

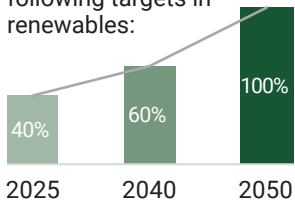
# Energy



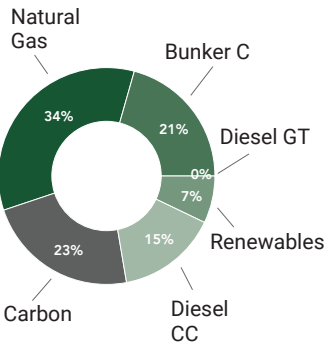
## Why Puerto Rico?

### Policy Support

The Energy Public Policy Act (or Act 17) established the Renewable Portfolio Standard, which sets the following targets in renewables:



As Puerto Rico progresses through these targets, more energy sources and better tech will come online. This means more options for businesses, cost-effectiveness, greater reliability, and expanded opportunities for energy companies or investors.



Source: PREPA

Currently, renewables account for 7% of the Island's electricity generation. By 2025, it must include 40% renewables, meaning that in the next five years the mix will include additional solar + storage, wind, biogas, hydro, OTEC, and more.

Puerto Rico's energy sector is ripe for innovation and entrepreneurship. Utility scale projects, residential rooftop solar + storage, traditional sources like CHP, renewable to bio-gas, hydro, and Ocean Thermal Energy Conversion (OTEC) are promising areas of opportunity. The resiliency of these systems ensure that high-tech manufacturing processes stay online during uncertain times, while reducing the cost of electricity. Companies and agencies around the Island are committed to pushing Puerto Rico's energy transition forward, enabling economic growth.

The Island has shored up institutional support, including an independent public regulator, supportive legislation, a private grid operator, and tens of billions of dollars in federal support for energy projects. In fact, only a handful of states have adopted a 100% Renewable Portfolio Standard with a 30% efficiency objective. Puerto Rico's plan to transform its energy infrastructure is key to business continuity and savings, community resiliency, and attracting investment.

## The Road to Energy Transformation

Energy is a top priority for the incoming government. The utility will be procuring 3.75 GW of renewable energy and 1.5 GW of storage over the next decade. It is also selecting companies to operate 3,600 MW of the public generation fleet in 2021.

Public-private partnerships in energy production will complement the contract recently signed with LUMA, the private operator that will take over the distribution and transmission network in 2021. Their priority is to ensure the reliability of the Island's grid.

These efforts promise to be key drivers of economic development, enabling business continuity, workforce development and expansion.

### Undergoing an Energy Transformation

The new government leadership has made the energy transformation a priority. The energy authority in 2020 issued an RFP for 150 MW of renewable energy, with an anticipated 1000 MW to be solicited early 2021. The Authority is also in the process of selecting companies to operate the 3,600 MW of the public generation fleet in 2021.

Aided by \$67.5 billion assigned by Congress for Puerto Rico's recovery and \$10.5 billion from FEMA for grid repairs, public-private partnerships will lead the transformation. One such partnership is with LUMA Energy, a private consortium charged with upgrading, operating and maintaining the grid.

Grid reliability will support businesses and enable more generation projects to come online, promising to drive economic development, reduce energy costs, and enable business continuity, workforce development and expansion.

### Unique Incentives

The Puerto Rico Incentives Code provides attractive tax credits for creative industries.

4%  
fixed income  
tax rate on  
eligible income

100%  
tax exemption  
on capital  
gains\*

75%  
exemption on  
municipal  
construction rate

50%  
exemption on  
municipal  
license tax

75%  
exemption on  
property tax

15 yrs.  
standard tax  
exemption  
grant period

\* From Securities & Digital Assets & Capital Gains & other investment income sourced to P.R. not subject to federal income taxes

Puerto Rico is home to several companies and organizations that support the growth and development of the energy sector.

## Non-Profits

### The Solar Foundation

The Solar Foundation provides business support and workforce development through various programs designed to grow the local solar energy industry as an integral part of the sector.

### Fundación Borincana

Fundacion Borincana focuses on the acceleration of Puerto Rico's energy transformation through economic and community development. They provide skills training, certification and capital access programs for energy startups, among others.

## Industry Associations

### The Renewable Energy Consultants and Contractors Association (ACONER)

ACONER represents over 150 companies that design, install, operate, and manage renewable energy projects around Puerto Rico. It is dedicated to promoting renewable energy development on the Island.

### Solar and Energy Storage Association of Puerto Rico (SESA)

SESA advocates for the growth of solar and storage technologies in Puerto Rico, as well as facilitating policy discussions that are beneficial to the industry.

## Becoming an Energy Hub

### LUMA Energy

In 2021, LUMA, a consortium of Quanta Service and ATCO Group, will take over the operation and management of the transmission and distribution infrastructure. This public-private partnership will improve the reliability and cost-effectiveness of the grid, while improving customers' interface with the public energy provider. Their work is supported by \$10.5 billion from FEMA to repair the electrical infrastructure.

In 2020, LUMA opened a lineman college and graduated its first professionals. The technical training college will support long-term workforce stability for the energy grid, as well as provide jobs for local technicians.

## Puerto Rican Energy Options

### Crowley Microgrids

Crowley LNG Puerto Rico is the largest intermediary between LNG suppliers and end-users in Puerto Rico. This is particularly important for industrial manufacturing operations that rely on having stable, affordable, and consistent energy for their operations.

Together with power system integrators and developers, Crowley ensures that their clients enjoy energy supply cost reductions, improved resilience, and emissions mitigations.

Crowley also provides last-mile solutions through integrating LNG with various other systems including solar, storage, fuel cells, CHP, waste to energy, and others.

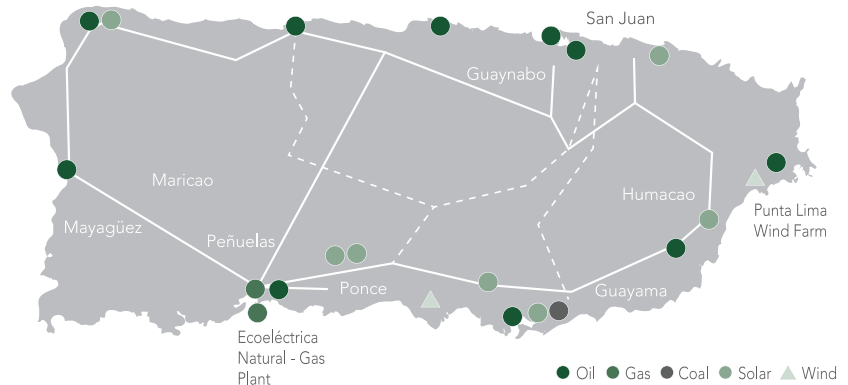
### DexGrid

DexGrid is a blockchain-based platform that facilitates all interactions between energy suppliers and their local market, enabling businesses to participate in community microgrids and serve as anchors. As an anchor, businesses can generate additional income by providing energy and resiliency to the surrounding community.

### Alten Energy

Alten Energy is a solar contractor that provides photovoltaic and storage products for commercial and industrial-scale projects. They entered the Puerto Rican market in 2010 and by 2017 were installing over 4 MW of solar energy in the commercial sector. They provide customers with full suite of services, from conceptual planning to installations, so that your business' project is tailored to your needs.

There are dozens of solar contractors and developers in Puerto Rico. See the industry associations for more information.



Generation units in Puerto Rico include solar + storage, wind, biogas, hydroelectricity, as well as oil, natural gas, and propane. These options are expected to expand as improvements and upgrades are made. Contact our Business Development team to learn more about new and upcoming energy projects around Puerto Rico.