

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

NEPR

Received:

Aug 26, 2021

6:21 AM

IN RE:
IN RE: PUERTO RICO ELECTRIC POWER
AUTHORITY PERMANENT RATE

CASE NO. NEPR-MI-2020-0001

**SUBJECT: Presentation for Technical Conference of
August 26, 2021**

**MOTION SUBMITTING PRESENTATION AND REQUESTING LEAVE FOR LUMA
TO OFFER PRESENTATION DURING TECHNICAL CONFERENCE SCHEDULED
FOR AUGUST 26, 2021**

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

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

1. Per a Resolution and Order issued by the Energy Bureau on August 20, 2021, a technical conference is scheduled for August 26, 2021 at 10:00 am, to consider two filings presented by LUMA in this proceeding, to wit: (1) LUMA’s *Submission of FCA and PPCA Reconciliations and Request for Confidential Treatment* filed on July 24, 2021 involving proposed Fuel Charge Adjustment (“FCA”) and Purchased Power Charge Adjustment (“PPCA”) reconciliations for the month of June, 2021 (“July 24th LUMA Submission”); and (2) LUMA’s *Submission of FCA and PPCA Reconciliations and Request for Confidential Treatment* of August 13, 2021, involving FCA and PPCA reconciliations for the month of July, 2021 (“August 13th LUMA Submission”). On August 26, 2021, LUMA will file a revised submission involving FCA and PPCA reconciliations for the month of July 2021.

2. LUMA has prepared a Power Point™ presentation that it proposes to offer during the August 26th technical conference, with leave from the Energy Bureau. The presentation was developed to aid analysis and discussions on the aforementioned submissions and to provide additional explanations on the filings.
3. As Exhibits 1 and 2 to this Motion, LUMA submits the Power Point™ presentation in pdf format. *See* Exhibit 1 (Spanish language) and Exhibit 2 (English language).

WHEREFORE, LUMA respectfully requests that the Energy Bureau **accept** the Power Point™ presentation that is filed with this Motion in pdf format and **grant** LUMA representatives leave to offer the presentation during the August 26th technical conference.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 26th day of August 2021.



DLA Piper (Puerto Rico) LLC
500 Calle de la Tanca, Suite 401
San Juan, PR 00901-1969
Tel. 787-945-9107
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/s/ Margarita Mercado Echegaray
Margarita Mercado Echegaray
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Exhibit 1
Spanish Language Presentation



Conferencia Técnica Ajuste Acelerado

NEPR-MI-2020-0001

26 de agosto de 2021



Factor Revisado de LUMA

Agenda

1. Ajuste Acelerado
2. Discusión de Reconciliaciones
3. Factores para septiembre de 2021
4. Impulsores de la Reconciliación
5. Generación, Despacho y Costo de Combustible
6. Discusión de Inventario
7. Preguntas y Respuestas



Ajuste Acelerado

Ajuste Acelerado - Reconciliación de junio y julio de 2021

- Una vez finalizada la revisión del inventario y del costo del combustible, es necesario recurrir la cláusula de ajuste acelerado y presentar nuevos factores para que entren en vigor a partir del 1 de septiembre de 2021, cumpliendo con lo establecido en el libro de tarifas vigente:

Ajuste Acelerado (Accelerated Adjustment Clause)

Cada mes, después de que la AEE disponga de los gastos finales de compra de combustible y de energía comprada, la compañía preparará un nuevo estimado, comparando la recuperación del combustible comprado y de la energía comprada para el período trimestral. Si los gastos de compra de combustible y energía comprada desvían del estimado por más de 20 millones de dólares, se reestimarán los factores de ajuste de los gastos de combustible y energía comprada para llegar al valor esperado de cero para el período trimestral.

Discusión de Reconciliaciones

Resultado de Reconciliación por Compra de Combustible (FCA) para junio y julio 2021

- Los costos realizados del combustible aumentaron un 17.0%, pasando de la proyección de \$270.6 millones a \$316.5 millones
- Las ventas facturadas por valor de \$277.5 millones son un 4,8% inferiores a la proyección de \$291.7 millones
- Ajustes de inventario reflejados en los costos de julio

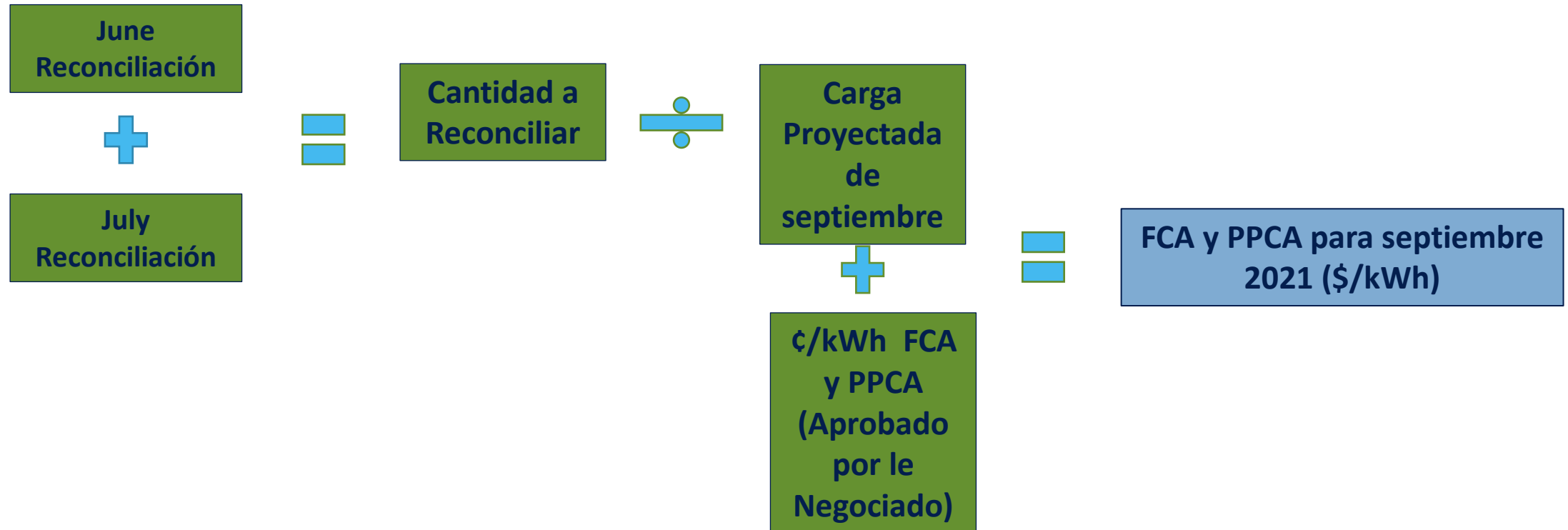
Cláusula de Ajuste	junio 2021	julio 2021
Compra Combustible (FCA)		
Costos de Combustibles Proyectados	\$139,426,069.35	\$131,191,382.29
Ventas Facturadas Proyectadas	\$134,742,030.01	\$156,933,292.58
Ventas Facturadas Actuales	\$127,847,129.85	\$149,666,218.26
Costo de Combustible	\$151,863,398.92	\$164,641,711.61
Ajuste del Período Anterior	\$2,711,091.47	\$16,328,363.91
Diferencia	\$26,727,360.54	\$31,303,857.27

Resultado de Reconciliación por Compra de Energía (PPCA) para junio y julio 2021

Cláusula de Ajuste	junio 2021	julio 2021
Compra de Energía (PPCA)		
Costos de Compra de Energía Proyectada	\$41,328,481.59	\$50,366,266.00
Ventas Facturadas Proyectadas	\$41,792,106.13	\$50,268,110.74
Ventas Facturadas Actuales	\$39,633,22.90	\$47,962,549.11
Costo de Compra de Energía	\$39,779,228.05	\$46,612,526.60
Costos de Reconciliación	(\$6,294,358.53)	\$1,510,975.61
Diferencia	\$(6,148,453.38)	\$160,953.10

Factores para septiembre de 2021

Determinación del ajuste en los factores



Factores para septiembre 2021 aplicando reconciliaciones de junio y julio 2021 (\$/kWh)

Riders	julio 2021 – septiembre 2021 (Aprobado por el NEPR en la Resolución y Orden de junio 29,2021)	septiembre 2021 <i>(basado en reconciliación de junio y julio)</i>	Diferencia
Ajuste de cargo por compra de combustible (FCA)	\$0.10624	\$0.14636	\$0.04012
Ajuste de cargo por compra de energía (PPCA)	\$0.03403	\$0.02989	-\$0.00414
		Total	\$0.03598

Impulsores de la Reconciliación

Factores claves

- En general – el despacho reaccionó a las limitaciones del Sistema, que incluían:
 - Disponibilidad reducida debido al aumento de las interrupciones de la planta sobre las interrupciones históricas y proyectadas
 - Las interrupciones se prolongan más allá de la fecha de finalización programada
 - Pérdida en reservas de generación disponibles y funcionalidad de generación.

junio

- El aplazamiento de FEMA redujo las ventas facturas proyectadas
- Ventas facturadas más bajas de lo proyectado
- Mayor uso de diesel para reemplazar el consumo de combustible residual debido a que Palo Seco 3 no está en funcionamiento.

julio

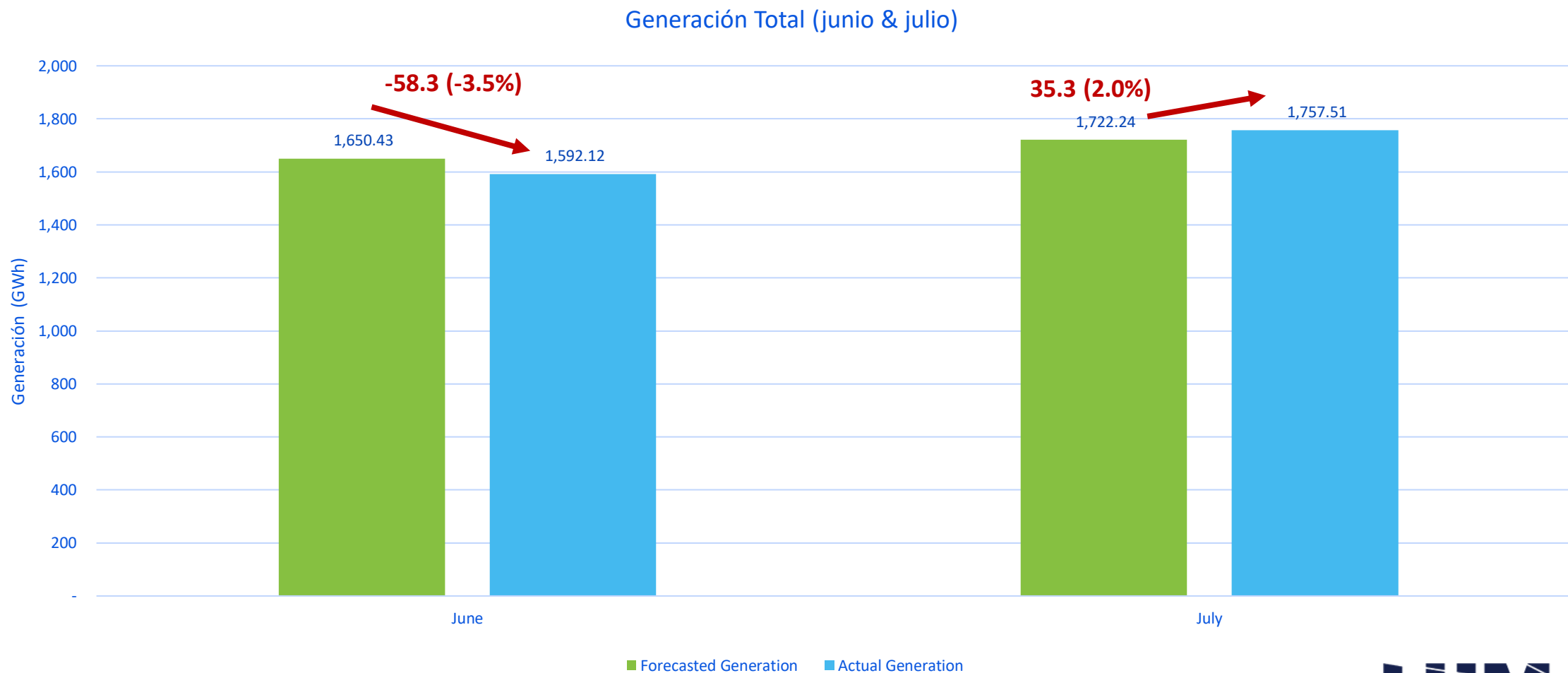
- Aumento de la demanda de lo proyectado
- Ventas facturadas más bajas de lo proyectado
- Interrupción más prolongada de lo esperado en AES
- EcoEléctrica debe actuar como regulador como otras instalaciones de generación con AGC active que no puede cumplir con los requisitos de rampa.



Generación, Despacho y Costo de Combustible

Generación (GWH)

- Demanda actual comparada con la demanda proyectada.



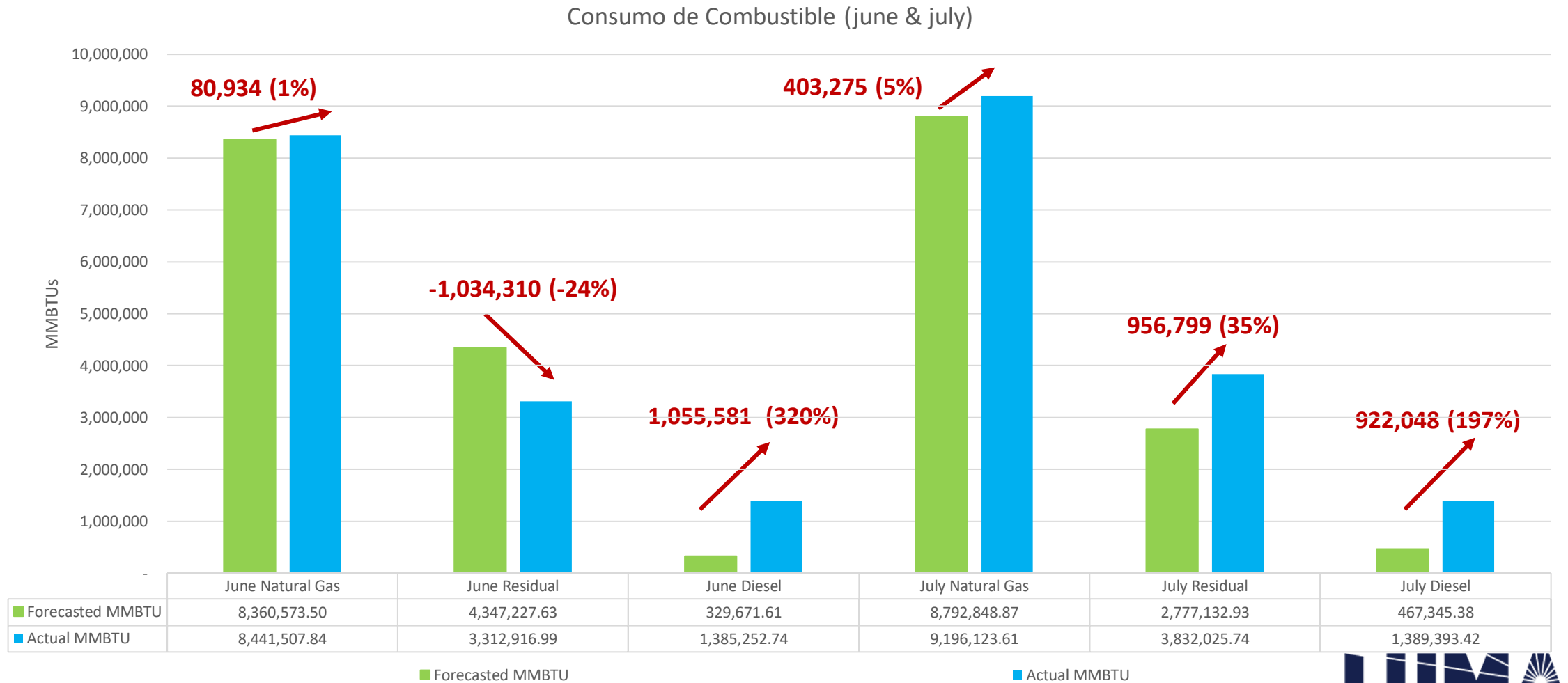
Gasto en Combustible (Mil \$)

- Incremento en gastos de combustible debido a mayor uso de bunker y diesel de lo proyectado.



Consumo de Combustible (por tipo de combustible)

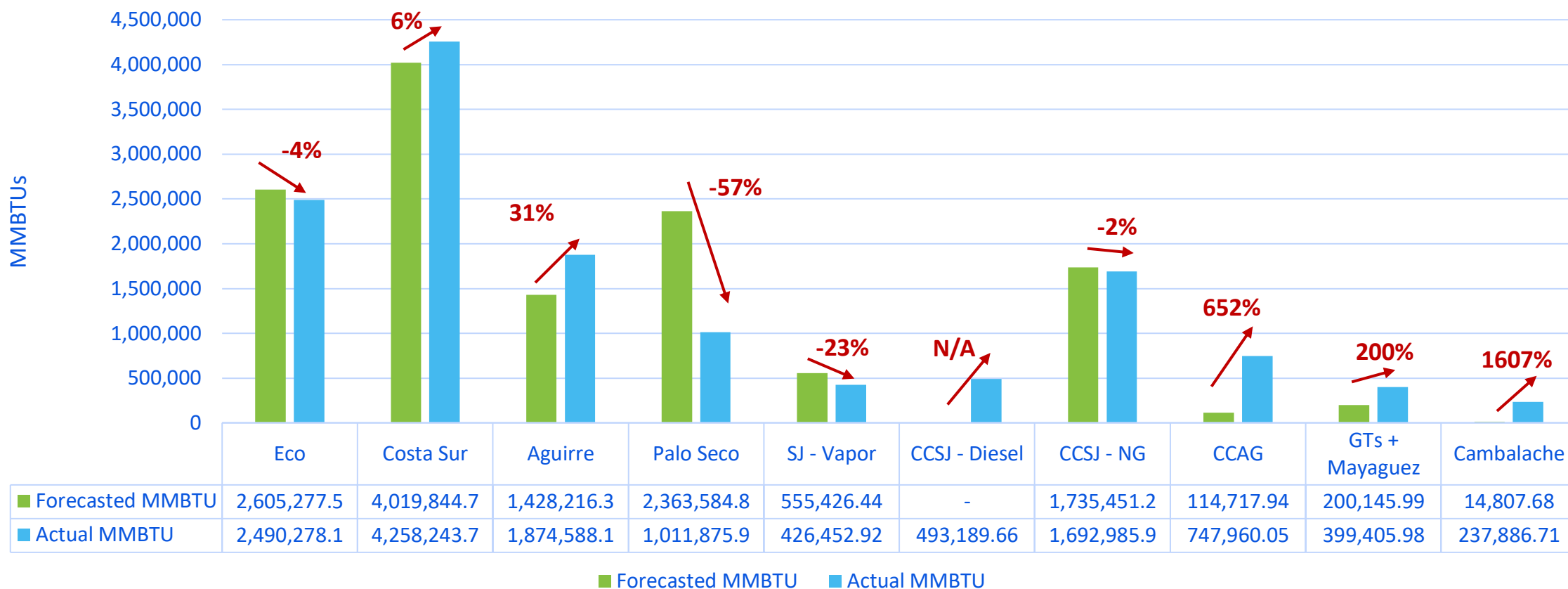
- Mayor uso de combustible residual (julio) y diesel (junio y julio)



Junio 2021 Consumo de Combustible (por planta)

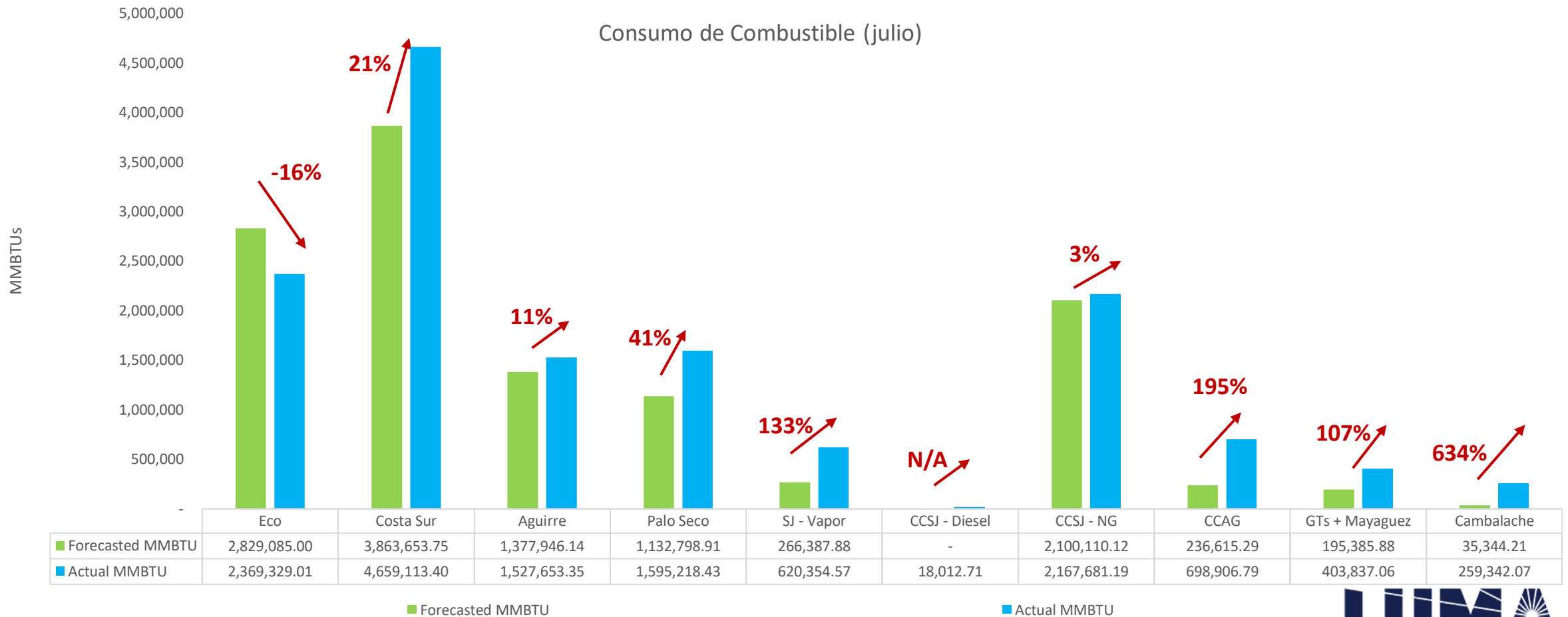
- Mayor utilización de unidades menos eficientes y que utilizan combustible más costoso.

Consumo de Combustible por Planta (junio)



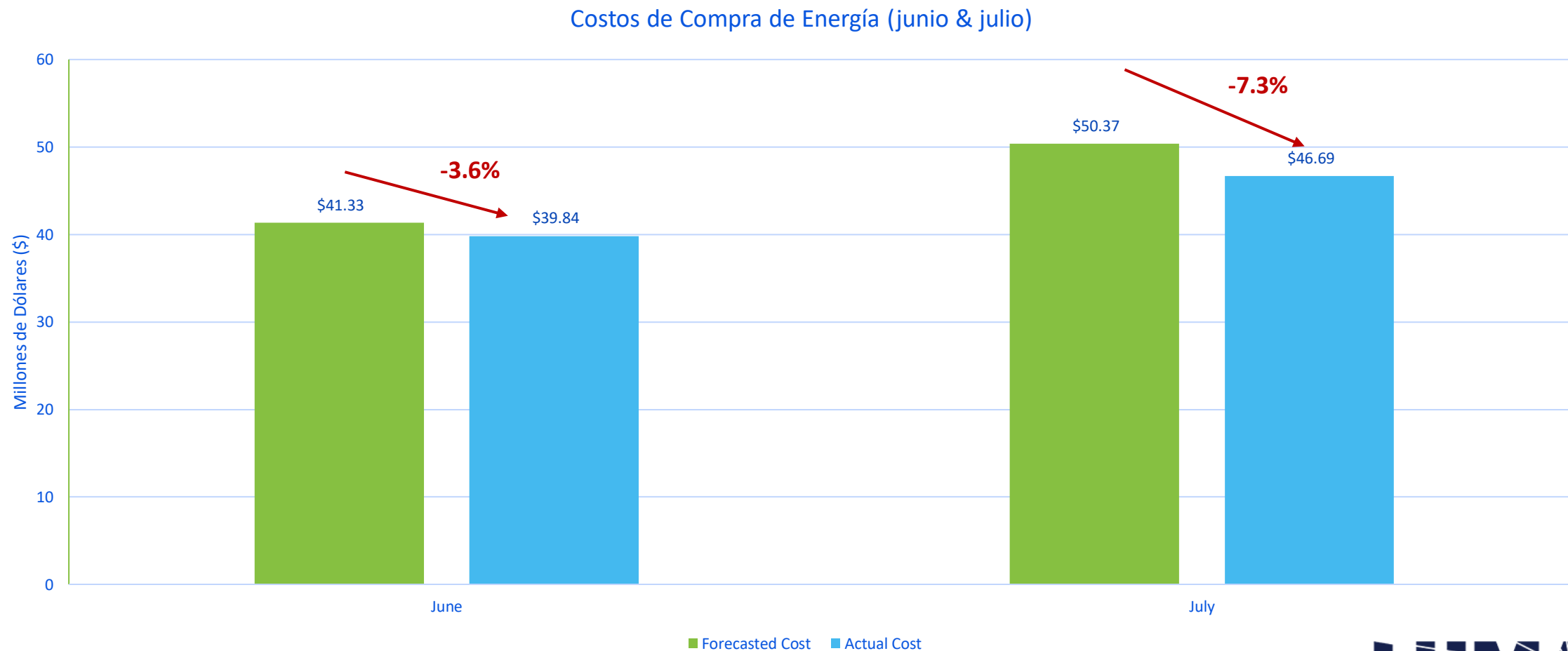
Julio 2021 Consumo de Combustible (por planta)

- Mayor utilización de unidades menos eficientes y que utilizan combustible más costoso.



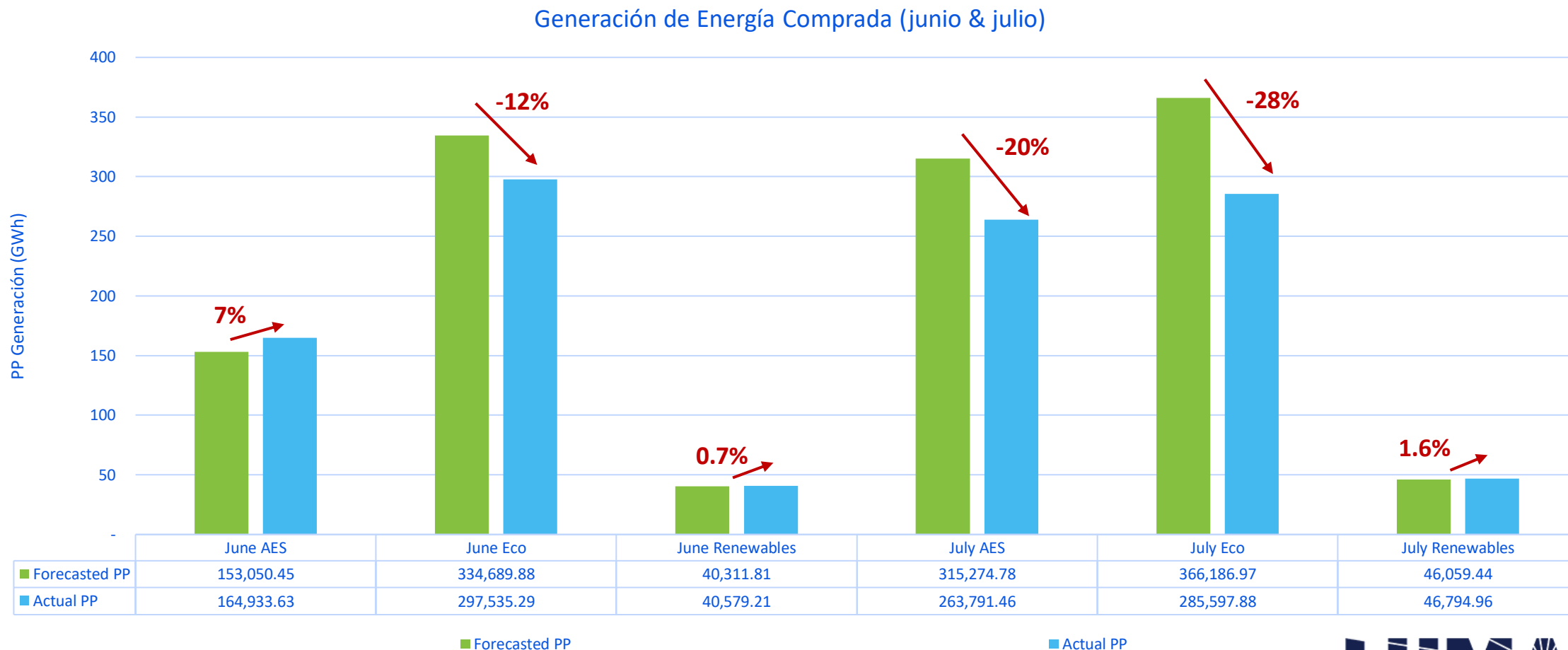
Costos de Compra de Energía

- Menor utilización de AES & EcoEléctrica a lo proyectado.



Generación de Energía Comprada

- Menor utilización de AES & EcoEléctrica a lo proyectado.



Discusión de Inventario

Revisión de Inventario y Costo de Combustible



Fórmula

Barriles Ajustados = *Informe de Inventario de Combustible*(Precio Ponderado
Directorado De Generación @ junio 30 2021) – *Combustible almacenado* (Informe
Combustible)

Ajuste Inventario = *Barriles ajustados* $\times \frac{\$}{BBL}$ *Ponderado*



Ajuste inventario a junio 30 2021

No. 6 Fuel Oil

	From PREPA			Filed Fuel Report			LUMA calculation	
Site	Measured Inventory (bbl)	In Storage Price/BBL (\$/bbl)	Inventory (\$)	Fuel Report Inventory (bbl)	Price/BBL (\$/bbl)	Total Fuel (bbl)	Diff BBL (bbl)	Diff Inventory (\$)
AGUIRRE	526,315.45	82.8575	43,609,182.48	532,630.23	81.97	43,659,183.45	(6,314.78)	(50,000.97)
COSTA SUR	555,561.78	66.6949	37,053,137.36	555,923.60	76.66	42,619,308.25	(361.82)	(5,566,170.89)
PALO SECO	276,341.12	80.1049	22,136,277.78	268,894.62	79.98	21,505,764.48	7,446.50	630,513.30
SAN JUAN	103,468.56	71.0292	7,349,284.17	108,839.75	77.25	8,407,367.96	(5,371.19)	(1,058,083.79)
TOTAL	1,461,686.91	75.3567	110,147,881.79	1,466,288.20		116,191,624.14	(4,601.29)	(6,043,742.35)

Ajuste inventario a junio 30 2021

No. 2 Fuel Oil

	From PREPA			Filed Fuel Report			LUMA calculation	
Site	Measured Inventory (bbl)	In Storage Price/BBL (\$/bbl)	Inventory (\$)	Fuel Report Inventory (bbl)	Price/BBL (\$/bbl)	Total Fuel (bbl)	Diff BBL (bbl)	Diff Inventory (bbl)
AGUIRRE Diesel /CC	235,149.41	92.6955	21,797,289.99	246,680.03	92.02	22,633,363.24	(11,530.62)	73,111.82
SAN JUAN CC	72,673.01	94.7555	6,886,167.88	61,990.67	90.97	5,639,321.33	10,682.34	1,246,846.55
CAMBALACHE	111,360.75	86.5789	9,641,488.32	106,861.80	85.56	9,143,612.65	4,498.95	497,875.67
MAYAGÜEZ	68,143.59	87.5069	5,963,034.42	63,318.91	88.03	5,749,810.96	4,824.68	213,223.46
PALO SECO	35,161.16	91.1544	3,205,092.70	35,417.87	90.69	3,212,189.50	(256.71)	(7,096.80)
DAGUAO	8,147.72	94.1686	767,259.25	13,241.60	92.40	1,223,512.01	(5,093.88)	(456,252.76)
JOBOS	8,204.63	96.3767	790,735.26	3,173.14	98.54	312,685.62	5,031.49	478,049.64
VEGA BAJA	5,029.23	93.1035	468,239.10	6,002.69	92.78	556,945.00	(973.46)	(88,705.90)
YABUCOA	10,808.46	63.0541	681,517.95	9,778.33	64.74	633,003.99	1,030.13	48,513.96
COSTA SUR	3,501.92	81.7460	286,267.95	3,404.00	81.78	278,390.79	97.92	7,877.16
TOTAL	558,179.87	90.4495	50,487,092.82	535,033.92		48,473,650.02	23,145.95	2,013,442.81



Preguntas y Respuestas

Exhibit 2
English Language Presentation



Technical Conference Accelerate Adjustment

NEPR-MI-2020-0001

August 26, 2021



LUMA Revised Factors

Agenda

1. Accelerated Adjustment
2. Discussion of Reconciliations
3. Factors for September 2021
4. Drivers of Reconciliation
5. Generation, Dispatch and Fuel Cost
6. Inventory Discussion
7. Questions and Answers



Accelerated Adjustment



Accelerated Adjustment - Reconciliation of June and July 2021

- After finishing the review of the inventory and the cost of fuel, it is necessary to invoke the accelerated adjustment clause and submit new factors to take effect as of September 1, 2021, complying with the provisions of the current tariff book:

Ajuste Acelerado (Accelerated Adjustment Clause)

Each month, after PREPA disposes of the final expenses for the purchase of fuel and purchased energy, the company will prepare a new estimate, comparing the recovery of purchased fuel and purchased energy for the quarterly period. If purchased energy and fuel purchase expenses deviate from the estimate by more than \$ 20 million, the adjustment factors for purchased fuel and energy expenses will be re-estimated to arrive at the expected value of zero for the quarterly period.

Discussion of Reconciliations

Result of Reconciliation for Fuel (FCA) for June and July 2021

- Realized costs of fuel increased by 17.0% from a forecasted \$270.6 million to \$316.5 million¹
- \$277.5 million of billed sales is 4.8% below projection of \$291.7 million
- Inventory adjustments reflected in July costs

Adjustment Clause	June 2021	July 2021
Fuel (FCA)		
Forecasted Fuel Costs	\$139,426,069.35	\$131,191,382.29
Forecasted Billed Sales	\$134,742,030.01	\$156,933,292.58
Actual Billed Sales	\$127,847,129.85	\$149,666,218.26
Costs of Fuel	\$151,863,398.92	\$164,641,711.61
Previous Period Adjustment	\$2,711,091.47	\$16,328,363.91
Difference	\$26,727,360.54	\$31,303,857.27

¹ These costs include natural gas purchased by PREPA for Ecoeléctrica.

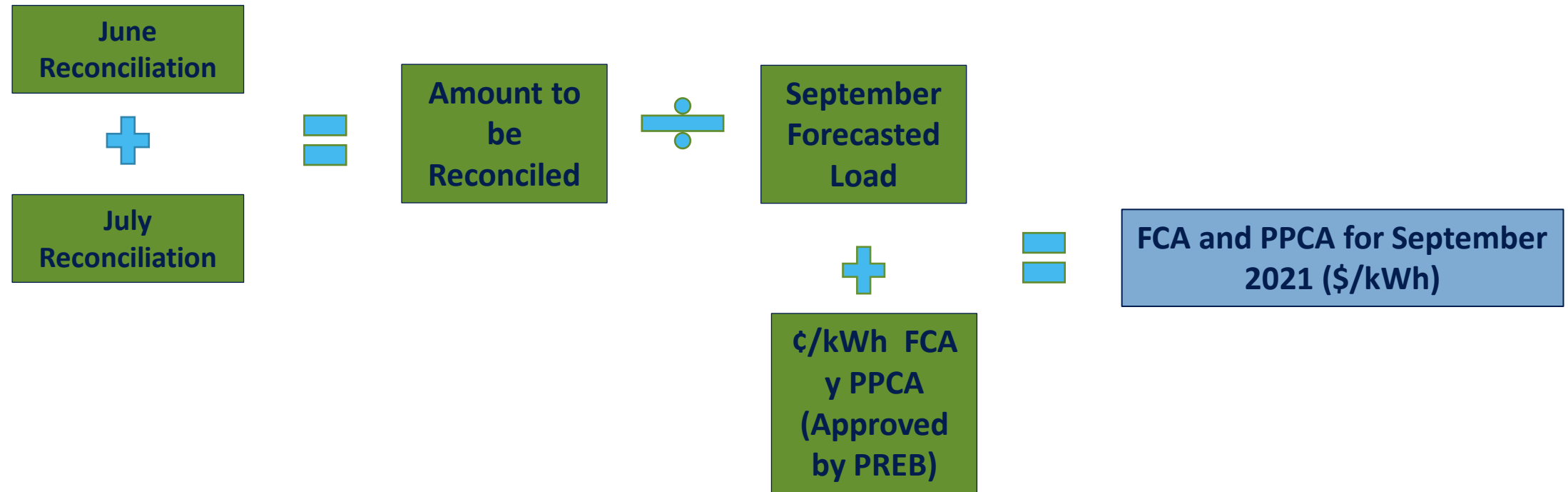
Result of Reconciliation for Power Purchase (PPCA) for June and July 2021

- Purchased power costs are mainly fixed

Adjustment Clause	June 2021	July 2021
Power Purchase (PPCA)		
Forecasted Power Purchase Costs	\$41,328,481.59	\$50,366,266.00
Forecasted Billed Sales	\$41,792,106.13	\$50,268,110.74
Actual Billed Sales	\$39,633,22.90	\$47,962,549.11
Costs of Purchase Power	\$39,779,228.05	\$46,612,526.60
Reconciliation Costs	(\$6,294,358.53)	\$1,510,975.61
Difference	\$(6,148,453.38)	\$160,953.10

Factors for September 2021

Determination of the adjustment in the factors



Factors for September 2021 applying reconciliations from June and July 2021 (\$ / kWh)

Riders	July 2021 - September 2021 (Approved by PREB Resolution and Order June 29,2021)	September 2021 Factor <i>(if adjusted for June and July 2021 Reconciliations)</i>	Difference
Fuel Purchase Charge Adjustment (FCA)	\$0.10624	\$0.14636	\$0.04012
Power Purchase Charge Adjustment (PPCA)	\$0.03403	\$0.02989	-\$0.00414
		Total	\$0.03598

Drivers of Reconciliation

Key Drivers

- Overall – dispatch reacted to system constraints which included:
 - Reduced availability due to increase in plant outages over historical and projected outages
 - Outages extended past the scheduled completion date
 - Lack of available generation reserves and generation functionality

June

- FEMA deferral reduced forecasted billed sales
- Lower billed sales than forecasted
- Increased use of diesel to replace residual fuel consumption due to Palo Seco 3 not being in operation

July

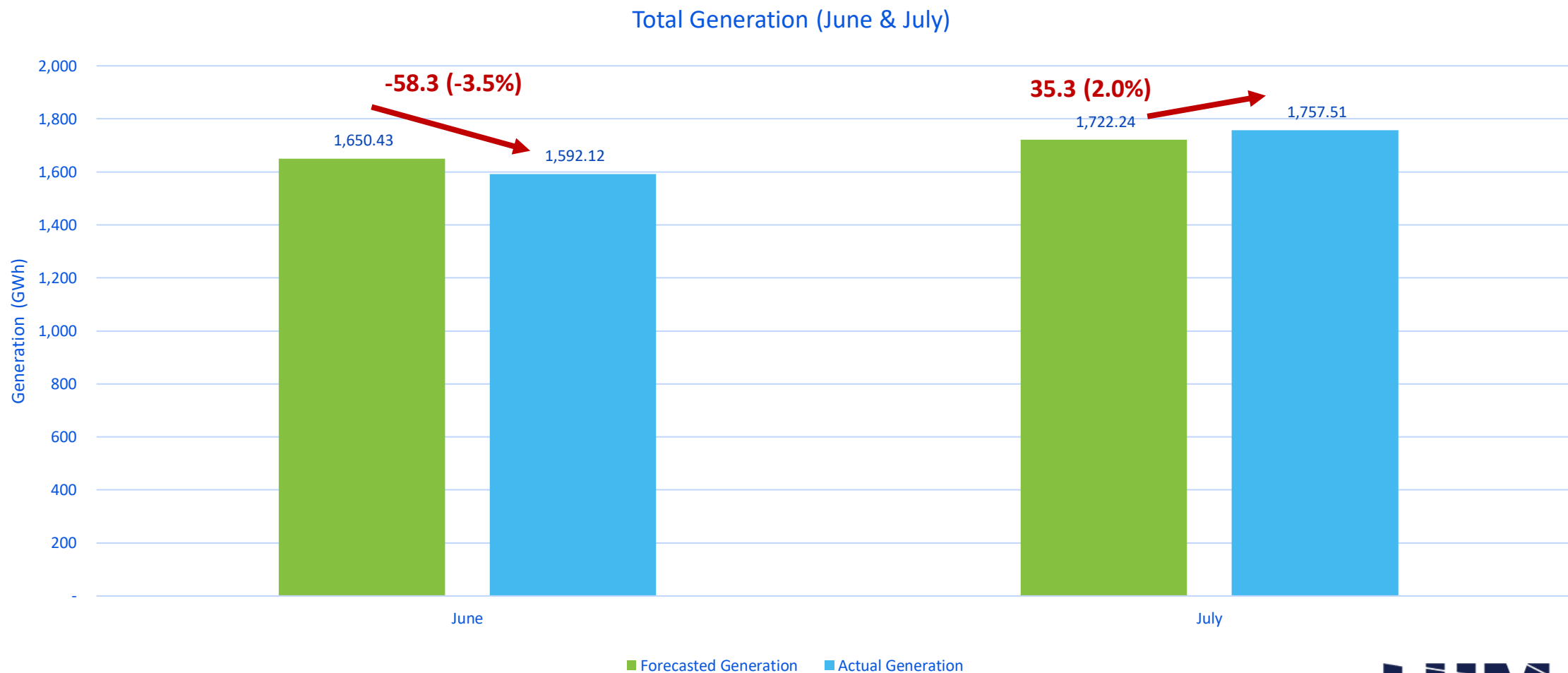
- Increase in demand versus forecast
- Lower billed sales than forecasted
- Longer than expected outage at AES
- EcoElectrica required to act as regulator as other generation facilities with active AGC unable to meet ramp requirements



Generation, Dispatch and Fuel Cost

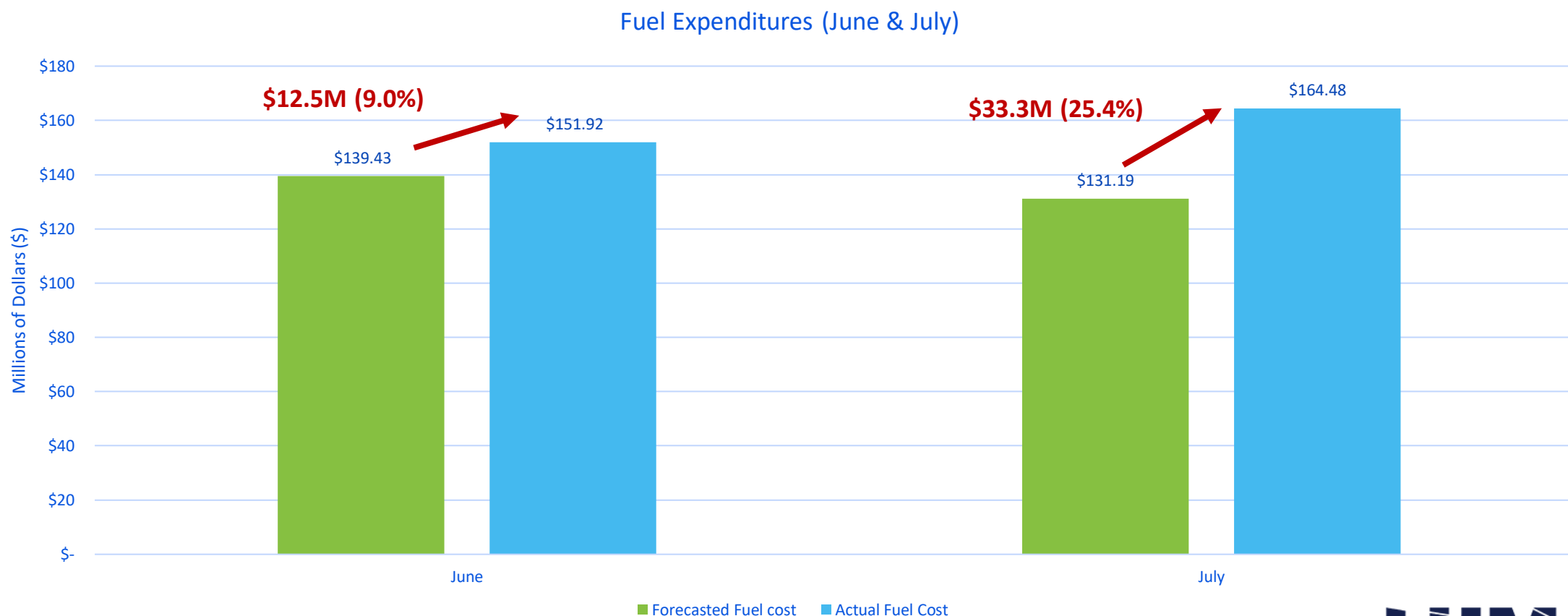
Generation (GWH)

- Demand generally in line with forecast



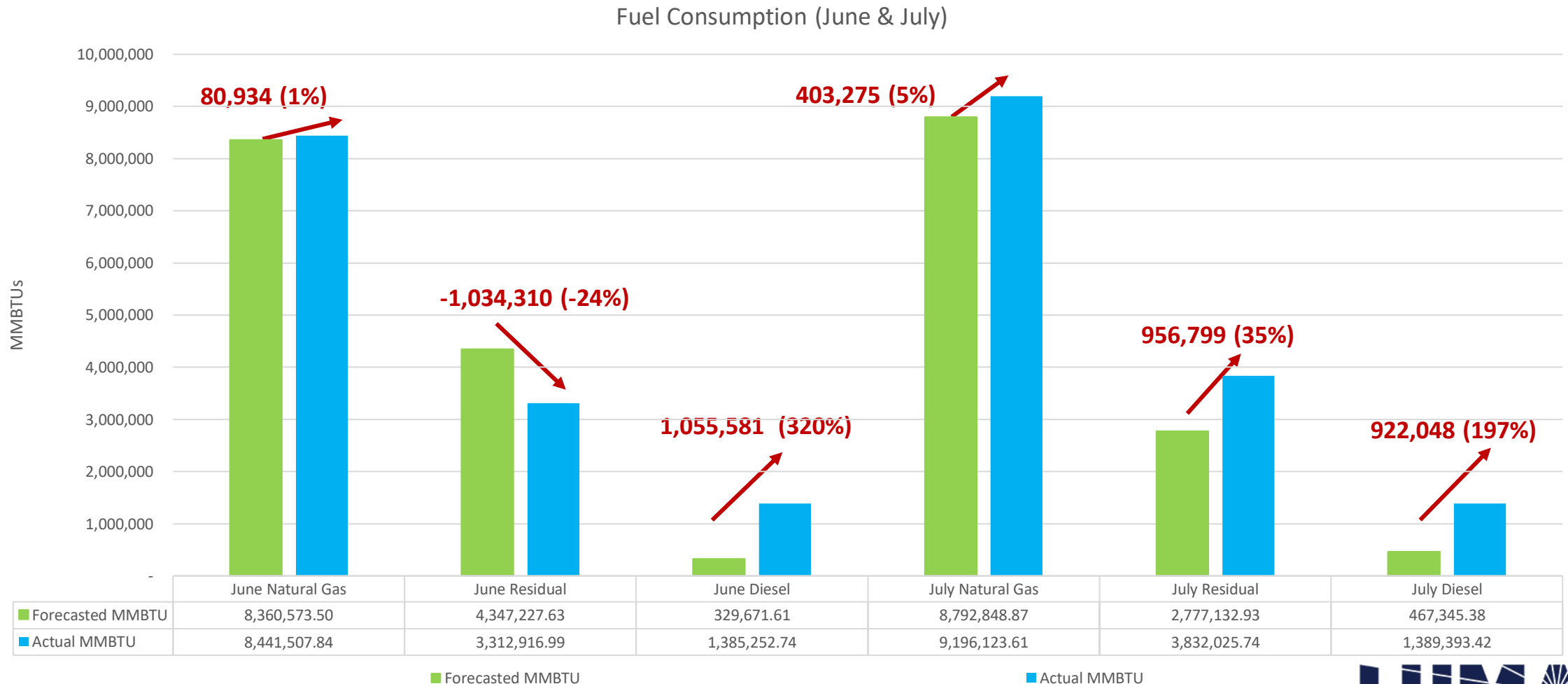
Fuel Expenditures* (\$ millions)

- Increase in aggregate fuel costs due to greater use of residual and diesel than projected



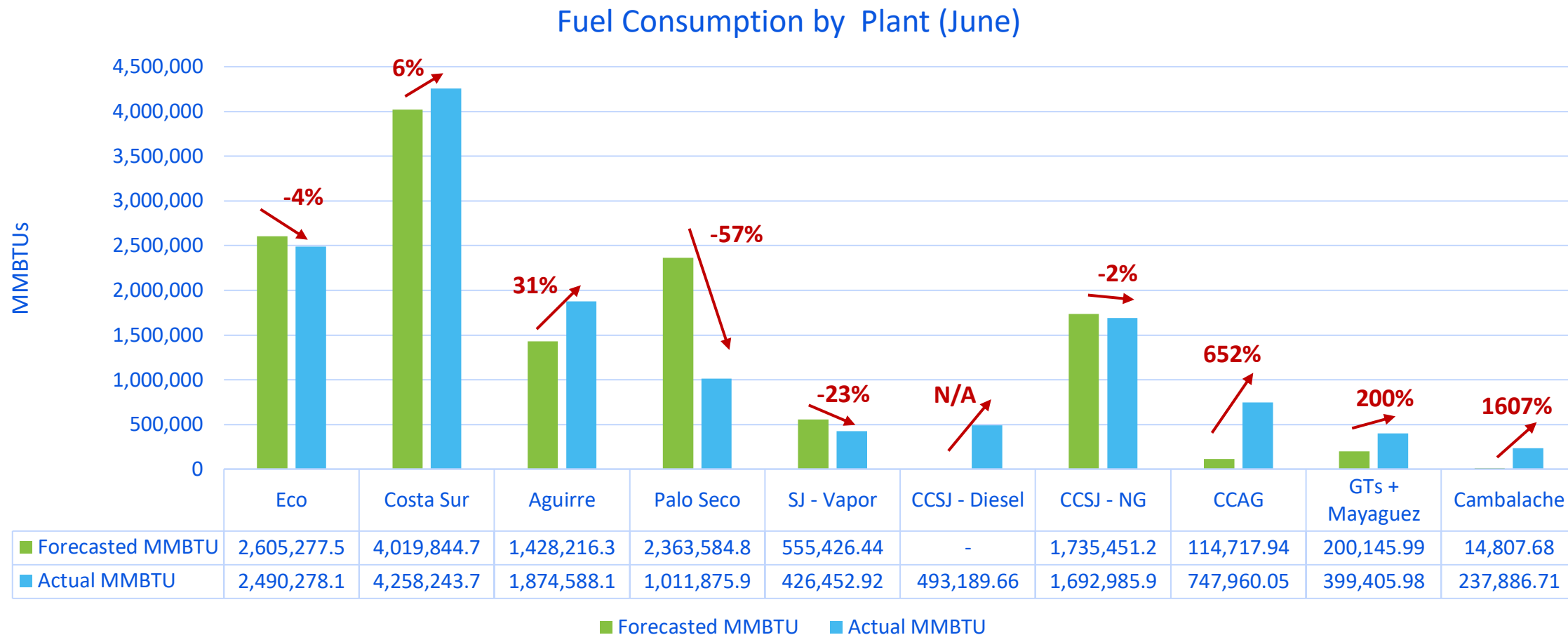
Fuel Consumption (by fuel type)

- Increased usage of Residual (July) and Diesel Fuel (June and July)



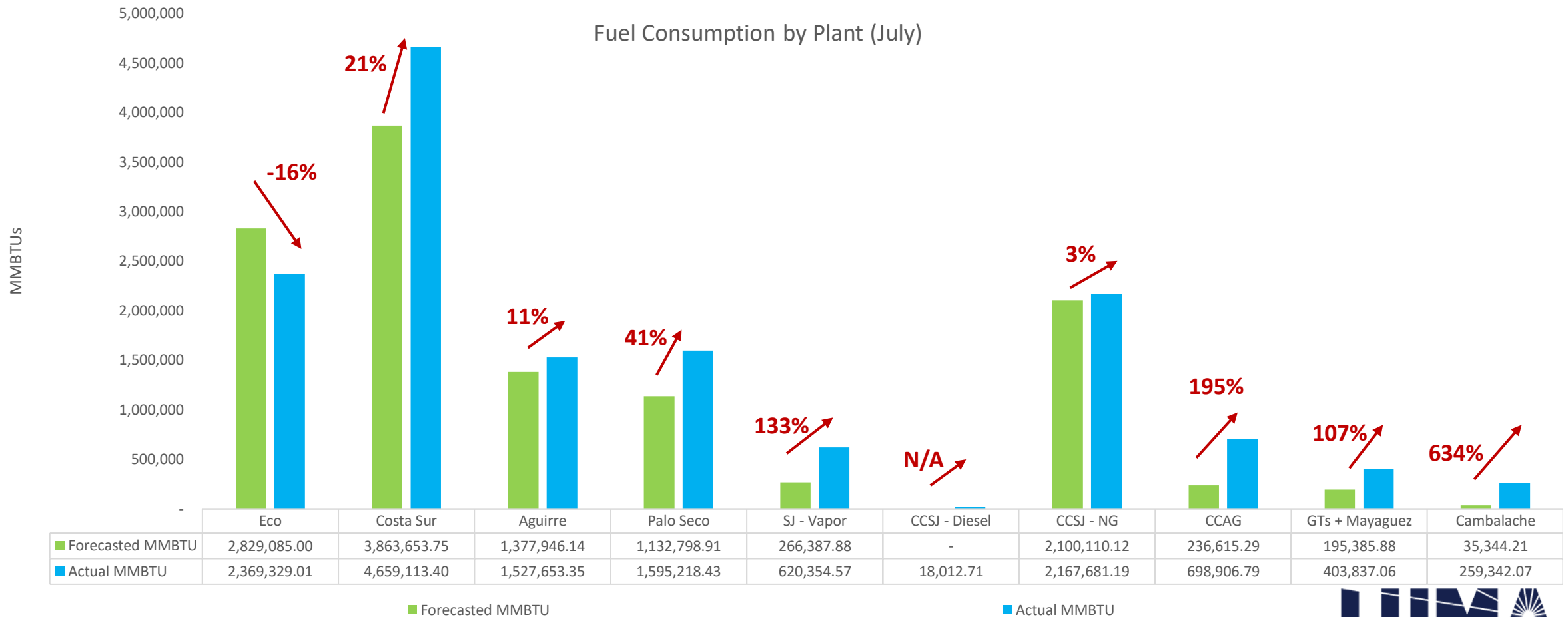
June 2021 Fuel Consumption (by plant)

- Greater use of less efficient units and consumption of more expensive fuel



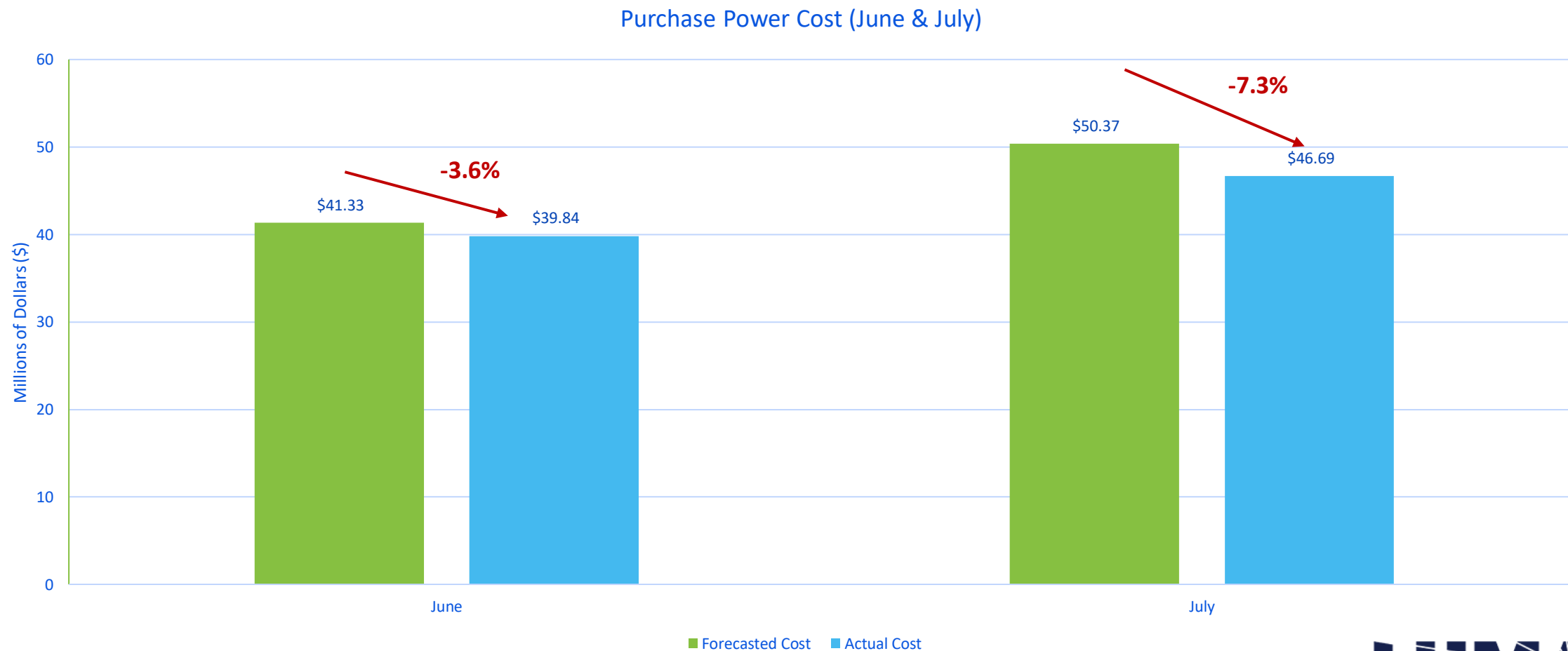
July 2021 Fuel Consumption (by plant)

- Greater use of less efficient units and consumption of more expensive fuel



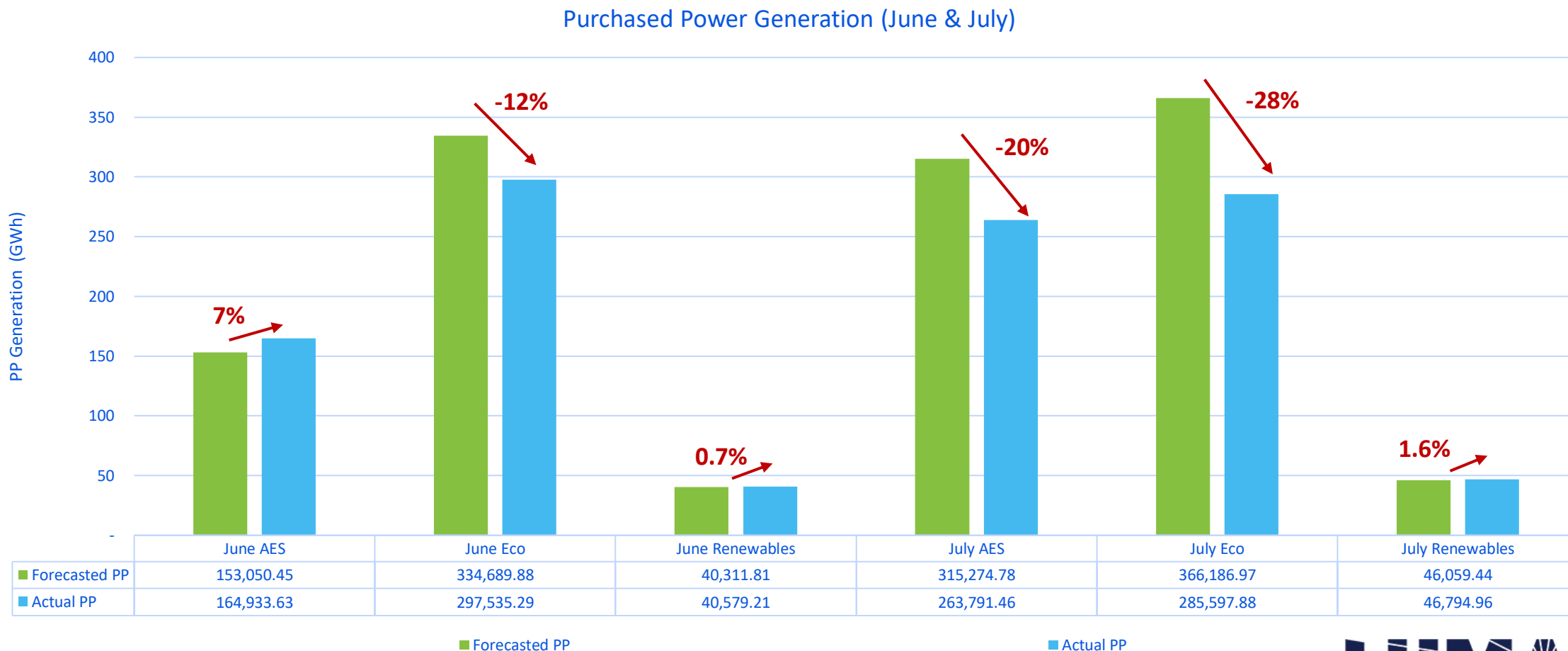
Purchase Power Costs

- Lower utilization of AES & EcoElectrica than forecasted



Purchased Power Generation

- Lower utilization of AES & EcoEléctrica than projected.



Inventory Discussion

Inventory Review and Fuel Cost

The Electric Power Authority adjusted the storage barrels according the inventory certified by external entities on May 17. The adjustments were delivered to LUMA in the file “PRECIO PONDERADO DIRECTORADO DE GENERACION @ junio 30 2021”

May 17, 2021

The differences between the DIRECTORATE OF GENERATION file @ June 30, 2021 and the fuel report were applied in barrels and cost to the beginning balance of July 2021, for each plant.

July 2021

June 30, 2021

The difference between the barrels stored as of June 30,2021, according to the file “PRECIO PONDERADO DIRECTORADO DE GENERACION @ junio 30 2021”, and the balances in the Fuel Report used for the reconciliation were determined.

The cost was adjusted multiplying the difference in barrels by the weighted price as of June 30, 2021.



Formula

$BBL\ to\ adjust = Fuel\ Report\ Inventory - Measured\ Inventory$

$Adj.\ inventory = BBL\ to\ adjust \times In\ storage\ price / BBL$



Inventory adjustment as of June 30, 2021

No. 6 Fuel Oil

	From PREPA			Filed Fuel Report			LUMA calculation	
Site	Measured Inventory (bbl)	In Storage Price/BBL (\$/bbl)	Inventory (\$)	Fuel Report Inventory (bbl)	Price/BBL (\$/bbl)	Total Fuel (bbl)	Diff BBL (bbl)	Diff Inventory (\$)
AGUIRRE	526,315.45	82.8575	43,609,182.48	532,630.23	81.97	43,659,183.45	(6,314.78)	(50,000.97)
COSTA SUR	555,561.78	66.6949	37,053,137.36	555,923.60	76.66	42,619,308.25	(361.82)	(5,566,170.89)
PALO SECO	276,341.12	80.1049	22,136,277.78	268,894.62	79.98	21,505,764.48	7,446.50	630,513.30
SAN JUAN	103,468.56	71.0292	7,349,284.17	108,839.75	77.25	8,407,367.96	(5,371.19)	(1,058,083.79)
TOTAL	1,461,686.91	75.3567	110,147,881.79	1,466,288.20		116,191,624.14	(4,601.29)	(6,043,742.35)

Inventory adjustment as of June 30, 2021

No. 2 Fuel Oil

	From PREPA			Filed Fuel Report			LUMA calculation	
Site	Measured Inventory (bbl)	In Storage Price/BBL (\$/bbl)	Inventory (\$)	Fuel Report Inventory (bbl)	Price/BBL (\$/bbl)	Total Fuel (bbl)	Diff BBL (bbl)	Diff Inventory (bbl)
AGUIRRE Diesel /CC	235,149.41	92.6955	21,797,289.99	246,680.03	92.02	22,633,363.24	(11,530.62)	73,111.82
SAN JUAN CC	72,673.01	94.7555	6,886,167.88	61,990.67	90.97	5,639,321.33	10,682.34	1,246,846.55
CAMBALACHE	111,360.75	86.5789	9,641,488.32	106,861.80	85.56	9,143,612.65	4,498.95	497,875.67
MAYAGÜEZ	68,143.59	87.5069	5,963,034.42	63,318.91	88.03	5,749,810.96	4,824.68	213,223.46
PALO SECO	35,161.16	91.1544	3,205,092.70	35,417.87	90.69	3,212,189.50	(256.71)	(7,096.80)
DAGUAO	8,147.72	94.1686	767,259.25	13,241.60	92.40	1,223,512.01	(5,093.88)	(456,252.76)
JOBOS	8,204.63	96.3767	790,735.26	3,173.14	98.54	312,685.62	5,031.49	478,049.64
VEGA BAJA	5,029.23	93.1035	468,239.10	6,002.69	92.78	556,945.00	(973.46)	(88,705.90)
YABUCOA	10,808.46	63.0541	681,517.95	9,778.33	64.74	633,003.99	1,030.13	48,513.96
COSTA SUR	3,501.92	81.7460	286,267.95	3,404.00	81.78	278,390.79	97.92	7,877.16
TOTAL	558,179.87	90.4495	50,487,092.82	535,033.92		48,473,650.02	23,145.95	2,013,442.81



Questions and Answers