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COMMONWEALTH OF PUERTO RICO
**ENERGY
AFFAIRS**
ADMINISTRATION



GOVERNMENT OF PUERTO RICO
PUERTO RICO ENERGY AFFAIRS ADMINISTRATION

AMENDED AND RESTATED
GREEN ENERGY FUND
REGULATION

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Chapter One

INTRODUCTION, BACKGROUND AND GENERALLY APPLICABLE PROVISIONS

I. Title and Introduction

This Regulation shall be known as the "**Green Energy Fund Regulation.**"

The Puerto Rico Energy Affairs Administration (PREAA) was created to design, develop, and implement energy policy that strengthens energy security, environmental quality and economic development in Puerto Rico. PREAA will develop strategies to reduce our high fossil fuel dependency, address climate and environmental issues, promote competitiveness, industrial development, and encourage energy conservation and efficiency. Since its creation under Act No. 128 of June 29, 1977 as the Office of Energy attached to the Governor's office, PREAA has acquired multiple functions and responsibilities. Hence PREAA, directly and through its predecessors, has developed solid experience within the energy sector in Puerto Rico.

On July 19, 2010, Act No. 83 (Act 83) was enacted to designate PREAA as the Government entity in charge of implementing green energy incentives in Puerto Rico and the policy defined in such law. Act 83 recognized that the high cost of energy increases the cost of doing business in our island. High energy costs are detrimental to our quality of life, our environment,

and our economic competitiveness. Incentivizing green energy addresses these costs, quality of life and environmental and economic barriers, while improving public health. Act 83 was approved to incorporate new and integrated incentives for the production of energy with alternative and sustainable renewable sources.

Act 83 assembles under one law our existing economic incentives and reforms, and organizes and standardizes incentives for the construction and use of renewable energy sources. It creates a unified framework of economic benefits and incentives that are expected to make Puerto Rico a more competitive jurisdiction for the development of renewable energy. Act 83 offers new benefits to stimulate the development of green energy projects, addresses tax credits, Renewable Energy Certificates (RECs) and the Green Energy Fund (the "GEF").

As part of the implementation of Act 83 with respect to the GEF, PREAA is called to create, improve and approve this Regulation for the Tier 1 and Tier 2 programs.

II. Legal Basis

This Regulation is issued in accordance with and pursuant to the powers conferred to PREAA under Act No. 83 of July 19, 2010; and Act No. 170 of August 12, 1988, as amended.

III. Purpose

The purpose of this Regulation is to create parameters, mechanisms and standard criteria for implementing incentive programs under the GEF for Tier I Projects (also referred to as Small-Scale Green Energy Projects) and Tier II Projects (also referred to as Medium-Scale Green Energy Projects).

IV. Applicability

This Regulation shall be applicable to PREAA and all parties involved in the process of submitting, evaluating and selecting applications to receive funding from the Green Energy Fund under any of the incentive programs included herein.

V. Definitions

The following terms used in this Regulation shall have the meaning ascribed to them below. Terms not defined in this Regulation shall have the meaning ascribed to such term in the Act.

5.1 **Act** shall mean Act No. 83 of July 19, 2010.

5.2 **Applicant** shall be the person or entity submitting a GEF program application and serves as the main contact to PREAA through the application and construction process. All communication related to a GEP will be directed to the Applicant. An Applicant can also be the Customer.

- 5.3 **Application Fee** shall mean a non-refundable standardized amount based on the GEP system size, to be charged to the Applicants to process an application under this Regulation.
- 5.4 **Business Day** means a day other than Saturdays, Sundays and such other days recognized as holidays by the Government of Puerto Rico.
- 5.5 **Completed** shall mean, with respect to a project, an eligible GEP that is fully installed, interconnected, permitted and fully capable of being placed into operation.
- 5.6 **Controlled Group** shall mean the Controlled Group of Corporations or Partnerships as such term is defined in the Act.
- 5.7 **Customer** shall be the end-user/ receiver of the electricity produced by the GEP, including individuals, legal entities, and Controlled Groups, in connection with the GEP in which an incentive application is submitted under this Regulation. The Customer will be the incentive holder, and shall carry all the responsibilities such designation places on him. Customer must be the individual or entity under which the utility bill is registered. Customers may designate a third party Applicant to act on its behalf during the application and construction process; however, the Reservation Agreement will only be signed by the Customer.

- 5.8 **Evaluation Committee** shall mean the committee to be appointed in accordance with Act No. 83 to certify the final determinations of the Technical Committee under the Tier 2 program and approve GEF disbursements amounting to or exceeding \$500,000.
- 5.9 **Facility** shall mean the property or site where the Green Energy Project will be developed.
- 5.10 **Force Majeure** shall mean a cause beyond the control of the Customer affected thereby and which, by the exercise of reasonable diligence, such party is unable to prevent or overcome to the extent that it becomes unable to perform its obligations of constructing, installing and completing the GEP on schedule, including, acts of God (including earthquakes and tsunami) more severe than typically experienced in Puerto Rico; war, rebellion, revolution, riot, or insurrection (including for the avoidance of doubt, terrorism) which causes physical damage and long term disruption, in each case within and involving Puerto Rico; or any other sudden accident or natural disaster which is not the result of an act, omission or default of the Applicant or Customer or any person for whom it is responsible.
- 5.11 **GEP** shall mean Green Energy Project.

- 5.12 **Government** shall mean the Government of Puerto Rico and its agencies, public corporations, offices, subdivisions and instrumentalities, including municipalities.
- 5.13 **Green Energy Technologies or GETs** shall mean the eligible green technologies for the production of Alternative Renewable Energy and Sustainable Renewable Energy, as approved from time to time by PREAA and indicated in the Reference Guides.
- 5.14 **OGPe** shall mean the Permits Management Office, for its Spanish acronym (*Oficina de Gerencia de Permisos*).
- 5.15 **Point of Interconnection with the Electric Utility** shall mean the point of connection with the electric power utility where an eligible GET is operating in parallel with the primary source of electricity (local electric utility, PREPA). The point of interconnection can be in the supply side or load side as allowed by Article 705 the current National Electrical Code or its successor article or code at the time applicable as determined by PREAA and published in the Reference Guides.
- 5.16 **PREPA** shall mean the Puerto Rico Electric Power Authority.
- 5.17 **Project Closing Report** shall mean the report filed by the Client after the GEP is Complete, with which PREAA collects valuable information

for statistical purposes. Copy of the report with its details will be handed to the Client at the signing of the Reservation Agreement.

5.18 **Proposals** shall mean the required document to be submitted by the Applicant for purposes of Tier 2 GEPs, in accordance with Chapter Three of this Regulation and/or the Tier 2 Reference Guide. A template of the Proposal can be downloaded from the Green Energy Fund website www.prgef.com.

5.19 **Reference Guides** shall mean the documents approved by PREAA and published on the Green Energy Fund website www.prgef.com for Tier 1 and Tier 2, indicating among others, further details in connection with the issuance of incentives hereunder, the Green Energy Technologies that are eligible to participate in the applicable incentive program under this Regulation, the maximum incentive percentage established for each one of these technologies, which shall never exceed 60% (for Tier 1) and 50% (for Tier 2) of the Total Project Cost, their Reference Costs and the technology-specific requirements.

5.20 **Reference Costs** shall mean the maximum acceptable Total Project Cost per installed Watt of System Capacity. The Reference Costs will vary according to the technology and system size, as described in this Regulation and/or the Reference Guides. Reference Costs

are used to cap the Total Incentive Amount to be granted. Reference Costs are based on reasonable and supported criteria, including but not limited to the following:

5.20.1. National market reports;

5.20.2. Local market statistics, which may be compiled by PREAA based on previous years Green Energy Projects developed in the island;

5.20.3. Local constraints and particular conditions to develop Green Energy Projects in the island. As will be further specified in the Reference Guides, a higher Reference Cost may be granted to economically deprived or underdeveloped areas in Puerto Rico, as is the case with Vieques and Culebra under Act No. 153 of August 10, 2002, "Act to Create the Special Vieques-Culebra Economic Development Zone."

5.21 **Reservation Agreement** shall mean the agreement to be signed by the Customer and PREAA, including the terms, conditions, obligations and required documentation necessary to receive an incentive under the programs hereunder.

5.22 **Reservation Guarantee** shall mean the guarantee to be provided by the Customer prior to or

simultaneous with the execution of a Reservation Agreement, as further provided herein and in the Reference Guides.

5.23 **Stand-alone System** shall be a GEP that has the inability to interconnect to the electric utility, due to circumstances beyond Customer's control.

5.24 **System Capacity** shall be defined as follows:

5.24.1. For Photovoltaic (PV) System, shall be based on the sum of the individual DC nameplate capacity ratings of PV Modules. Incentives may be reduced by PREAA because of potential production losses associated with shading, system orientation, tilt angle, and other factors. PREAA may establish a maximum PV (DC) array to inverter (AC) ratio in the Reference Guide.

5.24.2. For Small Wind Power System, shall be based on the "AWEA Rate Power" definition provided in AWEA Small Wind Turbine Performance and Safety Standard (Standard 9.1-2009) for small wind power systems (turbines with rotor areas up to 200m²). Larger turbines shall be based on the turbine rated power output at 11 m/s per IEC 61400-12.

5.24.3. The applicability of these standards may be revised from time to time by PREAA and published in the Reference Guides, as the GETs available in the market are improved and modified.

5.25 **Technical Committee** shall mean the committee or committees to be formed by PREAA to perform the functions assigned to it under this Regulation.

5.26 **Technical Evaluation Process** shall mean the process of evaluating completed and pre-approved Proposals submitted for Tier 2 GEPs to determine the incentives to be awarded under such Tier 2 program during any one quarter.

5.27 **Tenant** shall mean an individual or legal entity that uses or occupies a Facility owned by another person. Tenant will need to submit a Tenant Authorization Form from landlord in order to construct or install the GEP in landlord's property. In order to be considered a Customer, the utility bill must be registered under the Tenant's name.

5.28 **Tier 1** shall mean any GEP that has a System Capacity greater than one (1) kilowatt (kW) and up to and including one hundred (100) kilowatts (kW).

5.29 **Tier 2** shall mean any GEP that has a System Capacity greater than one hundred (100)

kilowatts (kW) and up to and including one (1) megawatt (MW).

5.30 **Total Incentive Amount** shall mean the total amount determined by PREAA to be reserved for a GEP.

5.31 **Total Project Cost** shall mean the total eligible costs of developing and installing a GEP. Eligibility is further defined in this Regulation.

5.32 **Validation Process** shall mean the process by which PREAA reviews and approves applications to confirm their compliance with this Regulation and the Reference Guides and to determine the incentives to be granted, if any.

VI. Generally Applicable Provisions

In order to qualify for an incentive under this Regulation, both Customers and Green Energy Projects must satisfy the following provisions:

6.24 Customer Eligibility

6.1.1. Residential, commercial, industrial, agricultural, and non-for-profit (educational or otherwise) organizations will all be eligible to apply for a GEF incentive, subject to the requirements of the Act, this Regulation and the Reference Guides.

6.1.2. Government entities, as Customers, will only be eligible to apply for Tier 2 incentives under this Regulation. Notwithstanding the above, commercial Customers occupying a Government owned building, will be eligible to receive the benefits of all programs presented hereunder, subject to the requirements of this Regulation and additional provisions included in the Reference Guides.

6.1.3. Customers that may have unsuccessfully applied in any period or quarter may re-apply in the future. However, a new application fee shall be payable. Customers that sign a Reservation Agreement and default under the causes stated therein, causing PREAA to cancel a reservation, may not apply for GEF incentives during that fiscal year.

6.2 **Application Requirements**

6.2.1. Applicants shall complete their applications for incentives under the Green Energy Fund through www.prgef.com or such other webpage as may be indicated from time to time in the Reference Guides.

6.2.2. All Customers are required to attend a compulsory orientation session before submitting their application. PREAA will issue Orientation Certificates to Customers on each orientation session. More details regarding this activity will be published in the Reference Guide and/or the website indicated in this Section.

6.3 **Application Fee**

Customers will be required to pay a non-refundable Application Fee in order to successfully complete an application. The fee structure shall be detailed in the Reference Guides and may be modified from time to time by PREAA.

6.4 **Reservation Guarantee**

6.4.1. A Reservation Guarantee shall be provided at the time the Reservation Agreement is executed between the Customer and PREAA.

6.4.2. Upon successful project completion and PREAA's final determination, the Reservation Guarantee will be refunded. Reservation Guarantee shall be forfeited and the incentive denied if the approved GEP is not completed satisfactorily or if Customer does

not comply with any other terms and conditions of the Reservation Agreement.

6.4.3. The applicable Reservation Guarantee structure and conditions shall be detailed in the Reference Guides and may be modified from time to time by PREAA.

6.5 **Eligible Projects**

Only GEPs that have not begun construction or installation before submittal of the application and before an Incentive Reservation Notice Letter is received by the Applicant, may receive incentives hereunder. Only permitting and design related activities may begin before final approval of an application and shall not constitute project initiation for purposes of eligibility. Incentives will not be granted retroactively to constructed projects. However, if a roof mounted system needs to be installed on a roof that needs a roof membrane or treatment, the installation of structural base supports anchored to the roof surface can be installed prior to submitting an application. Further details about the interaction and receipt of GEF incentives and other incentives will be reviewed by PREAA. To the extent applicable, Customers and/or Applicants shall comply with any additional conditions that may be required

under the joint Puerto Rico Treasury Department and PREAA Regulation to be approved for tax and other incentives.

To be eligible for incentives, a GEP must be sized so that the electricity produced offsets part or all of the facilities energy consumption. The GEPs shall not be sized so that the annual production of the system is greater than the facility's annual consumption based on the last twelve (12) months of usage data. If the facility where the GEP will be installed is off the grid or is new and has yet to be connected to the electric utility, an electrical load estimate should be provided signed by an electrical engineer duly licensed and registered as a Professional Engineer (PE) in Puerto Rico. The electrical load estimate shall include the annual energy use in kilowatt-hours (kWh), a description of each connected load, and any necessary data to support the estimate.

6.6 **Eligible Project Costs**

The Applicant must submit project cost details in a single project quote signed by both the Customer and the sales representative to evidence the eligibility and amount of Total Project Cost. Project quotes shall include a breakdown of the equipment to be used, including brand, model number and quantity. The following may be included as part of the

Total Project Costs of a GEP for incentive calculation purposes.

6.6.1. Equipment costs including, photovoltaic (PV) modules, wind turbines, inverters, metering devices, and any other balance of system equipment necessary for the operation of a GEP; on-site system measurement, monitoring and data acquisition equipment cost. PREAA certified accessory equipment, such as batteries and charge controllers for stand-alone systems, will be considered as eligible Total Project Costs. Evidence of interconnection inability will have to be provided to the PREAA before determining if such equipment will constitute an eligible Total Project Costs.

6.6.2. Engineering, design and permitting cost;

6.6.3. Construction, installation and mounting cost. For projects in which the GEP is part of a larger development, only the construction and installation cost directly associated with the setting up of the GEP are eligible. Mounting and anchoring structures such as racking systems, car ports, and any other

structure that provide primary support for the GET equipment may be included.

6.6.4. Such other costs as PREAA may determine from time to time and publish in the Reference Guides.

6.6.5. PREAA may request copies of construction documents and evidence of costs incurred (ex. paid invoices, cancelled checks, others) before determining final incentive amount to be reserved or paid. Under no circumstances the incentive reserved shall exceed the Reference Cost and Maximum Reimbursement Percentage. Any project costs that exceed the Reference Costs and Maximum Reimbursement Percentage will not be eligible.

6.7 **Installers**

6.7.1. Installations must be performed by a PREAA certified installer according to PREAA Regulation No. 7796 of January 19, 2010, as amended, or such other regulation applicable at the time. This includes PREAA Certified Renewable Energy System Installer for Solar PV GEPs, and PREAA Certified Small Wind Turbine Installer for

Small Wind GEPs. Any application that indicates an Installer not certified as mentioned herein will be automatically cancelled.

6.7.2. Should an installer be performing engineering or architectural work, the Certified Renewable Energy System Installer and/or the Certified Small Wind Turbine Installer shall also be a licensed or authorized professional under Act No. 173 of August 12, 1988.

6.7.3. A list of certified installers is available at PREAA's offices.

6.8 **Insurance**

At the time the Reservation Agreement is executed between the Customer and PREAA, Customers and/or Applicants shall present to PREAA proof of insurance for their GEP. Insurance shall be adequate to cover all the foreseeable risks of the project until completion. PREAA will publish in the Reference Guides specific terms and conditions of insurance, as deemed necessary for the GEPs.

6.9 **Equipment**

6.9.1. Eligible technologies for each program hereunder will be published

through the respective Reference Guide.

6.9.2. All Green Energy Technology equipment must be certified according to the PREAA Regulation No. 7796 of January 19, 2010, as amended, and the Joint Regulation of Permits for Construction Works and Land Uses (Joint Regulation), as amended, or such other regulation at the applicable time. However, certifications of a Green Energy Technology issued before the approval of the Joint Regulation and certified by PREAA according to PREAA Regulation No. 7796 of January 19, 2010, Regulation for the Certification of Renewable Energy Systems, will maintain its validity. Any application that includes equipment not approved as stated in this Section will be cancelled.

6.9.3. All equipment installed under the programs included in this Regulation shall be new. Rebuilt, refurbished or relocated equipment does not qualify for incentives.

6.10 **Installations**

6.10.1. All installations shall be connected at the Point of Interconnection with the Electric Utility, comply with the National Electrical Code, PREPA standards and local laws and regulations, as applicable. Only stand-alone systems do not need to comply with interconnection laws and/or regulations. PREAA reserves the right to do random thorough inspections of any facility receiving incentives to verify design and construction compliance with the aforementioned codes and standards.

6.10.2. All installations must have monitoring capability that is readily accessible at all times to the Customer and PREAA. This metering device must be in compliance with the minimum requirements established in the Reference Guide.

6.11 **Minimum Performance Design**

PREAA will provide minimum performance requirements for each Green Energy Technology through the Reference Guides.

6.12 **Interconnection to the Electric Utility**

6.12.1. All GEPs receiving incentives for grid-connected systems must submit an interconnection application to the electric power utility (PREPA).

6.12.2. System interconnection and operation requirements shall be in accordance with the local electric power utility regulations.

6.12.3. Proof of interconnection agreement is required prior to receiving an incentive payment under this Regulation. Failure to obtain the interconnection agreement within the established project time limit shall result in the reservation being cancelled. It is the Customer's responsibility to ensure that all tasks related to this matter are executed in a timely manner. No extensions will be offered for Tier 1 projects.

6.13 **Renewable Energy Certificate (REC) Ownership**

In accordance with Article 2.8(g) of the Act, all Renewable Energy Certificates (RECs), including its environmental and social attributes, derived from the production of the GEPs that have received incentives under programs included in this Regulation, will be

owned by the PREAA. Customer may be asked to execute a Generator Owner's Designation of Responsible Party from the North American Renewables Registry. Any party not receiving incentives under the GEF, will own RECs derived from their projects.

6.14 **Reserved Prerogatives**

6.14.1. By submitting an application under this Regulation, an Applicant and/or Customer is expressly authorizing PREAA to receive, gather, store, share and exchange with other local and federal governmental authorities, information regarding the GEP, Applicant, and Customer, as may be necessary to validate the information provided by any of the parties, and/or to evaluate and validate the application. Disclosure of the information provided to PREAA may also be made available to Federal and Puerto Rico agencies for prosecution or further investigation if a violation or possible violation of a civil or criminal law has been committed, or as may be required by law. PREAA will not execute Non-disclosure Agreements with any Applicants or Customers regarding the information submitted with an

application. Any additional information pertaining to financial ability, project engineering design and development, and architectural drawings may be requested, at PREAAs discretion.

6.14.2. By submitting an application, Applicant and/or Customer shall be certifying to PREAA that it has title, license, copyright and/or any other valid authorization to present the documentation included as part of the application, including design works and any other intellectual property. Should a dispute arise, formal or otherwise, at any time while in the process of applying or receiving an incentive under the Green Energy Fund, between Customer or any other party with alleged rights over any of the documentation submitted, upon notice to PREAA of such dispute, PREAA shall cancel the application or reservation and return the documentation to Applicant, unless a judicial or administrative body with jurisdiction may otherwise order PREAA. PREAA shall also be released and held harmless from any liability in connection with any

copyright or intellectual property infringement or alleged infringement.

6.14.3. Completion of an application is voluntary, but failure to provide the requested information will preclude Customer from completing a successful application, validation and/or evaluation process and no incentives will be granted under such application.

6.14.4. All GEF incentive recipients must provide PREAA staff with access to their facilities in order to inspect and/or verify reported production. In addition, PREAA reserves the right to visit or inspect a GEP site at any time. Customers shall have the right to accompany PREAA staff during such visit.

6.15 **Safety**

The proposed GEP may in no way degrade the Facility safety and/or affect the security of its occupants.

6.16 **Proper Disposal**

When applicable, all equipment removed from a Facility shall be properly recycled or disposed by Customer in accordance with applicable law.

6.17 **Location and Permanence**

Only permanent systems located in Puerto Rico are eligible to receive incentives hereunder. Physical permanence is shown by equipment secured to a permanent surface using fasteners or other fittings standard to the industry. Any installation that shows signs of portability (unsecured equipment, quick disconnects, others) will not qualify for incentives hereunder. PREAA reserves the right to verify system permanence with a site inspection.

If the Customer sells, transfers, or trades the facility, which received an incentive under the GEF, the GEP will have to remain in the facility, for at least five (5) years.

Under exceptional circumstances and in PREAA's absolute discretion, a Customer may relocate a GEP that, under extenuating situations, warrants equipment relocation in order to keep operating and producing energy. The Customer shall request the relocation consideration to PREAA in writing a minimum of sixty (60) calendar days prior to moving any equipment. PREAA will inform the Customer of its decision and conditions within thirty (30) calendar days. No reconsiderations or appeals regarding PREAA's decision will be taken into account.

6.18 **Disqualifying Events**

GEF incentives recipients will be required to comply with a recapture period of at least five (5) years. During this five (5) year period, if the Customer removes the GEP from the Facility, disconnects the GEP, fails to monitor, report and register the production of the GEP, or fails to comply with the minimum performance requirements established in the Reference Guides, (hereinafter "disqualifying event"), the GEF incentive payment must be repaid by Customer to the GEF as follows: 100% of the payment must be repaid if the disqualifying event takes place within one year from the date placed in service; 80% of the payment must be repaid if the disqualifying event takes place after one year but before two years from the date placed in service; 60% of the payment must be repaid if the disqualifying event takes place after two years but before three years from the date placed in service; 40% of the payment must be repaid if the disqualifying event takes place after three years but before four years from the date placed in service; and 20% of the payment must be repaid if the disqualifying event takes place after four years but before five years from the date placed in service.

Funds that must be repaid to the GEF under these rules are considered debts owed to the

Government of Puerto Rico and if not paid when due, will be collected by all available means against any assets of the Customer, including legal enforcement

6.19 **Government Certifications**

For PREAA to disburse a reserved amount, Customers with a Reservation Agreement in an amount greater than \$16,000 shall present the following certifications at the moment the Reservation Agreement is signed:

6.19.1. Certificate issued by the Puerto Rico Treasury Department evidencing that Applicant does not have any income tax debts outstanding, or if a debt is outstanding, he/she has a validly agreed upon and current payment plan.

6.19.2. Certificate of filing income tax returns with Puerto Rico Treasury Department for the prior five (5) years. Applicants that have been organized or doing business in Puerto Rico for less than 5 years or those that by law do not have to file income tax returns, shall submit a sworn statement, in form and substance acceptable to PREAA, detailing such circumstances.

- 6.19.3. Certificate of no debt for real property taxes or for any other tax under Puerto Rico law.
- 6.19.4. Certificate of no debt with the Puerto Rico Department of Labor.
- 6.19.5. Certificate of no debt for Worker's Compensation Insurance.
- 6.19.6. Certificate of no debt for child support under Puerto Rico law issued by ASUME or under the law of any other state of the United States.
- 6.19.7. Sworn Statement in compliance with Act No. 428 of September 22, 2004.

If a debt is present or if a payment plan is not presented at the moment the Reservation Agreement is executed, the GEP incentive will be cancelled.

6.20 **Deed or Contractual Restrictions**

Incentives will not be granted where deeds, condominium laws, regulations, contractual or association by-laws prohibit the installation of equipment contemplated for the GEP. Customer is responsible for verifying compliance of the GEP with this section.

6.21 **Other Grants or Assistance**

Except as provided under Article 2.8(d) of the Act and except as may be prohibited by other laws or regulations, other incentives may be combined with incentives hereunder to complete the construction or installation of a GEP. However, for Tier 2 applications, all grants and incentives, including the ones received under this Program, will be taken into consideration when evaluating and scoring an application. See Reference Guide for scoring criteria and further details.

6.22 **Fraud and Non Compliance**

If the Customer and/or Applicant cannot comply with requirements of Act No. 458 of December 29, 2000, as amended (Act 458), or if there is evidence of fraud in the application process, PREAA reserves the right to reject the application or proposal. If the fraud or breach of Act 458 by Customer and/or Applicant is discovered after the incentive has been disbursed, Customer shall return the incentive to PREAA. Customer and/or Applicant may also be subject to criminal charges.

6.23 **Unforeseeable Circumstances**

If circumstances arise that require changes to the systems, equipment or Facility described in the application, Applicant and/or Customer must promptly notify PREAA. PREAA will

evaluate if the changes require a new application. Changes requiring a new application include, but are not limited to, a change in system size that will require a higher incentive amount or a change of the proposed location. Under no circumstances will a change in Customer be accepted without canceling the application and requiring a new application under a new Customer name to be submitted.

6.24 **Code of Ethics for Contractors, Service Providers and Applicants for Economic Incentives**

Customers and/or Applicants shall abide by Act No. 84 of June 20, 2003 (Code of Ethics for Contractors, Service Providers and Applicants for Economic Incentives) and may not have been convicted of any crime against public funds or public functions or being under investigation for any such violations.

6.25 **Notices**

In line with PREAA's mission in protecting the environment and making Puerto Rico greener, all relevant parties are herein informed that PREAA's main communication medium with Applicants and/or Customers shall be electronic mail, unless otherwise stated in this Regulation. Interested parties will be responsible for ensuring that the correct

electronic addresses are provided to PREAA and that electronic mail systems used by Applicants and/or Customers are at all times functional. Should an Applicant or Customer experience any difficulty or has doubts as to the working conditions of its electronic mail system or provider, he/she has the responsibility of communicating the problem to PREAA and provide PREAA an alternative electronic address, particularly during period with set deadlines that may result in cancellation of an application or incentive if Applicant is not responsive. Technical difficulties with electronic mail accounts will not justify late submittal of information by Applicant and/or Customer during Information Request Notification periods or other deadlines. All electronic mail sent by PREAA without receipt of a non-delivery notification generated by the carriers will be assumed successfully delivered to and read by Applicant and/or Customer. Relevant deadlines and periods will begin counting from the following day. For example, a notice sent by PREAA via electronic mail on the 3rd of August with a response deadline of fifteen (15) calendar days therefrom, will have to be responded by Applicant on or before August 18.

Chapter Two

TIER I PROGRAM

I. Type of Awards

Pursuant to Act 83, incentives under Tier 1 Program will be awarded by PREAA in the form of payment upon GEP completion and in accordance with this Regulation and the Tier 1 Reference Guide. Under no circumstances, shall Total Incentive Amount exceed the Maximum Reimbursement Percentage and the Reference Cost indicated on the Tier 1 Reference Guide.

II. Eligibility

- 2.1 To the extent funds are available in the applicable funding cycle, Applicants may apply for a Tier I GEP incentive upon compliance with the terms and conditions of this Regulation.
- 2.2 Funds not allocated during a given funding cycle can be made available for distribution in the following funding cycle, if within the same fiscal year.
- 2.3 Customers, including Controlled Groups, may only apply for a single Tier 1 GEP per fiscal year.
- 2.4 The amount of the incentive shall be determined by taking into account the applicable Reimbursement Percentage of Total

Project Cost, System Capacity and Reference Cost. Tier 1 Reference Guide will illustrate the calculation formula to be used by PREAA to determine Total Incentive Amount.

III. Application Procedure

- 3.1 Annual Tier 1 funding will be divided into funding cycles as defined in the Tier 1 Reference Guide. Incentives will be distributed to Applicants on a first come first served basis according to conditions set forth in the Tier 1 Reference Guide.
- 3.2 Applicants shall apply for Tier 1 incentives under the PR Green Energy Fund through the website indicated in section 6.2.1 of Chapter One of this Regulation. The following, without limitation, shall be submitted electronically into the application fields:
 - 3.2.1. Customer and Applicant information, when applicable;
 - 3.2.2. Site information; physical address where the GEP will be located;
 - 3.2.3. System information, including System Capacity, Project Costs, estimated annual energy production, GET equipment manufacturers and models, among others; and

3.2.4. Payment of Application Fee as per section 6.3 of Chapter One of this Regulation.

3.3 Minimum documentation required to apply for an incentive under this program is listed below:

3.3.1. Last electric utility bill for the facility where the GEP will be installed. Electric utility bill shall be under the Customer's name. If the facility is off the grid or is new and has yet to be connected to the electric utility, an electrical load estimate should be provided signed by an electrical engineer duly licensed and registered as a Professional Engineer (PE) in Puerto Rico.

3.3.2. Site drawing and Layout - A single page document in PDF format and prepared using computer aided design software, indicating at a minimum the locations of major components (eg. Photovoltaic panels, inverters, wind turbines, etc.), layout, positioning, true north orientation symbol, and property lines;

3.3.3. Signed project price quote - containing the following components:

1. Equipment brand, model number, quantity and costs;
2. Engineering design and permitting cost;
3. Construction, installation and mounting cost;

3.3.4. When applicable for a commercial application, a corporate resolution by a company's official indicating the names of individuals of that same corporation authorized to act and sign documents on behalf of the corporation. For DBA, Societies, and other legal entities, a letter of authorization;

3.3.5. For commercial applications, a sworn statement, indicating if the Customer belongs to a Controlled Group. If the Customer does belong to a Controlled Group, a list of the EINs of all corporations must be listed in the Sworn Statement;

3.3.6. When applicable for a Customer renting the facility from a landlord, a Tenant Authorization Form (available at the website stated in Section 6.2.1 of Chapter One of this Regulation);

- 3.3.7. A valid GEF Orientation Certificate issued to the Customer;
- 3.4 Any other document required by PREAA as part of the application process. After an Applicant has duly completed the application and submitted the required documentation, an automatic notice will be issued with a summary of the application.
- 3.5 Applications entered during the application period will then be evaluated in a first come first served basis. PREAA reserves the right to create a waiting list of applications that will follow the same evaluation criteria and process as each application period. More details regarding the waiting list may be published in the Reference Guide.
- 3.6 All submitted applications will be subject to a Validation Process to be performed by PREAA. Validation Process shall include a site visit. Should the application require clarifications or information in order for PREAA to complete the Validation Process, Applicant may receive an information request notice also stating the deadline and instructions for submittal. Information requests may include information regarding Controlled Groups, shading analysis, resource studies, among others, as identified in the site visit and/or review of submitted application. Failure to submit the information by the deadline stated in the information

request notice shall result in the cancellation of the application. PREAA will complete the Validation Process within twenty (20) Business Days from the latter of the submittal of all information or the issuance of the pre-approval.

3.7 Upon final approval, PREAA will issue a notification to Applicants with an Incentive Reservation Notice, terms, conditions, and requirements to receive an incentive under this Tier 1 program and other related documents such as the Reservation Agreement draft.

3.8 For awarded GEPs, Applicants and/or Customers will then be required to present the following at the time the Reservation Agreement is signed:

3.8.1. Evidence of payment of Reservation Guarantee;

3.8.2. Evidence of insurance to cover the construction;

3.8.3. Government certifications indicated in Section 6.19 of Chapter One corresponding to the Customer;

3.8.4. Evidence of having submitted to PREPA the initial evaluation request for the GEP.

Customer is required to sign a Reservation Agreement with PREAA no later than fifteen (15) Business Days from the date on which the Incentive Reservation Notice was issued. Reservation Agreements shall be executed in accordance to terms and conditions defined by PREAA and in accordance with this Regulation and the Reference Guide. If no agreement is executed by the Customer or if the documents listed in this Section are not presented within the fifteen (15) days period, the application will be cancelled.

3.9 Funds will be reserved for a twelve (12) month period from the date of signing the Reservation Agreement, during which time the GEP must be Completed. If the GEP is not Completed within this period, the reservation will be cancelled. Customers and/or Applicants are encouraged to begin permitting activities before applying or signing the Reservation Agreement to advance processes and ensure that the GEP will be Completed within the twelve (12) month reservation period.

3.10 Once the GEP is Completed, the Applicant shall submit an Incentive Claim, including all documents indicated in the Reservation Agreement. Required documents to be submitted with the Incentive Claim include, but shall not be limited to, the following:

- 3.10.1. Evidence of payment of GEP costs, when the GEP is purchased by the Customer, and a final project cost certification when the GEP is financed by a Third Party. Evidence of payment must be signed by both Customer and Sales Representative;
- 3.10.2. Executed Interconnection Agreement with PREPA;
- 3.10.3. Renewable Energy System Installation Certificate in accordance with OGPe Joint Regulation, Title XII, Chapter 55, Rule 55.6;
- 3.10.4. Metering Communication information including webpage address, system name, and if applicable username and password;
- 3.10.5. Project Closing Report; and
- 3.10.6. Any other documentation specified in the Reservation Agreement or required by PREAA at the time of payment.

3.11 Once the Applicant notifies PREAA of project completion, and submits the Incentive Claim and all required documentation, PREAA will send an inspector to verify GEP compliance with the terms and conditions stated in the Reservation Agreement.

- 3.12 An inspection will be completed within thirty (30) Business Days from the date of receipt of the Applicant's Incentive Claim with all required documentation. An inspection showing full compliance with all terms and conditions of the Reservation Agreement will become a final inspection determination.
- 3.13 In case the inspection shows that the Completed GEP has a smaller System Capacity than described in the Reservation Agreement, the inspection determination will become final but shall reflect an adjustment in the Total Incentive Amount proportional to the reduction in the GEP System Capacity. Costs for equipment or items included in the original project quote and not installed, will be deducted from the incentive amount awarded.
- 3.14 Completed GEPs with larger System Capacity than described in the Reservation Agreement will receive the Total Incentive Amount as stated in the Reservation Agreement, unadjusted.
- 3.15 Completed GEPs with significant variations other than as described above will have the option to, within twenty (20) Business Days, either:
- 3.15.1. Modify the GEP in accordance with the Reservation Agreement and reapply for a final inspection determination.

- 3.15.2. Withdraw the application and notify PREAA as instructed in the Reservation Agreement or in the inspection determination.
- 3.16 Reservations for GEPs that reflect significant variations will be cancelled if Customer and/or Applicant does not act within twenty (20) Business Days from receipt of the inspection determination.
- 3.17 Within sixty (60) calendar days from issuance of a final inspection determination showing full compliance with all terms and conditions of the Reservation Agreement or from the date of issuance of final inspection determination after modification of the GEP, PREAA will disburse incentive payment to Customer.

IV. Final Determination

- 4.1 Customers and/or Applicants may present the Executive Director of PREAA a reconsideration request in connection with an unfavorable final inspection determination within fifteen (15) calendar days from the delivery to the Applicant of such determination. The Customer and/or Applicant shall explain in writing the reasons for which the inspection determination should be reconsidered. In all cases, reconsideration requests shall also be signed by Customer, if different than the Applicant. The Executive Director shall make a final

determination within fifteen (15) calendar days from receipt of the reconsideration request. The Executive Director's decision shall be final.

Chapter Three

TIER 2 PROGRAM

I. Type of Awards

Pursuant to Act 83, incentives under the Tier 2 Program will be awarded by PREAA through a competitive application process. This Regulation elaborates on such process.

Incentives will be paid in the form of reimbursement payment to awarded and Completed GEPs in accordance with this Regulation, the Reservation Agreement and the applicable Reference Guide. Under no circumstances, shall Total Incentive Amount exceed the Maximum Reimbursement Percentage and the Reference Cost indicated on the Tier 2 Reference Guide.

II. Application and Award Timeline

2.1 Every quarter, PREAA shall open a new application cycle for Tier 2 GEPs. The quarters for the current fiscal year will be indicated on the Tier 2 Reference Guide.

Funds not allocated during a given quarter will be made available for distribution in the following quarter of the same Fiscal Year.

2.2 Proposals shall be submitted not later than the fifth day of each quarter.

2.3 Final determination notifications shall be issued by electronic mail, followed by certified mail, within 40 calendar days from the application deadline.

If the deadline falls on a non-business day, notifications will be issued on the following business day.

III. Eligibility

3.1 Any Proposal that consists of multiple projects with separate Points of Interconnection with the Electrical Utility, shall be eligible as a Tier 2 GEP only if each one of those projects has a minimum System Capacity greater than one hundred kilowatts, but in aggregate not greater than one megawatt. All projects shall have electric utility bills under the same Customer.

3.2 A Controlled Group may apply and submit proposals for more than one GEP per funding quarter. However, the aggregated System Capacity of all the proposals presented by the Applicant(s) for the same Controlled Group for that funding quarter shall be considered as a single project for purposes of determining its eligibility as a Tier 2 GEP. Same rules will apply when the Customer is a Government entity.

3.3 Each Applicant will indicate the requested incentive amount. However, the maximum amount

that a successful GEP may be eligible to receive shall never exceed the applicable Maximum Reimbursement Percentage of Total Project Cost, nor the Reference Costs indicated in the Tier 2 Reference Guide. If a GEP receives additional grants or incentives, the limitations set forth in Section 6.21 of Chapter 1 shall also apply. All grants and incentives, including the ones received under this Program, will be taken into consideration when evaluating and scoring an application.

- 3.4 Awards shall be based on the evaluation of the Applicant's GEP Proposal, compliance with this Regulation, the Reservation Agreement and the Tier 2 Reference Guide applicable to such quarter.

IV. Application Procedure

- 4.1 Applicants shall apply for Tier 2 incentives under the PR Green Energy Fund through the website indicated in Section 6.2.1 of Chapter One of this Regulation. The following, without limitation, shall be submitted electronically into the application fields:

- 4.1.1. Customer and Applicant information, when applicable;
- 4.1.2. Site information; physical address where the GEP will be located;

- 4.1.3. System information, including System Capacity, Project Costs, estimated annual energy production, GET equipment manufacturers and models, among others; and
 - 4.1.4. Payment of Application Fee as per section 6.3 of Chapter One of this Regulation.
- 4.2 Minimum documentation required to apply for an incentive under this program is listed below:
- 4.2.1. Last electric utility bill for the facility where the GEP will be installed. Electric utility bill shall be under the Customer's name. If the facility is off the grid or is new and has yet to be connected to the electric utility, an electrical load estimate should be provided signed by an electrical engineer duly licensed and registered as a Professional Engineer (PE) in Puerto Rico.
 - 4.2.2. PREPA initial evaluation of proposed project for the Facility. PREPA may cancel applications whose PREPA evaluation notes any issues that may result in interconnection or construction delays (ex. Right-of-way issues, equipment replacement other

than electrical meter, outstanding debts, and major construction).

- 4.2.3. Site drawing and Layout - A single page document in PDF format and prepared in a computer aided design software, indicating at a minimum the locations of major components, layout, positioning, true north orientation symbol, and property lines;
- 4.2.4. Signed project price quote - containing the following components:
 1. Equipment brand, model number, quantity and costs;
 2. Engineering design and permitting cost;
 3. Construction, installation and mounting cost;
- 4.2.5. When applicable for a commercial application, a corporate resolution by a company's official indicating the names of individuals of that same corporation authorized to act and sign documents on behalf of the corporation. For DBA, Societies, and other legal entities, a letter of authorization;

- 4.2.6. When applicable for a Customer renting the facility from a landlord, a Tenant Authorization Form (available at the website stated in Section 6.2.1 of Chapter One of this Regulation).
- 4.2.7. Audited financial statements from the previous two (2) years - Audited financial statements shall correspond to the Customer, but if the owner of the GEP at the time the incentive will be paid, will be a third party System Owner, the audited financial statements from the System Owner shall also be submitted. Audited financial statements shall include the report's notes duly signed or sealed by a Certified Public Accountant (CPA) or accounting firm.
- 4.2.8. Sworn Statement - In compliance with Article 2.8(a)(2)(H) of the Act, Customers shall present a Sworn Statement disclosing whether or not at the time of submittal, the GEP object of the application is covered by, or receives other state and/or federal incentives, in the form of tax or production credits, accelerated depreciation, rebates, grants, industrial incentives or

otherwise, and under what laws. Additionally, the Sworn Statement must indicate if the Customer belongs to a Controlled Group and if so, list the corporations belonging to the Controlled Group and each Employer Identification Number (EIN);

4.2.9. Property Title Deeds or a sworn statement from owner indicating land and/or building ownership;

4.2.10. The Proposal for project funding through the template available at the Green Energy Fund website;

4.2.11. A valid GEF Orientation Certificate issued to the Customer; and

4.2.12. Any other document indicated in the Tier 2 Reference Guide and the Proposal template or as required by PREAA as part of the application process.

4.3 After an Applicant has duly submitted the general description and the minimum documentation required for the GEP, the system will issue a notification with an application number and a GEP summary.

4.4 A submitted application, including the required Proposal, will then be subject to a Technical Evaluation Process to be completed

by the Technical Committee. Technical Evaluation Process shall include a site visit.

4.5 All applications shall be complete and in compliance with all requirements included in this Regulation and the Tier 2 Reference Guide. Incomplete or non-compliant applications and Proposals may be disqualified. Only complete applications will be evaluated for awards. Notwithstanding, PREAA may in its discretion and without granting a competitive advantage to one Applicant over another, require further clarifications in order to complete the Technical Evaluation Process. In such cases, an information request notice shall be issued to Applicant stating the deadline and instructions for submittal. Information requests may include information regarding Controlled Groups, shading analysis, resource studies, among others, as identified in the site visit and/or review of submitted application. Failure to submit the information by the deadline stated in the information request notice shall result in the cancellation of the application.

4.6 PREAA will notify the evaluation results to Applicants upon final recommendation of the Technical Committee, and approval of the Evaluation Committee (where required as provided in Section VI), within the timeframe

indicated in Section 2.3 of this Chapter. For awarded GEPs, PREAA will issue a notification to Applicants with an Incentive Reservation Notice, terms, conditions, and requirements to receive an incentive under this Tier 2 program and other related documents such as the Reservation Agreement draft.

4.7 For awarded GEPs, Applicants and/or Customers will then be required to present the following at the time the Reservation Agreement is signed:

4.7.1. Evidence of payment of Reservation Guarantee;

4.7.2. Evidence of insurance to cover the construction;

4.7.3. Government certifications indicated in Section 6.19 of Chapter One corresponding to the Customer;

Customer is required to sign a Reservation Agreement with PREAA no later than fifteen (15) Business Days from the date on which the Incentive Reservation Notice was issued. Reservation Agreements shall be executed in accordance to terms and conditions defined by PREAA and in accordance with this Regulation and the Reference Guide. If no agreement is executed by the Customer or if the documents listed in this Section are not presented

within the fifteen (15) days period, the application will be cancelled.

4.8 Funds will be reserved for a twelve (12) month period, but may be extended at PREAA's discretion and on a project by project basis to take into account particular circumstances and project contingencies anticipated in the application. Other unanticipated delays caused by Force Majeure events may also be considered to extend the reservation period, during which time the GEP must be Completed. In no case shall the time granted for project completion exceed a total of twenty four (24) months, as stated in the Act. If the GEP is not Completed within this period, the reservation will be cancelled. Customers and/or Applicants are encouraged to begin permitting activities before applying or signing the Reservation Agreement to advance processes and ensure that the GEP will be Completed within the twelve (12) month reservation period.

4.9 Once the GEP is completed, the Applicant shall submit an Incentive Claim, including all documents indicated in the Reservation Agreement. Required documents to be submitted with the Incentive Claim include, but shall not be limited to, the following:

4.9.1. Evidence of payment of GEP costs, when the GEP is purchased by the Customer, and a final project cost

certification when the GEP is financed by a Third Party. Evidence of payment must be signed by both Customer and Sales Representative;

4.9.2. Executed Interconnection Agreement with PREPA;

4.9.3. Renewable Energy System Installation Certificate in accordance with OGPe Joint Regulation, Title XII, Chapter 55, Rule 55.6;

4.9.4. Metering Communication information including webpage address, system name, and if applicable username and password;

4.9.5. Project Closing Report; and

4.9.6. Any other documentation specified in the Reservation Agreement or required by PREAA at the time of payment.

4.10 Once the Applicant notifies PREAA of project completion, and submits the Incentive Claim and all required documentation, PREAA will send an inspector to verify GEP compliance with terms and conditions stated in the Reservation Agreement.

4.11 An inspection will be completed within thirty (30) Business Days from the date of receipt of the Applicant's Incentive Claim with all

required documentation. An inspection showing full compliance with all the terms and conditions of the Reservation Agreement will become a final inspection determination.

4.12 In case the inspection shows that the Completed GEP has a smaller System Capacity than described in the Reservation Agreement, the inspection determination will become final but shall reflect an adjustment in the Total Incentive Amount proportional to the reduction in the GEP System Capacity. However, a modification in System Capacity that reduces the project to a 100kW GEP or less, will be considered a significant variation under Section 4.15 below. Costs for equipment or items included in the original project quote and not installed, will be deducted from the incentive amount awarded.

4.13 An inspection showing that the Customer or the location or site of the GEP is different from those specified in the Reservation Agreement, shall constitute a failed inspection and will result in the cancelation of the reservation.

4.14 Completed GEPs with larger System Capacity than described in the Reservation Agreement will receive the Total Incentive Amount as stated in the Reservation Agreement, unadjusted. However, a modification in System Capacity that increases the project to a 1MW

GEP or more will be considered a significant variation under Section 4.15 below.

4.15 Completed GEPs with significant variations other than as described above will have the option to, within thirty (30) Business Days either:

4.15.1. Modify the GEP in accordance with the Reservation Agreement and reapply for a final inspection determination.

4.15.2. Withdraw the application and notify PREAA as instructed in the Reservation Agreement or in the inspection determination.

4.16 Reservations for GEPs that reflect significant variations will be cancelled if Customer and/or Applicant does not act within thirty (30) Business Days from receipt of the inspection determination.

4.17 Within sixty (60) calendar days from issuance of a final inspection determination showing full compliance with all terms and conditions of the Reservation Agreement or from the date of issuance of final inspection determination after modification of the GEP, PREAA will disburse incentive payment to Customer.

V. **Proposal Submittal**

5.1 To facilitate the submission of similarly formatted proposals that enable ready comparison by evaluators, Customer and/or Applicants should complete the Tier 2 proposal template (to be posted in the webpage indicated in Section 6.2.1 of Chapter One). Proposals shall include but not be limited to the following information:

5.1.1. **Project and Equipment Information** - Applicants must provide general information of the proposed project, location and site description, actual consumption of the property or properties in kWh, system capacity, GET and equipment to be used, costs, and other information described in the Proposal template. Applicants shall estimate the expected production of the GEP in kWh and describe how the method or software used to estimate such production. Applicants shall describe any current uses, conflicts, or characteristics of the land areas under consideration; specify whether the project is located at one site, or divided among several sites; list any potential problems, constraints or limitations with locating an energy facility at

that site including but not limited to environmental, economic, or energy production characteristics.

- 5.1.2. **Relevant Experience & Knowledge** - The proposal must list all senior team members and external consultants participating in the GEP and include evidence of their relevant expertise and appropriate technical knowledge regarding GEPs including previous experience with GEPs of equal or similar capacity.
- 5.1.3. **Permits** - For each candidate area, Applicants must identify all municipal, Puerto Rico, and/or federal permits and/or approvals required to develop, install/construct and operate the GEP.
- 5.1.4. **Financial Ability**- Applicant must provide evidence that the Customer has the financial ability to undertake the proposed project. The application shall include information about self-funding and/or signed commitment letters from sources of financing collectively representing at least fifty percent (50%) of the expected development costs. The letters must include an agreement in principle to provide the necessary financing. The commitment(s) may be

conditional on issuance of the notice to proceed.

- 5.1.5. **Proposal Information and Certification** - The Proposal should include the full business address of the Customer and Applicant, as well as a signed certification verifying the validity of the proposals information, and the compliance with the terms of this Regulation (to be posted in the website indicated in Section 6.2.1 of Chapter One).

VI. Evaluation Process

- 6.1 Technical Committee: PREAA shall create a Technical Committee to review and provide recommendations on submitted proposals.
- 6.2 The Technical Committee may include external independent consultants and/or subject matter experts and may include PREAA staff.
- 6.3 Based upon the recommendations of the Technical Committee, and the Evaluation Committee's approval when applicable, PREAA will issue a final determination.
- 6.4 Evaluation Criteria will be established in the Reference Guide.

VII. Reconsideration

- 7.1 Unsuccessful Customer's will have ten (10) calendar days from the date of the notice of award rejection to request reconsideration of the determination to the Executive Director of PREAA. Presentation of the request for reconsideration will constitute a jurisdictional requirement to eventually solicit judicial review. Customers shall sign reconsideration requests along with the Applicant if different.
- 7.2 PREAA will make a determination and issue a final notification stating its decision with respect to the request for reconsideration within fifteen (15) calendar days after a request for reconsideration is filed. If PREAA rejects, accepts or fails to take action within such fifteen (15) calendar days, the term to request judicial review shall start running when said decision is notified or upon expiration of the fifteen (15) calendar days provided to consider it, depending on the case.
- 7.3 Applicants and/or Customers who receive a final adverse notification may seek judicial review by filing a judicial review with the Court of Appeals within a jurisdictional term of ten (10) calendar days from the final adverse notification or the expiration of the fifteen (15) calendar days PREAA has to make a

determination for reconsideration. Customers shall also take part in the judicial review along with the Applicant, if different. The mere filing of a judicial review with the Court of Appeals shall not automatically stay processes before PREAA. Therefore, any awards at the time granted shall not be automatically reversed or their notifications stayed. Instead, a request for a relief to stay PREAA's processes must be presented through a motion to that effect, and must be justified in compliance with all the requirements for an order in aid of jurisdiction.

Any order issued by the Court of Appeals to stay procedures before PREAA must be issued within five (5) calendar days of the request. If such order is issued within these five (5) calendar days, it shall only affect and be limited to the amount in controversy, thus PREAA may proceed to award incentives to other selected projects up to the available amounts after subtracting the incentives that would be applicable to the project or projects under judicial review. If the Court of Appeals does not issue an order to stay PREAA's proceedings within five (5) calendar days of the filing of a motion seeking such relief, PREAA must proceed with the competitive tendering process as if no appeal for judicial review had been filed. On the other hand, if the Court of Appeals issues a stay order within five (5)

calendar days of filing the appeal for judicial review, the provisions stated in the second sentence of this section shall apply.

Chapter Four

OTHER PROVISIONS AND EFFECTIVENESS

I. Interpretation

1.1 This Regulation shall be interpreted as a whole and in the most flexible way to permit granting rebates to the extent funds are available.

1.2 In case any one or more of the provisions of this Regulation shall for any reason be held by a court of competent jurisdiction to be invalid or contrary to any superseding law or regulation, such invalid provision shall be deemed not included and the Regulation as a whole shall be construed and enforced as if such invalid provision had not been contained herein.

1.3 This Regulation shall not be deemed to waive or modify any applicable provisions of laws or regulations regulating renewable energy systems, equipment, designers, and installers in Puerto Rico. Any applicable certifications and permits shall also be obtained or requested for the application to be submitted.

II. Ethical Considerations

2.1 PREAA employees and external independent technical consultants and/or subject matter experts that are members of the Technical

Committee(s) and the Evaluation Committee reviewing, verifying or approving Tier 1 or Tier 2 applications and the immediate families of those individuals listed above may not participate in any of the programs under this Regulation nor may they have any direct or indirect ownership over Applicants submitting applications for their programs. Any other Government employees or person may participate provided the conditions set forth in Section 1823(e)(3) of the Ethics in Government Act are complied with.

III. Effectiveness

3.1 This Regulation will come into effect thirty (30) days after it is filed at the Department of State. This Regulation supersedes Regulation 8038 of the PREAA.

Approved in San Juan, Puerto Rico on December
2, 2013.



José Maeso González
Executive Director