

## Governor Files Bill to Sell the Island's Electric System

On March 6, 2018, the Governor's Bill 860 for the creation of the "Law to Transform the Puerto Rico Electric System" was filed before the Legislature for consideration, codified as Senate Bill 860. The Bill aims to propel the process by which the Puerto Rico Electric Power Authority (the "Authority") will be transformed into a modern, sustainable, efficient and reliable system. The adoption of the proposed legal framework will give way to monitoring the market and calling for companies interested in participating in the transformation of the Authority.

The transformation process would be carried out through the creation of Public Private Partnerships following the procedures established in the proposed law and the applicable provisions of Act No. 29-2009, as amended, known as the "Public Private Partnerships Act". The proposed law provides the legal framework for the alliance contracts that arise in connection with the transfer of assets of the Authority.

Specifically, Bill 860 proposes to authorize the Authority to sell its assets and transfer or delegate any of its operations, functions or services, and authorizes the Authority together with the Public Private Partnerships Authority to carry out the processes through which these transactions will be consummated. It also establishes the process that will apply to any transaction through which a Public-Private Partnership is established with respect to any or all of the assets of the Authority, its operations, functions or services. The alliance contracts that arise in accordance with this Law would be carried out under the same regulatory framework that currently governs the Public-Private Partnerships.

The Bill authorizes the Authority to carry out the transactions without having to comply with any process, requirement, approval or review of the Puerto Rico Energy Commission and without having to comply with the provisions of any Integrated Resources Plan or Plan of Energy RELIEF or with the rates, terms or conditions applicable to the Authority.



Although the Energy Commission will supervise the performance and compliance of the Contracting Party under each alliance contract, and will review and approve the rates applicable to any regulated service provided under an alliance contract, it will not have the authority to alter or amend said alliance contract.

Practically, this Bill aspires taking the opportunity towards a new and modern electric system that may serve as model worldwide.

Should your company be interested in participating in the transformation of PREPA and/or have any questions with respect to the privatization of PREPA, you may contact the attorneys at Vidal, Nieves & Bauzá, LLC.

Vidal, Nieves & Bauzá is a corporate law firm with a special emphasis in energy and environmental matters, corporate, transactional, real estate and insurance practices.

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