

Puerto Rico Lays Out Energy Future With Tesla, Privatization

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- One scenario would keep transmission under public utility
 - Undisclosed private operators showing interest in generation
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A Puerto Rican official who has been in talks with [Tesla Inc.](https://www.bloomberg.com/quote/TSLA:US) <<https://www.bloomberg.com/quote/TSLA:US>> said the island is serious about transforming its energy infrastructure after it was leveled by Category 4 Hurricane Maria, despite questions about how such an overhaul would be funded.

Speaking in a telephone interview Sunday, Department of Economic Development and Commerce Secretary [Manuel Laboy](http://businessinpuertorico.com/en/about/our-team) <<http://businessinpuertorico.com/en/about/our-team>> said Puerto Rico's government understands its skeptics: The island's finances are shot and its electricity system is in tatters. But he said the U.S. territory has a historic opportunity to use federal funds to modernize an aging and weak power grid.

At the core of the argument is the government's belief that funding related to the Federal Emergency Management Agency, or FEMA, can be used to build a new system, not just repair the old one, so that it won't be susceptible to collapse when the next storm hits. Laboy said Governor Ricardo Rossello's government is prepared to make its case.

"There is a fair chance that we can pull this off," he said by phone from Ponce, Puerto Rico.

Even before the storm, Puerto Rico's decades-old energy system was known to be dirty, inefficient and vulnerable, with most of the production in the south and the demand in the northern part of the island. It also saddled consumers with above-average energy bills. When the hurricane barreled through a month ago, most of Puerto Rico was left in the dark. The blackout has brought the already struggling economy to a near-standstill.

[For a QuickTake on Puerto Rico's financial troubles, click here.](https://www.bloomberg.com/view/quicktakes/puerto-ricos-slides)

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Laboy said the government is considering a series of micro-grids and regional grids that use solar and battery technology, along with other renewable sources. He said he's been in talks with Tesla Inc. since Chief Executive Officer [Elon Musk](https://www.bloomberg.com/billionaires/id/1954518) <<https://www.bloomberg.com/billionaires/id/1954518>> exchanged messages with Rossello on Twitter. Tesla, a maker of electric cars, also sells batteries to consumers to combine with rooftop solar systems.

The island is considering options with other companies including Sonnen GmbH, Arensis Corp. and Sunnova Energy Corp., Laboy said. It's "highly probable" that the government would hold a competitive bidding process.

In one scenario, a private company or companies could run power generation while the Puerto Rico Electric Power Authority manages transmission, he said. Operators have approached Puerto Rico already, he said, declining to disclose their names.

The relationship between Puerto Rico and the Palo Alto, California-based car maker began years ago when the island sought to bring in Tesla jobs, Laboy said. He said he had traveled to meet with Tesla officials as recently as June.

The island is also working with renewable-energy companies on near-term projects to ensure power to hospitals and schools, he said.

