



invest
PUERTO RICO

Energy



Why Puerto Rico?

- The island is making strides in renewable energy, aiming for a full transition to 100% renewable sources by 2050. Efforts are underway towards integrating 3,750 MW of renewable power.
- InvestPR's Energy Committee plays a pivotal role in unifying the island's energy sector, fostering collaboration and connecting key players to accelerate progress.
- The island features some of the most attractive solar incentives in the US, including net metering, green energy tax credits, and solar rebates.
- Biopharmaceutical manufacturing, the island's largest and most energy-intensive sector, is achieving cost-effective reliability through on-site generation.
- This energy transformation is supported by robust institutional backing, including the independent Puerto Rico Energy Bureau, favorable legislation, private entities like Genera Puerto Rico and LUMA Energy, and federal funding for energy projects.
- Several energy RFPs are inviting companies to contribute to the region's transition to renewable energy.

Puerto Rico's energy sector presents unprecedented opportunities for innovation and entrepreneurship, including utility-scale projects and residential rooftop solar + storage to CHP and renewable sources like biogas, hydro, and wind power. The island is home to a talented pool of professionals –engineers, researchers, and technicians– all of whom make significant contributions. This skilled workforce is invaluable for companies seeking expertise in various energy-related fields.

The thriving ecosystem of existing energy companies and startups fosters a collaborative environment for newcomers. By establishing a presence on the island, energy companies can tap into this network, driving innovation and business growth. Numerous energy-related companies and research institutions have established innovation labs, turning Puerto Rico into a hub for groundbreaking renewable energy research and development.

Puerto Rico's affiliations with academic institutions and research organizations offer unique advantages. Collaborations with local universities and research centers provide access to cutting-edge research, fostering a culture of innovation and technological advancement.

Energy Innovation & Labs

- **University of Puerto Rico - Mayagüez (UPRM) - Energy Center:** Focusing on energy research and education, UPRM's Energy Center collaborates with industry and government agencies to promote energy efficiency and renewable technologies. Its activities span scientific and applied research, and technology transfer in areas like Power Systems, Energy Efficiency, Renewable Energy Resources, Industrial Electronics, Energy Policy, and Microgrid Systems. UPRM's Sustainable Energy Center is home to Puerto Rico's first and only Microgrid Laboratory.
- **National Renewable Energy Laboratory (NREL):** As the only U.S. national laboratory dedicated to renewable energy, NREL partners with Puerto Rican universities to train energy scientists and support energy planning for the island.
- **Puerto Rico Energy Center (PREC):** Focusing on energy efficiency, renewable energy, and energy policy, this research center is at the forefront of developing clean technology products.

Energy Affiliations

Puerto Rico Energy Bureau (PREB):

The regulatory body overseeing the energy sector, setting policies, and ensuring energy service reliability and affordability.

Puerto Rico Electric Power Authority (PREPA):

The government-owned utility responsible for electricity generation, transmission, and distribution.

LUMA Energy and Genera: Key entities in the energy sector, with LUMA managing electricity transmission and distribution, and Genera maintaining thermal power generation.

These labs and affiliations are contributing to the development of innovative energy solutions and technologies in Puerto Rico.

Tax Incentives

Puerto Rico offers competitive tax incentives to attract diverse industries, including manufacturing, R&D, export services, infrastructure, and green energy. These incentives, enhanced by the federal Elective Pay program, provide substantial benefits for businesses engaged in these activities, ensuring a competitive edge.

Competitive Income Tax Rate: 4% income tax rate on income generated from eligible activities.

Municipal Tax Exemptions: 75% exemption from municipal taxes, including excise and other taxes for contractors and subcontractors (excluding manufacturing lead time).

Reduced Withholding Tax Rate: 12% withholding tax rate on royalty payments, which is creditable against the 4% income tax rate.

Property Tax Relief: 75% exemption on property taxes and a 100% exemption on certain raw materials, machinery, and equipment.

Sales and Use Tax Exemptions: Complete exemption from excise, sales, and use taxes on specific categories.

Additionally, the Inflation Reduction Act offers significant financial relief for Puerto Rican families, including rebates covering 50-100% of the cost for low- and moderate-income households to install new electric appliances. This initiative not only promotes energy-efficient practices but also supports the local economy by reducing utility bills.

Puerto Rico Energy Sector Workforce Statistics

Industry	# of Employees	LQ	Puerto Rico Avg. Salary	US Avg. Yearly Salary
Industrial Engineer	3,250	1.66	\$75,600	\$98,560
Environmental Eng.	250	0.89	\$70,700	\$101,970
Solar PV Installer	1,010	5.99	\$21,780	\$47,970
Civil Engineer	2,780	1.48	\$65,600	\$97,380

Puerto Rico's Growing Energy Sector



"We chose Puerto Rico because of its ongoing energy crisis, ideal wind conditions, and economic incentives. Freewind Energy's vertical-axis wind turbines address the island's energy needs, providing scalable solutions for small to large businesses, ensuring a steady power supply for manufacturers, hotels, and office buildings."

– Taylor Tondelli, Chief Operating Officer of Freewind Energy



U.S. Jurisdiction

- Governed by U.S. law, including IP protection
- Made in Puerto Rico is Made in the USA
- Puerto Ricans are U.S. citizens



Workforce & Talent

- Bilingual (English & Spanish)
- Highest percentage in the U.S. of its workforce in STEM careers (13%)
- 5 universities with ABET-accredited engineering programs



High Quality of Life

- Diverse outdoor activities from pristine beaches to dense rain forest, mountains, caves, and canyons
- Rich cultural experiences
- Over 50 certified historic landmarks



Organizational Support

- Robust and growing ecosystem, including the Puerto Rico Science, Technology & Research Trust
- The Puerto Rico Manufacturers Association (PRMA) represents the manufacturing industry



Real Estate

- Island-wide ICT infrastructure, including multiple 5G providers
- Lowest cost of Class A office space relative to comparable cities in the U.S.