Status. García came to Puerto Rico last week to participate in the one-day task force hearing in San Juan but decided to extend his stay and take the time to meet with government energy officials and travel around the island to see first hand the island's potential to serve as a platform to deploy carbon neutral technologies. García embodies the kind of first-hand involvement that federal officials dealing with Puerto Rico should have. ■

