

**GOVERNMENT OF PUERTO RICO
PUBLIC SERVICE REGULATORY BOARD
PUERTO RICO ENERGY BUREAU**

**IN RE: REVIEW OF T&D OPERATOR'S
SYSTEM OPERATION PRINCIPLES**

CASE NO.: NEPR-MI-2021-0001

**SUBJECT: Revisions to LUMA's System
Operating Principles Plan Filing and request
of additional documentation.**

RESOLUTION AND ORDER

I. Introduction

On June 22, 2020, the Puerto Rico Electric Power of Puerto Rico ("PREPA"), the Puerto Rico Public-Private Partnerships Authority, LUMA ENERGY, LLC¹ as ManagementCo, and LUMA ENERGY SERVCO, LLC² as ServCo (collectively, "LUMA") entered into an Operation and Maintenance Agreement ("OMA") under which LUMA will manage PREPA's transmission and distribution system ("T&D System").

As a certified electric service company and the operator of the T&D System, LUMA is subject to compliance with applicable statutory and regulatory requirements. Furthermore, pursuant to Section 4.1(h) of the OMA, LUMA is required to prepare a System Operation Principles Plan ("SOP Plan"). It is important to note that the System Operation Principles are the norms and rules which shall govern the dispatch of power and electricity through the PREPA electric grid.

On January 15, 2021, the Energy Bureau of the Puerto Rico Service Regulatory Board ("Energy Bureau") issued a Resolution and Order commencing this proceeding and ordering PREPA and LUMA to ensure that any filing to be executed before the Energy Bureau under Section 4.1(h) of the OMA is aligned with: (i) the public policy established in Act 57-2014³ and Act 17-2019⁴; and (ii) prudent utility practices, as applicable ("January 15 Resolution").⁵ The Energy Bureau also ordered PREPA and LUMA representatives to attend a Pre-Filing Technical Conference which was held remotely on January 29, 2021 to clarify PREPA and LUMA's questions regarding the filing.⁶

¹ See *In re: Request for Certification LUMA ENERGY, LLC*, Case No. NEPR-CT-2020-0008.

² See *In re: Request for Certification LUMA ENERGY SERVCO, LLC*, Case No. NEPR-CT-2020-0007.

³ Known as the *Puerto Rico Energy Transformation and RELIEF Act*, as amended.

⁴ Known as the *Puerto Rico Energy Policy Act*.

⁵ See *In Re: Review Of T&D Operator's System Operation Principles, Resolution and Order, January 15, 2021*.

⁶ See <https://youtu.be/nagZXTDign0>.



On February 25, 2021, LUMA filed a document titled *LUMA's Submittal and Request for Approval of System Operation Principles* ("February 25 Request") for Energy Bureau's review and approval. The February 25 Request included a document titled *System Operations Principles* ("SOPs") that was identified as Exhibit 1. In the February 25 Request, LUMA requests the Energy Bureau to accept the SOPs and approve them in their entirety.⁷

On April 6, 2021, the Energy Bureau issued a Resolution and Order determining that the February 25 Request is incomplete and ordering LUMA to, on or before ten (10) calendar days from the notice of this Resolution and Order, (i) provide the information identified in Attachment A of this Resolution and Order; and (ii) modify the February 25 Request accordingly.

On April 15, 2021, LUMA filed a document titled *Motion in Compliance with Resolution and Order of April 6, 2021 and Submitting Responses to Requests for Information* (April 15 Responses"). That same day, LUMA filed a document titled *Request to Submit Portions of Luma's Responses to Requests for Information Confidentially, and Memorandum of Law in Support Thereof*.

On April 27, 2021, the Energy Bureau issued a Resolution and Order through which it determined that the SOP's, as clarified by the April 15 Responses, is complete and established a preliminary procedural calendar for the instant case. The Energy Bureau scheduled a Technical Conference to be held remotely on May 10-11, 2021 from 9:00 a.m. to 5:30 p.m.

On May 4, 2021 LUMA filed a document titled *Urgent Request for Extension Of Time to File LUMA's Presentation for Technical Conference* in which LUMA asked the Energy Bureau for an extension until May 7, 2021 at 3:00 pm for the filing of the foregoing presentation. On May 5, 2021, the Energy Bureau issued a Resolution and Order granting LUMA until May 7, 2021 at 12:00 pm for the filing of the foregoing presentation. On May 5, 2021, the Energy Bureau issued a Resolution and Order establishing the agenda for the Technical Conference scheduled for May 10, 2021. On May 7, 2021, LUMA timely filed a document titled *Motion Submitting LUMA's Presentation for Technical Conference*.

The Energy Bureau held the Technical Conference, as scheduled. During the Technical Conference, the Energy Bureau Commissioners and consultants raised multiple concerns as to the clarity of the System Operation Principles and degree of detail on the measures and mechanisms to be used by LUMA to implement the System Operation Principles.

II. The February 25 Request

Amid the energy sector transformation currently taking place, it is reasonable to expect and require that System Operating Principles be clear statements geared towards

⁷ See February 25 Request, p. 13.



achievement of compliance with, among other public policy mandates, the safe, reliable, and cost-effective operation of our electric system.

As such, a document containing the System Operating Principles to be implemented by LUMA, as the system's operator, should be a document from which principles, as well as the mechanisms and measures to be used by LUMA to achieve compliance with and/or avoid deviations from such principles, are easily and clearly discernible by stakeholders and the public, not only regulators.

It is important to note that the Energy Bureau is cognizant that procedures and manuals will need to be developed to ensure a standardized and uniform implementation and operation and that such procedures and manual may evolve from time to time as revisions are needed to ensure adherence to applicable requirements and/or changes in the electric system.

The Energy Bureau has reviewed the February 25 Request, the April 15 Responses, the May 7 Presentation. The February 25 Request is, to a certain extent a mix of operating principles and tasks. This makes it particularly challenging to discern which are in fact the specific operating principles proposed by LUMA. Furthermore, the February 25 Request does not provide enough clarity as to which mechanisms or measures that LUMA will use to implement the system operating principles. The fact that no procedures were filed, not even those for which drafts are currently in an almost finished phase, made the discussion of the proposed principles more challenging.

The foregoing lack of clearness and focus was not fully clarified by the information provided by LUMA's as part of the April 15 Responses, nor by the responses provided by LUMA representatives to the questions made by the Energy Bureau's Commissioners and consultants during the Technical Conference.


III. Conclusion

For the reasons discussed above, the Energy Bureau **DETERMINES** that further clarification is necessary for the Energy Bureau to be in position to adequately evaluate the System Operating Principles. Therefore, the Energy Bureau **ORDERS** LUMA to, **on or before May 14, 2021:**

- i. Revise comprehensively the February 25th Petition to specifically show the principles that will govern LUMA's operation of the electric system followed by a clear and specific discussion on how LUMA intends to implement and/or achieve the actions fostered or pursued by the corresponding principle (*i.e.*, the mechanisms or measures LUMA will use for such implementation)⁸;

⁸ Note that such discussion does not need to reach the degree of specificity ordinarily encountered in operating procedures and or manuals.



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- ii. Revise Section 3.3 and Figure 3-1 so they reflect the current public policy related to the retirement of generations resources (including but not limited to the scope of each of the parties involved) and the recent determinations⁹ issued by the Energy Bureau regarding the retirement of generation resources;
 - iii. Provide copies of the final version and/or the preliminary draft of the template Plant Level Agreement (“PLA”) described in Appendix A.2.V of the February 25 Petition and RFI-LUMA-MI-221-0001-210406-PREB-006;
 - iv. Discuss the process envisioned by LUMA to execute a PLA with an independent power generator under contract for PREPA (*i.e.*, under a Power Purchase and Operation Agreement) and whether or not the PLA will require an amendment to the PPOA;
 - v. Provide the final version and/or the preliminary draft of LUMA’s emergency response plan as it relates to the operation of the system in response to an emergency;
 - vi. Provide the final version and/or the preliminary draft of the procedures and/or standards to be used to implement the proposed operating principles;
 - vii. Revise the February 25 Petition to incorporate NERC Standard TPL-001-4¹⁰ and any other standard that LUMA intends to use for the operation of the system.
 - viii. Provide a detailed timeline¹¹ for each procedure pending completion indicating the tasks that LUMA needs to undertake for the procedures described on page 30 of the May 7 Presentation and Page 4 of RFI-LUMA-MI-221-0001-210406-PREB-007 to be completed, the responsible parties, milestones and any applicable task prerequisite or precursor; and
 - ix. Provide copies of the final versions and/or the preliminary drafts of the 14 procedures which LUMA will use for the operation of the system starting June 1, 2021 and explain how they are related to the corresponding system operation principles.

The Energy Bureau **WARNS** LUMA and PREPA that, noncompliance with any provision of this Resolution and Order, may result in the imposition fines under Act 57-2014 and the applicable Energy Bureau’s regulations and/or any other appropriate administrative sanctions, as deemed appropriate by the Energy Bureau.

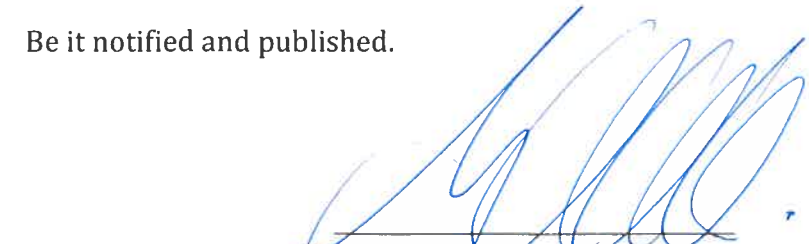
⁹ See Final Resolution and Order, In re: Review of the Puerto Rico Electric Power Authority Integrated Resource Plan, Case No. CEPR-AP-2018-0003, August 24, 2020.

¹⁰ Submitted by LUMA as part of RFI-LUMA-MI-221-0001-210406-PREB-009.

¹¹ The timeline must be presented in Gant Chart format in a legible size.



Be it notified and published.



Edison Avilés Deliz
Chairman




Ángel R. Rivera de la Cruz
Associate Commissioner



Lillian Mateo Santos
Associate Commissioner



Ferdinand A. Ramos Soegaard
Associate Commissioner



Sylvia B. Ugarte Araujo
Associate Commissioner

CERTIFICATION

I hereby certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on May 11, 2021. I also certify that on May 11, 2021 a copy of this Resolution and Order was notified by electronic mail to the following: kbolanos@diazvaz.law, jmarrero@diazvaz.law and margarita.mercado@us.dlapiper.com. A copy was also sent to: Elias.sostre@aes.com; jesus.bolinaga@aes.com; cfl@mcvpr.com; ivc@mcvpr.com; notices@sonnedix.com; leslie@sonnedix.com; victorluisgonzalez@yahoo.com; tax@sunnova.com; jcmendez@reichardescalera.com; r.martinez@fonroche.fr; gonzalo.rodriguez@gestampren.com; kevin.devlin@patternenergy.com; fortiz@reichardescalera.com; jeff.lewis@terraform.com; mperez@prrenewables.com; coter@landfillpr.com; geoff.biddick@radiangen.com; hjcruz@urielrenewables.com; carlos.reyes@ecoelectrica.com; brent.miller@longroadenergy.com; tracy.deguisse@everstreamcapital.com; agraitfe@agraitlawpr.com; h.bobea@fonrochepr.com; ramonluisnieves@rlnlegal.com; hrivera@oipc.pr.gov; info@sesapr.org; yan.oquendo@ddec.pr.gov; acarbo@edf.org; pjcleanenergy@gmail.com; nicolas@dexgrid.io; javrua@gmail.com; JavRua@sesapr.org; lmartinez@nrdc.org; thomas.quasius@aptim.com; rtorbert@rmi.org; tjtortes@amscm.com; lionel.orama@upr.edu; noloseus@gmail.com; aconer.pr@gmail.com; dortiz@elpuente.us; wilma.lopez@ddec.pr.gov; gary.holtzer@weil.com; ingridmvila@gmail.com; rstgo2@gmail.com; agc@agcpr.com; presidente@ciapr.org; cpsmith@unidosporutuado.org; jmenen6666@gmail.com; cpares@maximosolar.com; CESA@cleanegroup.org; acasepr@gmail.com; secretario@ddec.pr.gov; julia.mignuccisanchez@gmail.com; professoraviles@gmail.com; gmch24@gmail.com; ausubopr88@gmail.com; carlos.rodriguez@valairlines.com; amaneser2020@gmail.com; acasellas@amgpriaw.com;



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Jeanna.steele@sunrun.com; mildred@liga.coop; rodrigomasses@gmail.com; presidencia-
secretarias@seguros multiples.com. I also certify that today, May 11, 2021, I have proceeded
with the filing of the Resolution and Order issued by the Puerto Rico Energy Bureau.

I sign this in San Juan, Puerto Rico, today May 11, 2021.


Sonia Seda Gaztambide
Clerk
