

**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: Request for Clarifications and/or
Reconsideration of Portions of May 31st
Resolution and Order Conditionally
Approving LUMA's System Operation
Principles.**

RESOLUTION AND ORDER

I. Introduction and Procedural Background

On June 22, 2020, the Puerto Rico Electric Power Authority ("PREPA"), the Puerto Rico Public-Private Partnerships Authority ("P3A"), LUMA Energy, LLC, and LUMA Energy ServCo, LLC (collectively, "LUMA") executed the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement ("OMA").

On February 25, 2021, LUMA filed with the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") a document titled *LUMA's Submittal and Request for Approval of System Operation Principles* ("February 25 Request"). In the February 25 Request, LUMA presented its proposal for the System Operation Principles ("SOP") pursuant to Section 4.1(h) of the OMA.

On May 11, 2021, the Energy Bureau issued a Resolution and Order whereby it ordered LUMA to, among other things, revise comprehensively the February 25 Request to specifically show the principles that will govern LUMA's operation of the electric system to be 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) and provide drafts or final versions of various procedures and standards.¹

On May 31, 2021, the Energy Bureau issued a Resolution and Order ("May 31 Resolution") conditionally approving LUMA's SOPs and directing that LUMA comply with five (5) conditions to ensure compliance with the Puerto Rico energy public policy.²

¹ See, Resolution and Order, In re: Review of T&D Operator's System Operation Principles, Case No. NEPR-MI-2021-0001, May 11, 2021, pp. 3-4.

² See, May 31 Resolution, pp. 13-14.



On June 22, 2021, LUMA filed before the Energy Bureau a document titled *Request for Clarifications and/or Reconsideration of Portions of May 31st Resolution and Order Approving LUMA's System Operation Principles* ("June 22 Request"). In the June 22 Request, LUMA asked the Energy Bureau to clarify certain statements in the May 31 Resolution and to reconsider four of the conditions established in the May 31 Resolution.³

II. Analysis and Discussion

A. Clarifications

LUMA's clarification requests are based on several issues it has with various statements made by the Energy Bureau in the May 31 Resolution and citations referencing the information filed by LUMA during the instant case and testimonies offered by LUMA representatives during the Technical Conference held on May 10-11, 2021.⁴ LUMA reiterated arguments regarding the distinction between principles and procedures that were already considered and addressed by the Energy Bureau.⁵

LUMA' request present no substantive issue that requires a finding by the Energy Bureau and, if granted, would have no effect on the outcome of this proceeding or the Energy Bureau's conditional approval of LUMA's SOPs. The Energy Bureau **DETERMINES** there is no need to further consider the principle versus procedure distinction. As such, the Energy Bureau **DENIES** LUMA's requests for clarifications.

B. Request for Reconsideration of Conditions

As part of the June 22 Request, LUMA asks the Energy Bureau to reconsider four (4) of the five (5) conditions the Energy Bureau established for the approval of LUMA's SOP:

1. Completion Timeline

Under Condition No. 1 of the May 31 Resolution, the Energy Bureau required LUMA to:

On or before thirty (30) days from the notification of the May 31 Resolution file with the Energy Bureau 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, including but not limited to the draft procedures filed on May 19, 2021. The timeline shall be provided in a

³ See, June 22 Request, pp. 5-16.

⁴ *Id.*, at pp. 5-8.

⁵ *Id.*, at pp. 8-9.



Gantt Chart format (legible size) with detail information, including but not limited to, the party responsible for each task (*i.e.*, name and position of LUMA personnel and/or consultants), any precursor tasks or events, and the estimated date for the completion of preparation and finalization of drafts. The total timeline shall not exceed five (5) months.⁶

With the June 22 Request, LUMA submitted a Gantt Chart with an updated timeline for completion of the procedures, which included fourteen (14) procedures identified as Phase I and fifteen (15) procedures identified as Phase II.⁷ On July 6, 2021, LUMA filed with the Energy Bureau a document titled *Motion Submitting Updated Timeline for Completion of Phase II Operating Principles* ("July 6 Motion"). Exhibit 1 of the July 6 Motion included an updated copy of the Phase II procedures dated July 2, 2021.⁸

In the June 22 Request, LUMA states it submitted an updated timeline to finalize the procedures, which included the fourteen (14) procedures for Phase I, for which its drafting was completed by June 1, 2021. However, regarding the Phase II procedures, LUMA informs those would not be completed until December 31, 2021, and requests a two-month extension. LUMA also expresses concern that the reference to "any other procedure, protocol, manual or document necessary for the operation of the system" is overly broad and open-ended to identify those procedures to be included and completed within the original five (5) month timeline.

LUMA alleged that the May 31 Resolution expanded the intended purpose and scope of the SOP under Section 4.1(h) of the OMA⁹, particularly regarding the operating procedures required to be identified and scoped in the Gantt Chart to be filed with the Energy Bureau.¹⁰

The Energy Bureau **REMINDS** LUMA that its functions as operator of the Transmission and Distribution System, include but are not limited to ensure the safe, reliable, and cost-effective operation of the electric system in accordance with the mandates of the energy public policy.¹¹ Thus, the authority of the Energy Bureau to establish

⁶ May 31 Resolution, pp. 13-14. (Citations Omitted).

⁷ June 22 Request, Exhibit 1.

⁸ Motion Submitting Updated Timeline for Completion of Phase II Operating Principles, July 6, 2021, Exhibit 1.

⁹ June 22 Request, p. 3.

¹⁰ *Id.*

¹¹ See, Section 1.10, Act 17-2019.



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requirements to ensure compliance with public policy is neither determined nor restricted by the OMA.¹²

The Gantt Chart requested by the Energy Bureau is intended as a tool to guide and facilitate the Energy Bureau's oversight responsibility in ensuring that the procedures identified as necessary to yield the optimal operation of the electric system are relevant, sequenced appropriately, and are on track to meet the energy public policy.

The Energy Bureau is concerned that, among other things, the procedures in the Gantt Chart do not seem effectively sequenced. Since the Gantt Chart will be discussed during the upcoming Compliance Hearing, the Energy Bureau will **DEFER** its determination of whether the Gantt Chart complies with Condition No. 1 of the May 31 Resolution until after the Compliance Hearing.

2. Energy Dispatch principles in SOP 5.1 and 5.2

Under Condition No. 2 of the May 31 Resolution, the Energy Bureau required LUMA to:

On or before thirty (30) days from the notification of this Resolution and Order LUMA, shall 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 DERs into system planning and operations.¹³

LUMA filed revised language for SOP 5.1 and 5.2 as Exhibit 2 to the June 22 Request.¹⁴ The revised SOP 5.1 references the future development, over time, of "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."¹⁵ As stated in the May 31 Resolution, LUMA's commitment to the DER policy goal is still not clear.¹⁶

The Energy Bureau notes that operating procedures established to integrate the functionalities found in distributed facilities should precede any further uptake of DER in

¹² See Section 20.17 of the OMA.

¹³ May 31 Resolution p. 14.

¹⁴ June 22 Request, p. 14.

¹⁵ *Id.*, Exhibit 2, p. 1.

¹⁶ May 31 Resolution, p. 12.



Puerto Rico, especially IEEE-STD-1547¹⁷ compliant rooftop solar given its significant adoption potential across the Island. The deployment should be guided by the procedures. This is very important given the vast functionalities specified in the interconnection and interoperability requirements found in IEEE STD 1547 that impact system operations.

The Energy Bureau **FINDS** that the revised SOP 5.1 and 5.2 do not satisfy the requirements of Condition No. 2 of the May 31 Resolution. The Energy Bureau **ORDERS** LUMA to file, **on or before September 13, 2021**, a revised version of SOP Sections 5.1 and 5.2 to reflect that LUMA will develop grid capabilities to enable the integration of functionalities found in demand side resources integrated to the grid to support system stability and increase its resilience.

3. Load Forecasting Procedures

Under Condition No. 3 of the May 31 Resolution, the Energy Bureau required LUMA to:

On or before ninety (90) days from the notification of this Resolution and Order, LUMA shall file with the Energy Bureau final versions of its 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.¹⁸

LUMA argues that under its improvement plan in its Initial Budgets filing, the description required by Condition No. 3 will take a year to complete.¹⁹ Further, it states that long-term forecasting will not be addressed as part of the SOP procedures but rather performed within the broader regulatory team and subject to significant analysis advance of the next Rate Case and IRP filings.²⁰

The Energy Bureau does not intend for LUMA to determine specific load projections for the system. Rather, Condition No. 3 requires LUMA to submit load forecasting **procedures** that set out the methodologies and the inputs needed to determine these projections when performing load forecasts. The load forecasting methodology is a core tool of any utility. However, utilities use different approaches when forecasting load. The Energy Bureau is seeking to examine LUMA's approach to projecting load.

¹⁷ See IEEE STD 1547-2018, *IEEE Standard for Interconnection, and Interoperability of Distributed Energy Resources with Associated Electric Power Systems Interfaces*.

¹⁸ May 31 Resolution, p. 14.

¹⁹ June 22 Request, p. 17.

²⁰ *Id.*



The Energy Bureau **DENIES** LUMA request to reconsider Condition No. 3 of the May 31 Resolution and **ORDERS** LUMA to file, **on or before September 13, 2021**, with the Energy Bureau final versions of its Load Forecasting Procedures that include the methodologies used to incorporate power meter load data, load management, load forecast, DER adoption models, weather normalization and peak allocation.

4. Monthly Progress Reports.

Under Condition No. 4 of the May 31 Resolution, the Energy Bureau required LUMA to:

Starting on July 5, 2021, LUMA shall file with the Energy Bureau a monthly progress report on the status of the implementation of the timeline required on condition number 1 above.²¹

In the June 22 Request, LUMA requests the Energy Bureau's to reconsider the monthly reporting requirement and to allow LUMA, instead, to notify the Energy Bureau of circumstances that could delay this timeline.²² The Energy Bureau **FINDS** that providing monthly updates to inform the Energy Bureau on LUMA's progress in completing the procedures are not administratively burdensome. Therefore, the Energy Bureau **DENIES** LUMA request to reconsider Condition No. 4 of the May 31 Resolution.

III. **Conclusion**

For all of the above, the Energy Bureau **DENIES** the June 22 Request. Consistent with Condition No. 5 of the May 31 Resolution, the Energy Bureau **ORDERS** LUMA to:

- (i) Attend the Compliance Hearing scheduled for **September 17, 2021, at 9:00 a.m.**²³;
- (ii) File with the Energy Bureau a copy of the presentation to be made at the Compliance Hearing on or before **September 15, 2021, at 12:00 p.m.**; and
- (iii) Ensure that LUMA relevant personnel and consultants be prepared to discuss the elements and timelines proposed in the Gantt Chart in

²¹ May 31 Resolution, p. 14.

²² June 22 Request, p. 14.

²³ Note that in order to prevent the spread of Covid-19, the Compliance Hearing will be held remotely via the Microsoft Teams platform. The Energy Bureau will timely provide LUMA the necessary information to connect to the Microsoft Teams platform.

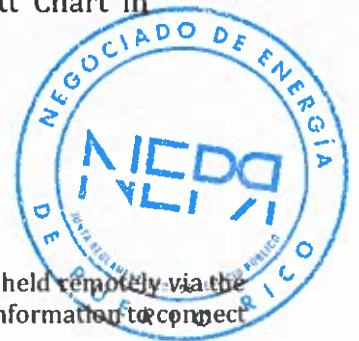


Exhibit 1 of the June 22 Request and updated on July 6, 2021, and to answer the Energy Bureau Commissioners and staff's questions.

The Energy Bureau **WARNS** LUMA that, noncompliance with any provision of this Resolution and Order, may result in the imposition of fines of up to twenty-five thousand dollars (\$25,000.00) per day, per violation, pursuant to Act 57-2014 and applicable Energy Bureau's regulations and any other appropriate administrative sanctions, as deemed appropriate by the Energy Bureau.

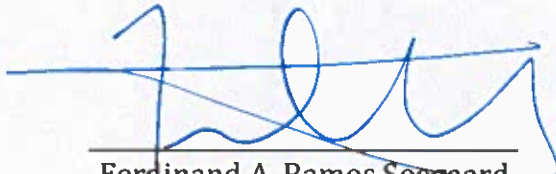
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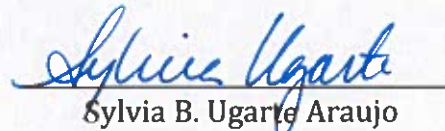
Angel R. Rivera de la Cruz
Associate Commissioner



Lillian Mateo Santos
Associate Commissioner



Ferdinand A. Ramos Soegaard
Associate Commissioner



Sylvia B. Ugarte Araujo
Associate Commissioner

CERTIFICATION

I certify that the majority of the members of the Energy Bureau of the Puerto Rico Public Service Regulatory Board has so agreed on August 25, 2021. President Edison Avilés Deliz did not intervene. I also certify that on this date a copy of this Resolution was notified by electronic mail to: margarita.mercado@us.dlapiper.com; kbolanos@diazvaz.law, jmarrero@diazvaz.law.

I also certify that today, August 25, 2021, I have proceeded with filing the Resolution issued by the Puerto Rico Energy Bureau.

I sign this in San Juan, Puerto Rico, today August 25 2021.



Sonia Seda Castañeda
Clerk

