



# PUERTO RICO: AN ISLAND THAT GENERATES NEW OPPORTUNITIES

Interested in attracting companies that are looking to invest in alternate energy sources, the Commonwealth of Puerto Rico approved two legislative projects on energy policy. This legislation aims to diversify energy sources, ensuring the Island's energy source remains affordable, viable and sustainable.

This new legal framework sets Puerto Rico on a course towards a transcendental energy reform. The renewable energy reform plan contemplates the creation of a renewable energy portfolio, green energy incentives to build a new industry, as well as new regulations for the construction and operation of wind and solar energy farms.

## ACT 82 OF 2010, KNOWN AS THE ENERGY DIVERSIFICATION ACT, ESTABLISHES:

- Mandatory objectives that will help reduce conventional energy use and increase that of renewable energy
- The creation of the first Renewable Portfolio Standard in Puerto Rico, establishing rules promoting generation of renewable energy, with compulsory short and long-term goals: 12% renewable energy production by 2015, 15% by 2020 and requirement for retail energy providers to establish a plan to reach 20% renewable energy production by 2035

## ACT 83 OF 2010, KNOWN AS THE GREEN ENERGY INCENTIVES ACT:

- Encourages the creation of a new, strong and robust renewable energy industry
- Creates new incentives to encourage investment in renewable energy
- For companies dedicated to the production of renewable energy on a commercial scale, the law also provides tax benefits in the form of:
  - Significant partial exemptions from income, property and municipal taxes
  - Super depreciation of buildings, structures, machinery and equipment
  - Eligibility for tax credits related to the use of locally manufactured products, job creation, and research and development
- Establishes the Green Energy Fund, which helps create a new industry, as well as liberates individuals and businesses from dependence on fossil-based fuels

## THE GREEN ENERGY FUND PROVIDES:

- \$290 million for renewable energy production incentives over the next 10 years, starting with \$20 million on July 1, 2011
- Reimbursements for the installation of renewable energy generating equipment of up to 40% for residential and small businesses, and up to 50% for medium-sized businesses and industries
- Access to Renewable Energy Certificates (RECs) to help finance renewable energy projects at a utility scale level

A REC is a personal asset that is marketable and negotiable. It can be bought, sold, assigned and transferred between individuals for any lawful purpose, and as a whole, indivisible asset, it is equivalent to one (1) Megawatt-hour (MWh) of electricity generated by a source of sustainable or alternative renewable energy.

The Green Energy Fund is an investment in the future, to preserve our natural resources and the environment, as well as for the enjoyment of the next generations to come.

For more information on the various incentives provided under the Puerto Rico laws, please visit

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and access our incentives alerts on the following topics:

- Cruise Industry Incentives Act
- Economic Incentives for the Development of Puerto Rico Act
- Export Services Incentives Act
- Film Industry Incentives Act
- Green Energy Incentives Act
- Incentives for Business Activity Performed in Vieques and Culebra
- Incentives for Rum Producers in Puerto Rico
- Individual Investors Act
- Manufacturing Incentives Act
- Municipal Economic Development and Tourism Incentives Act
- Puerto Rico Housing Incentives
- Tax Exemptions for Scientists
- Tourism Development Act