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COMMONWEALTH OF PUERTO RICO
PUBLIC SERVICE REGULATORY BOARD
PUERTO RICO ENERGY BUREAU

IN RE:	**CASE NO. NEPR-MI-2021-0001**
REVIEW OF T&D OPERATOR'S SYSTEM OPERATOR'S PRINCIPLES	**SUBJECT: Requests for Clarifications and/or Reconsideration of Portions of May 31st Resolution and Order Approving LUMA's System Operation Principles**

REQUEST FOR CLARIFICATIONS AND/OR RECONSIDERATION OF PORTIONS OF MAY 31ST RESOLUTION AND ORDER APPROVING LUMA'S SYSTEM OPERATION PRINCIPLES

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

COME NOW LUMA Energy, LLC ("ManagementCo"), and **LUMA Energy ServCo, LLC** ("ServCo"), (jointly referred to as "LUMA"), through the undersigned counsel and respectfully state and request the following:

I. Introduction

On February 25, 2021, LUMA filed before this honorable Puerto Rico Energy Bureau ("Energy Bureau") a Petition for Approval of LUMA's System Operation Principles ("SOP Petition"), pursuant to LUMA's obligations under Section 4.1 (h) of the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement dated as of June 22, 2020, executed by and among LUMA, the Puerto Rico Electric Power Authority ("PREPA") and the Puerto Rico Public-Private Partnerships Authority ("P3 Authority") ("OMA").

Pursuant to the procedural calendar set by this honorable Bureau in a Resolution and Order dated April 27, 2021 ("April 27th Resolution and Order"), the Bureau conducted a two-day technical conference from May 10th to May 11th, 2021, where LUMA representatives offered

testimonies in support of the SOP Petition and answered questions from Commissioners and Bureau consultants.

On May 11, 2021, the Bureau issued a Resolution and Order ("May 11th Order") with several specific requests for information, including that LUMA "[r]evise comprehensively the February 25 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)." *See* May 11th Order at page 3 (item i). In footnote 8, the Bureau indicated that the "discussion does not need to reach the degree of specificity ordinarily encountered in operating procedures and or manuals." *See id* at page 3. The Bureau also requested revisions to Section 3.3 and Figure 3-1 of the System Operation Principles ("SOP"), and revisions to incorporate NERC Standard TPL-001-41 and any other standard that LUMA intends to use for the operation of the system. *Id.* (items ii and vii).

In the May 11th Order, the Energy Bureau also requested that LUMA provide the final versions or drafts of the operating procedures, a detailed timeline to complete de procedures, the final version and/or the preliminary draft of the template Plant Level Agreement ("PLA"), and a discussion of the process to execute a PLA with an independent power generator under contract for PREPA as it relates to the operation of the system, *see* May 11th Order at page 4 (items ii, iii, iv, vi, and ix).

On May 14, 2021, LUMA submitted before the Energy Bureau, a revised Section 3.3 and Figure 3-1 of the SOP on Plant Retirements. LUMA also filed additional information requested by the Energy Bureau and its consultants during the technical conference.

On May 19, 2021, LUMA submitted its responses to the May 11th Order, including a revised version of the SOP, drafts of fourteen operating procedures ("Phase I Procedures") and "As-Is Documentation" on operating practices utilized by PREPA ("LUMA's May 19th Submission").

On May 31, 2021, this honorable Energy Bureau issued and published a Resolution and Order approving the SOP with conditions ("May 31st SOP Resolution and Order").

LUMA respectfully requests clarifications or reconsideration of some of the Energy Bureau's determinations and orders. The main purpose of this Motion is to obtain clarity and request revision of some of the requirements set by the Energy Bureau that apply distinctively to LUMA and impose regulatory compliance duties that are not otherwise set in Act 57-2014, Act 14-2019, or other written regulations, directives or memorandums of the Energy Bureau.

With this Motion, LUMA also seeks to highlight that several of the reporting and regulatory requirements included in the May 31st SOP Resolution and Order impose reporting duties that are not consistent with operating the Transmission and Distribution System ("T&D System"), and that in LUMA's estimation, may hinder its ability to implement procedures and develop data collection processes in accordance with Prudent Utility Practice and processes commonly seen in similarly situated utilities and carried out by electric system operators. As will be explained, the May 31st SOP Resolution and Order significantly expands the intended purpose and scope of the SOP. This document was designed to bridge the gap between the operational practices conducted by the Puerto Rico Electric Power Authority ("PREPA") and standard industry best practices with respect to bulk power system operations. The bulk power system is defined in Section 1.0 of LUMA's SOP as "[t]he collection of interconnected transmission, generation and control systems necessary to operate an integrated transmission system while maintaining reliability, which includes 230 kV,

115 kV and 38 kV voltages." *See* SOP filing of May 19, 2021 at page 5. This does not include facilities used in the local distribution of electric energy in line with North American Electric Reliability Corporation's ("NERC") definition of bulk electric systems.[1] The SOP were written recognizing the current capabilities, circumstances and characteristics of the Puerto Rico bulk power system and are intended to be updated, amended and adapted in the future as the system capabilities, circumstances and characteristics change through the system remediation and transformation. It is respectfully submitted that aspirational principles that cannot be applied to the current operation of the bulk power system in Puerto Rico are not suited for inclusion in the SOP, which is a day-to-day operational tool specific to Puerto Rico's bulk power system.

This honorable Energy Bureau did not state in the May 31st Resolution and Order, the timeframe to request clarifications or reconsideration. Given the distinct impact that the reporting and compliance requirements set in the May 31st SOP Resolution and Order have on LUMA, LUMA respectfully requests that the Energy Bureau consider and adjudicate this request for clarification and reconsideration that is being filed expediently, within a twenty-day time frame after issuance of the May 31st Resolution and Order.[2]

II. Discussion and Requests for Clarifications or Reconsideration

[1] NERC defines bulk power system as "All transmission elements operated at 100 kV and real or reactive power resources connected at 100 kV or higher. This does not include facilities used in the local distribution of electric energy." Bulk Electric System Definition Reference Document. Version 3, August 2018 at page iii, *available at https://www.nerc.com/pa/Stand/2018%20Bulk%20Electric%20System%20Definition %20Reference/BES_Reference_Doc_08_08_2018_Clean_for_Posting.pdf* (last visited June 21, 2021).

[2] Reference is made for guidance to Section 11.01 of Bureau Regulation 8543, Regulation on Adjudicative, Notice of Noncompliance, Rate Review and Investigation Proceedings, pursuant to which a party has twenty days to request reconsideration (providing that "Any party dissatisfied with the Commission's final decision may file a motion for reconsideration before the Commission, which shall state in detail the grounds supporting the petition and the remedy that, according to petitioner, the Commission should have granted," and adding that this request shall be filed and served in accordance with the terms and provisions of the Puerto Rico Uniform Administrative Procedure Act, Act 170 of August 12, 1988, which was repealed and substituted by Act 38-2017. Act 38-2017, on Section 3.15, 3 P.R. Laws Ann. § 9655, and allows a party adversely affected by a partial or final resolution or order to request reconsideration within 20 days of the notification of the resolution or order.)

A. Clarification of References to Filings and Oral Testimonies

At pages 9 through 19 of the May 31st SOP Resolution and Order, the Energy Bureau included several statements that refer to information filed by LUMA or testimonies offered by LUMA representatives during the technical conference held in this proceeding. LUMA respectfully submits that it was not able to corroborate some of the statements included in the May 31st SOP Resolution and Order as the time stamps included in several citations to testimonies could not be verified. LUMA hereby requests that the Energy Bureau clarify or reconsider the following:

1. At page 9, Section III A of the May 31st SOP Resolution and Order, the Energy Bureau included a partial reference to how LUMA described the SOP in its February 25th SOP Petition. To wit, the Energy Bureau stated, with reference to Exhibit 1, page 10 of the SOP Petition, that "LUMA, describes its SOPs as 'guidelines . . . for the dispatch of power' and states that the SOPs together provide a "comprehensive guide for operations." The citation should reference is page 10 of the SOP Petition instead of page 10 to Exhibit 1 to the SOP Petition. Second, it is respectfully submitted that the Energy Bureau's statement should include the full written description of the SOP that LUMA included at page 10 of the SOP Petition for completeness, is: "The System Operation Principles, as a ground-breaking document, establish guidelines and protocols for the dispatch of power and electricity in Puerto Rico by a System Operator that does not own or operate generation facilities." The SOP, similar to SOP documents in other jurisdictions are not a "comprehensive guide for operations", but rather broad rules and principles on which to base the development of procedures, processes and systems for the bulk power system only.
2. At page 11, Section III C of the May 31st SOP Resolution and Order, the Energy Bureau indicated that "During the Technical Conference, LUMA representatives also stated that

the SOP were primarily developed to address the short-term needs of the electric system." In support, the Energy Bureau cited the Technical Conference Recording, May 10, 2021, morning session, 1:50:21 – 1:52:16. Upon reviewing the recording, LUMA respectfully submits that the Bureau should consider that in the referenced portion of the recording, Mr. Brian Walshe addressed the topic of island grids and stated that LUMA's major focus was: 'how does it affect us immediately?' Then the conversation and testimony went into future planning and opportunities. Mr. Walshe stated, with respect to future planning and opportunities, that LUMA will have to be creative and come up with solutions. LUMA has looked at other jurisdictions and a lot of LUMA team members have direct experience in those jurisdictions themselves.

3. LUMA respectfully requests clarification of the following statement included at page 11, Section III C of the May 31st SOP Resolution and Order: "LUMA representatives stressed that the SOPs were focused on the near-term as LUMA had significant gaps in its understanding and awareness of how Puerto Rico's system operates." In support of said statement, the Energy Bureau cited the Technical Conference Recording, May 10, 2021, morning session, 1:50:21 – 1:52:16. LUMA was not able to find testimonial statements from LUMA representatives in the cited portion of Technical Conference Recording of May 10, 2021 (morning session, 1:50:21 – 1:52:16), that support the Bureau's statement. LUMA requests clarification and/or that the Energy Bureau reconsider this statement. Respectfully, LUMA understands that the statement does not properly capture LUMA's position nor the testimonies offered in support of the SOP. LUMA has performed a thorough review and assessment of how the Puerto Rico bulk power system operates and

is aware and understands how the bulk power system is operated. Gaps are due to the lack of historical data collection and reporting at PREPA.

4. LUMA respectfully requests clarification of the following statement included at page 11, Section III C of the May 31st SOP Resolution and Order: "For example, LUMA representatives stated they do not have sufficient visibility into the operating decisions of Puerto Rico's generating units, and many of PREPA's existing weather stations are non-operational or only operate intermittently." In support of said statement, the Energy Bureau cited the Technical Conference Recording, May 11, 2021, morning session, 4:22 – 5:07. Respectfully, LUMA was not able to find testimonial statements from LUMA representatives in the cited portion of Technical Conference Recording that could support the first clause of the Bureau's statement on lack of visibility into the operating decisions of the generating units. LUMA requests clarification on the citation. Respectfully, the Energy Bureau's statement does not fully capture LUMA's position or information provided in support of the SOP. It is respectfully submitted that LUMA does understand how operating decisions are made in general and what parameters are typically used to inform those operating decisions. However, LUMA, was not provided data and records that would have provided detailed rationale regarding how historical decisions were made by PREPA and the outcomes of those decisions. PREPA personnel have indicated to LUMA that decisions are not recorded by PREPA and therefore there is a lack of visibility into the operating decisions at PREPA, both by LUMA and PREPA.

5. At page 11, Section III C of the May 31st SOP Resolution and Order, the Energy Bureau indicated that "LUMA has expressed its view that collecting this data, along with stabilizing the existing system in Puerto Rico, should take priority in the short term." In

support of said statement, the Energy Bureau quoted the Technical Conference Recording, May 11, 2021, afternoon session, 1:20:30 – 1:25:30. It is respectfully submitted that LUMA was not able to find in the quoted portion of the recording, although LUMA does support the statements on the importance of data collection.

B. Principles versus Procedures

At page 8 of the May 31st SOP Resolution and Order, the Energy Bureau stated the following on its understanding of the SOP: "SOPs are not to be focused on short-term guidance but are to be used to provide aspirational principles that will govern procedures as they should evolve for the operation of Puerto Rico's electric system regardless of time span." LUMA respectfully disagrees with the Energy Bureau's understanding of the scope and nature of the SOP. The Merriam Webster dictionary includes among the meanings of the term "principle" the following definitions: "a comprehensive and fundamental law, doctrine or assumption," and a "rule or code of conduct."[3] These are the commonly accepted meanings of the term "principles" that LUMA applied in developing the SOP per Prudent Utility Practice and in compliance with OMA requirements that impose operational duties and responsibilities on LUMA in connection with providing operation and maintenance services. Respectfully, principles in the context of day-to-day operations of the bulk power system are not intended to be aspirational; they are meant be fundamental propositions and rules for operating the bulk power system in Puerto Rico reflecting its current state. The SOP were consciously developed based on the current constraints and characteristics of the bulk power system to fill the gaps between PREPA's operations and what standard SOPs entail and include. The SOP are foundational and necessary for LUMA to develop, implement, and review operational procedures efficiently and effectively. In compliance with the

[3] https://www.merriam-webster.com/ (last visited June 19, 2021).

OMA and to enable LUMA to operate the bulk power system and the T&D System safely and efficiently, the SOP are focused on the present and how LUMA shall operate the bulk power system in its current state, per its existing capabilities and infrastructure. The future transformation of the T&D System, per the goals and directives of energy public policy and this Bureau, including the Integrated Resource Plan ("IRP") and other initiatives to transform the T&D System and pilot programs on distributed energy resources,[4] will be considered separately and incorporated into future amendments to the SOP as they are decided by this Honorable Bureau based on the currently ongoing proceedings.

LUMA appreciates the Energy Bureau's forward-thinking outlook on matters related to system operations and agrees that in discrete aspirational goals as demonstrated in the Recovery and Transformation Framework for the T&D System presented within LUMA's Initial Budgets (NEPR-MI-2021-0004) and System Remediation filings (NEPR-MI-2020-0019). LUMA is available to participate in a series of technical workshops to discuss such aspirational goals for system operations.

C. Reconsideration of Orders to Produce Additional Documentation and Procedures in 30 days and File Monthly Updates on Phase II Procedures.

In Section IV of the May 31st SOP Resolution and Order, paragraph 1, the Energy Bureau required that LUMA provide in a period of thirty (30) days "a detailed updated timeline for the completion of any other procedure, protocol, manual or document necessary for the operation of the system in accordance with prudent industry practices, standards and local laws and regulations,

[4] Some of the initiatives are currently under development under the guidance and supervision of the Energy Bureau and subject to approvals by this Energy Bureau in several pending proceedings: Optimization Proceeding of MiniGrid Transmission and Distribution Investments, NEPR-MI-2020-0016; the Demand Response proceeding NEPR-MI-2021-0006; the Puerto Rico Test for Demand Response and Energy Efficiency, NEPR-MI-2021-0009; the Distribution Planning proceeding, NEPR-MI-2019-0011, and the Interconnection Process Reports of the Puerto Rico Electric Power Authority, NEPR-MI-2019-0016.

including but not limited to the draft procedures filed on May 19, 2021." *See* May 31st SOP Resolution and Order at pages 13-14. The Energy Bureau further directed that the timeline be filed in Gantt Chart format detailing tasks and identifying personnel in charge of the tasks. The Energy Bureau also stated that the timeline shall not exceed five months. *Id.* Finally, the Energy Bureau directed that starting July 5, 2021, LUMA shall provide monthly updates of the timeline. *Id.* at page 14.

With this Motion, LUMA is submitting a Gantt Chart with an updated timeline for completion of the procedures identified in the SOP Appendix A, including, as ordered, the fourteen Phase I procedures where drafting was completed by June 1st, 2021 as LUMA had informed the Energy Bureau, and the additional Phase II fifteen procedures that will be completed by December 31, 2021. *See* Exhibit 1.

LUMA respectfully requests reconsideration of that portion of the May 31st SOP Resolution and Order that requires completion of "any other procedure, protocol, manual or document necessary for the operation of the system." The order is unduly broad and vague and does not identify the prudent or standard utility practices that support the order. Respectfully, the order imposes unduly burdensome requirements without substantive guidance or references to applicable and relevant industry standards. It also fails to consider the information on the record whereby LUMA has explained its rationale for dividing the development of operational procedures into two phases and the need for sufficient time to develop the procedures.

LUMA cannot reasonably certify to this honorable Energy Bureau that in the specified point in time of five months, LUMA would have completed "any other procedure, protocol, manual or document necessary for the operation of the system." As new systems and capabilities are added to the bulk power system in the next year and over the next decade; operating procedures,

protocols, manuals or documents will evolve and adapt to changing demands of the system, changing technologies, and lessons learned from operational experience. As such, LUMA cannot consider that the procedures may be "completed" and cannot identify "all documents necessary for the operation of the system" at this time.

In sum, LUMA expects that the operating procedures will be continuously updated and maintained as "evergreen" documents in perpetuity. This is as a positive benefit of a robust, dynamic approach to maintaining procedures. Therefore, it is respectfully submitted that the Energy Bureau should reconsider or refashion the request for filing within five months of completed procedures, protocols, manuals and documents.

LUMA has not been able to identify a similar broad requirement to file "any other procedure, protocol, manual or document necessary for the operation of the system," having be imposed on PREPA. Thus, LUMA lacks precedential guidance on what the Energy Bureau expects to receive or to gauge the reasonableness of the request pursuant to prudent and standard industry and regulatory practices. In these circumstances, LUMA respectfully requests reconsideration and offers as an alternative that, as it has stated in this proceeding, it will continue to complete the Phase II procedures by December 31, 2021.

Secondly, LUMA requests that the Energy Bureau reconsider the directive to complete the Phase II operating procedures within five months. It is respectfully submitted that the five-month timeline is not feasible. LUMA respectfully requests that the Energy Bureau accept LUMA's proposed timeline for completion of the fifteen Phase II Procedures by December 31, 2021.

During the early phases of the Front-End Transition Period, LUMA identified that development of an entire set of operating procedures should first require approval of the SOP and was not feasible before Service Commencement. Thereafter, LUMA developed a revised plan to

prioritize procedures, complete critical procedures before Service Commencement, and develop a timeline for completion of all the operating procedures by June 2022; a total schedule period of eighteen months. LUMA expended considerable effort involving approximately twelve LUMA team members and ten to twelve PREPA operators and managers in developing the fourteen operating procedures by Service Commencement; June 1, 2021. LUMA achieved its target with all Phase I procedures being drafted and ready for implementation by June 1, 2021. The team assessed that based on results from the structured approach that was implemented for Phase I, the remaining timeline could be reduced from twelve more months post-commencement, to seven months post-commencement. A further reduction in the timeline may only be accomplished by further revising priorities in a way that will hamper operations. The work to complete the pending operating procedures is being done by approximately eighteen to twenty LUMA operators and managers who are also performing their daily jobs of running the bulk power system and implementing the critical Phase I procedures. To reduce the schedule by two more months (a 30% reduction from the already accelerated seven-month timeline) will mean several of these personnel will have to reprioritize their focus away from training and implementing the critical Phase I procedures, as well as developing the new data reporting and analytical capability to operate more efficiently. These team members would be required to focus a considerable portion of their time on the development non-critical procedures.

Since LUMA has described how the operating procedures will be an evergreen document that will never be "finished", the imposition of a five-month timeline does not have any apparent benefit or rationalization that could outweigh the negative impact on system operations.

The May 31st SOP Resolution and Order does not provide developed explanations for why LUMA's proposed timeline for completion of the Phase II operating procedures by December 31,

2021 is not proper or reasonable. Nor did the Energy Bureau explain how and to what extent LUMA's December 31, 2021 timeline may run counter to energy public policy. Consideration of the reasonableness and propriety of LUMA's proposed timeline for completion of the fifteen Phase II procedures should include that PREPA operated without written procedures and the Energy Bureau had not required PREPA to develop or file operating procedures. LUMA respectfully requests that the Energy Bureau provide additional guidance on its underlying analysis to reach the conclusion that the Phase II operating procedures should or can be completed in five months.

It is respectfully submitted that LUMA's proposed seven-month timeline to complete the non-critical procedures by December 31, 2021, is reasonable and properly accommodates relevant interests of developing the procedures within reasonable time frames and at the same time ensuring that the bulk power system is operated in a safe and reliable manner and in accordance with prudent utility practices.

As the record shows, LUMA provided the Energy Bureau the draft procedures eight days after the technical conference of May 11, 2021. And as LUMA had stated in the SOP Petition and document, the fourteen Phase I procedures were drafted and ready for implementation by the planned date of June 1, 2021. LUMA will continue to work to meet the planned December 31, 2021 timeline for the Phase II procedures. However, as explained, a reduction of LUMA's timeline to complete drafting of the Phase II procedures will unduly interfere with LUMA's planning to balance operations with development of non-critical procedures.

LUMA respectfully requests that the Energy Bureau amend the May 31st SOP Resolution and Order to accept LUMA's proposed seven-month timeline to complete the pending fifteen Phase II operational procedures and provide that the twenty-nine (29) operational procedures that LUMA has proposed to complete and implement, comply with the order issued in paragraph 1 of

Section IV of the May 31st SOP Resolution and Order that requires filing of procedures, manuals and documents to operate the T&D System.

In compliance with the May 31st SOP Resolution and Order, LUMA submits as Exhibit 1 to this Motion, an updated Gantt Chart with the status of the Phase I and Phase II operating procedures. Completion of the drafting of the operating procedures entails collaborative efforts between the System Operating group and Supply Side Contract Administration group, under the umbrella of the Utility Transformation and Regulatory departments. The lead officers in charge are Don Cortez, Vice President, Utility Transformation and Mario Hurtado, Vice President, Regulatory.

Finally, LUMA respectfully requests reconsideration of that portion of the May 31st Resolution and Order that requires monthly updates on the progress of the timeline to complete the Phase II procedures. LUMA respectfully submits that it has shown its ability to meet the targets for finalizing the operational procedures and it will continue to work to meet the December 31st target for finalizing the Phase II procedures. LUMA will notify the Energy Bureau of circumstances that could delay this timeline.

D. Enhancement to Energy Dispatch Principles

In Section IV of the May 31st SOP Resolution and Order, paragraph 3, the Energy Bureau required LUMA to, within thirty (30) days, "file with the Energy Bureau enhancements to the Energy Dispatch principles included in SOP 5.1 and 5.2 that shall fully incorporate capabilities found in [Distributed Energy Resources] [(]DERs[)] into system planning and operations." *See* May 31st SOP Resolution and Order at page 14. LUMA hereby submits as Exhibit 2 to this Motion a revised text of SOP 5.1 and 5.2.

LUMA supports and looks forward to collaborative discussions with the Energy Bureau and stakeholders on DER capabilities, including continuing its participation in parallel proceedings on Demand Response planning, NEPR-MI-2021-0006, the Puerto Rico Test for Demand Response and Energy Efficiency, NEPR-MI-2021-0009; the Distribution Planning proceeding, NEPR-MI-2019-0011, the Regulation for Energy Efficiency, NEPR-MI-2021-0005 and the Interconnection Process Reports of the Puerto Rico Electric Power Authority, NEPR-MI-2019-0016. It is respectfully submitted that these parallel and ongoing proceedings are necessary to develop principles, guidance, initiatives and pilot programs on DER that will allow LUMA to develop and adopt SOPs on DERs and operational procedures to incorporate those resources into its operations. It is also key that PREPA conclude the procurement processes in compliance with the IRP, Case No. NEPR-MI-2020-0012 (PREPA's Renewables Procurement Plan). These pending proceedings and procurement efforts will provide much needed information on pricing, participants, and other factors to enable the development of principles and procedures to integrate DER into dispatching decisions. Thus, LUMA respectfully posits that the Energy Bureau should postpone additional procedures and requirements on planning for DER integration until such time as the prior and ongoing proceedings and efforts progress and mature.

It is premature to require LUMA at this time to develop system operation principles to incorporate DER that have not been yet deployed in Puerto Rico. Properly defining how DERs will be integrated into the supply stack and addressed in the SOP and related procedures will first require developing a true dispatch merit order that balances cost and reliability and is better understood by all stakeholders. It is LUMA's strong conviction that this will require long-term planning and work well beyond June 2021.

Given the aforementioned, LUMA respectfully submits that defining how future DERs will be incorporated into operating principles and procedures cannot meaningfully be completed in less than six months. Any timeline less than this will just result in aspirational statements that do not reflect the current capabilities, characteristics and circumstances of today's system operations. Furthermore, inclusion of aspirational statements and potential procedural ramifications will degrade the value of the SOP by confusing today's operators with unresolved policy statements that could cause flawed decision-making by operators dealing with daily and real time decisions. This could result in significant cost and reliability consequences that will be borne by ratepayers.

LUMA suggests that this Bureau revisit defining how to integrate DERs after certain proceedings have been completed and results have been collected such as the Demand Response pilot anticipated to be initiated at the end of 2021 calendar year.

LUMA looks forward to continuing dialogue with the Energy Bureau on how best to fully incorporate DERs and other elements into achieving security constrained economic dispatch. LUMA respectfully requests that the Energy Bureau accept the revisions to SOP 5.1 and 5.2 that have been filed as Exhibit 2 to this Motion and that it grant LUMA relief from that part of the May 31st SOP Resolution and Order that requires filing of additional enhancements to the Energy Dispatch principles to fully incorporate DER capabilities.

E. Load Forecasting

In Section IV of the May 31st SOP Resolution and Order, paragraph 4, the Energy Bureau required LUMA to, within ninety (90) days, file "final versions of the Load Forecasting Procedures to include a description of power meter load data, load management, load forecast and DER adoption models and weather normalization and peak allocation." *See* May 31st SOP Resolution and Order at page 14. LUMA respectively submits that as part of its improvement programs within

the Initial Budgets filling, LUMA contemplates that approximately a year will be required to complete this task to include the descriptions required by the Energy Bureau. Further, LUMA would like to clarify that long-term load forecasting will not be addressed as part of the SOP procedures as this activity will be performed within the broader regulatory team and subject to significant analysis advance of the next Rate Case and IRP filing.

F. Future Discussions on Comments Included in Attachment A to the May 31st SOP Resolution and Order.

LUMA understands that in Attachment A to the May 31st Resolution and Order, the Energy Bureau included its assessment on how the SOP may be reviewed and enhanced in the future. LUMA reiterates that the SOP were developed to fill the gap between PREPA's operations and standard practices and to enable LUMA to develop critical and non-critical operating procedures. The SOP were not designed to serve as a long-term planning tool. Several of the Energy Bureau's observations in Attachment A to the May 31st Resolution and Order identify areas in which planning efforts and further analysis is needed. LUMA will consider the Energy Bureau's suggestions on forward looking aspirations regarding system operations and suggests that discussions and workshops will aid in future evaluations of the SOP.

WHEREFORE, LUMA respectfully requests that the Bureau **take notice** of the aforementioned, **accept** the filing of an updated timeline of completion of Phase II and **deem** that LUMA complied with the orders included in Section IV, paragraphs 1 and 4 of the May 31st SOP Resolution and Order; **accept** the filing of revisions to SOP 5.1 and 5.2 and **deem** that LUMA complied with the order included in Section IV, paragraph 3 of the May 31st SOP Resolution and Order; **reconsider and clarify** the May 31st SOP Order as requested in this Motion; and **schedule** a technical workshop to discuss future aspirational goals on operation of the T&D System tailored to the transformation of system operations and future development of SOP.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 21st day of June 2021.

I hereby certify that I filed this motion using the electronic filing system of this Energy Bureau and that I will send an electronic copy of this motion to the attorneys for PREPA, Joannely Marrero-Cruz, jmarrero@diazvaz.law; and Katiuska Bolaños-Lugo, kbolanos@diazvaz.law.

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Exhibit 1
Phase II Procedures
Gantt Chart in Excel Format
Submitted Via Email

Exhibit 2
Revised Section 5.1 and 5.2 SOP

5.0 Energy Dispatch

One core function of operating the system is energy dispatch, the process of balancing and allocating system resources based on customer load, economic operation, system reliability and stability and safety.

5.1 System Operator Will Dispatch Resources to Maximize System Reliability

System reliability depends on the collection of secure, accurate and timely data to allow the System Operator to efficiently and effectively allocate resources. The System Operator will operate within security-constrained economic dispatch principles to dispatch sufficient resources to control constraints and system impacts within defined system limits while meeting system demand. Available resources will consist of both supply and demand-side resources including generation, storage, or other non-wire alternatives.

The System Operator will develop the basic building blocks of system dispatch This will enable the System Operator to develop, over time, the capability to implement security constrained economic dispatch and to adequately incorporate technologies such as Distributed Energy Resources (DERs), storage, and non-wires alternatives when those technologies are deployed in Puerto Rico. The capabilities that are currently lacking, but that System Operator will develop include:

- Sufficient generation to meet customer demand with adequate planning reserve margins to avoid load shed events
- Adequate communication capabilities such as Automatic Generation Control (AGC), and Automatic Voltage Regulators (AVR) at all applicable operating units. This will enable the System Operator to make, for the first time, real-time dispatch decisions to maintain frequency and voltage
- Identification and capture of critical operating data to provide adequate situational awareness on a real-time basis of items such as unit availability, reliable ramp rates, and contingency analysis.

After these building blocks have been established, the System Operator will be able to effectively incorporate new technologies such as DERs, battery storage, and non-wires alternatives. These new technologies provide other bulk power systems in the mainland with valuable tools to address peak demands more efficiently than relying in the less efficient peaking generation capacity in the system.

5.2 System Operator Will Define Dispatch Order

LUMA will require multiple dispatch scenarios for economic and reliability reasons. Generation dispatch will be prioritized in a sequence that considers both economics and reliability, in order to provide for the lowest feasible cost, taking into consideration system security. To dispatch generation efficiently, the System Operator must have accurate and timely data on marginal costs and forecast marginal costs by generating unit.

The primary objective is to reliably operate the system, although economics and reliability must each be weighed together by the System Operator when managing contingencies throughout the system. Based on its determination for the sequence of dispatch and stability requirements, the System Operator will define criteria to guide how dispatch is sequenced.

Generator units will be committed and dispatched in economic merit order taking into account the security constraints of the system. However, while economic dispatch represents the goal, it may not always be feasible. System stability and reliability will drive real time daily dispatch decisions and may require changes to the initial dispatch sequence as the Operators manage dynamic changes to their loads and resources.

After the System Operator has established the basic building blocks described in section 5.1, it will then develop the capability to implement economic dispatching of existing units. It will compile validated and timely data from existing generators such as performance curve and marginal costs data in order to support the development of a meaningful economic supply stack merit order. The merit order will support decision-making and monitoring of performance trends.

The System Operator will also incorporate economic parameters of new DERs, storage, and non-wires alternatives after ongoing PREB proceedings (including rulemaking) and future contracts which will contain pricing and dispatching requirements define how these resources will be used. For example, the results of the Tranche 1 solicitation for new renewable capacity is expected to provide several Virtual Power Plant (VPP) proposals which will provide valuable insight. In addition, the Demand Response (DR) pilot proposed in NEPR-MI-2021-0006 which is expected to launch at the end of 2021 will be designed to allows LUMA to obtain information necessary to incorporate DR into dispatching decisions.

Any changes to the initial dispatch sequence shall be done in a way to minimize total cost where possible. Emergency situations can also justify other non-economic decisions on an as-needed basis.

Procedure compliance, improved system visibility and increased data availability will allow the on-shift Operator to dispatch system resources and assets in a way that trends towards lower costs as Resource Adequacy improves.