

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

<b>NEPR</b>  <b>Received:</b>  <b>Sep 10, 2021</b>  <b>7:50 PM</b>
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**IN RE:**

PUERTO RICO TEST FOR DEMAND  
RESPONSE AND ENERGY EFFICIENCY

CASE NO.: NEPR-MI-2021-0009

**SUBJECT:** LUMA's Comments on August 25, 2021  
Technical Workshop and Attachment A of the  
Energy Bureau's Resolution of August 27, 2021

**MOTION SUBMITTING LUMA'S COMMENTS ON AUGUST 25, 2021 TECHNICAL  
WORKSHOP AND ATTACHMENT A OF THE ENERGY BUREAU'S RESOLUTION  
OF AUGUST 27, 2021**

**TO THE PUERTO RICO ENERGY BUREAU:**

COME NOW LUMA Energy, LLC<sup>1</sup>, and LUMA Energy ServCo, LLC<sup>2</sup> (jointly referred to as "LUMA") and respectfully submit the following:

1. On May 14, 2021, this Puerto Rico Energy Bureau ("Energy Bureau") issued a Resolution and Order (the "May 14<sup>th</sup> Resolution") initiating the referenced proceeding to develop the Puerto Rico Benefit Cost Test ("PR Test") required under Section 2.01(B) of the Energy Bureau's Regulation for Demand Response of December 21, 2020, Regulation 9246, as well as defining the PR Test under the Proposed Energy Efficiency Regulation issued by the Energy Bureau on April 22, 2021.

2. In its May 14<sup>th</sup> Resolution, the Energy Bureau indicated that it had adopted for the PR Test a five-step process for developing a jurisdiction-specific cost-effectiveness test as per the National Standard Practice Manual for Benefit-Cost Analysis of Distributed Energy Resources of

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<sup>1</sup> Register No. 439372.

<sup>2</sup> Register No. 439373.

August 2020 and would hold four (4) Technical Workshops to address each of these steps and obtain stakeholder input. *See* May 14<sup>th</sup> Resolution at page 5. The first, second and third Technical Workshops were held on June 30, 2021, July 21, 2021 and August 25, 2021, respectively, as per the calendar established by this Energy Bureau by Resolution of June 16, 2021 (“June 16 Resolution”; *see* June 16 Resolution at page 1), and LUMA staff participated in these three Technical Workshops.

3. On August 27, 2021, this Energy Bureau issued a Resolution (“August 27 Resolution”) in the instant proceeding requesting that LUMA and other stakeholders provide comments to the Energy Bureau by September 10, 2021 on the issues discussed in the “August 23, 2021 Technical Workshop” and an Attachment A to the August 27 Resolution (“Attachment A”). Given that the only Technical Workshop in the instant proceeding was held on August 25, 2021, it is respectfully reasonably presumed that the Energy Bureau’s request in the August 27 Resolution refers to the Technical Workshop held on such date (the “August 25, 2021 Technical Workshop”).

4. Accordingly, LUMA hereby submits LUMA’s comments on the August 25, 2021 Technical Conference and Attachment A of the Energy Bureau’s August 27 Resolution, all of which are attached hereto as **Exhibit 1**, in compliance with the August 27 Resolution.

**WHEREFORE**, LUMA respectfully requests that the Energy Bureau **accept** and **consider** this filing of its comments in response to the requests in the Energy Bureau’s August 27 Resolution and Attachment A, all of which are attached hereto as **Exhibit 1**, and deem LUMA in compliance with the requirements of the August 27 Resolution.

**RESPECTFULLY SUBMITTED.**

In San Juan, Puerto Rico, this 10<sup>th</sup> day of September 2021.

We certify that we filed this motion using the electronic filing system of the Puerto Rico Energy Bureau.



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**Exhibit 1**

*LUMA's Comments in Response to August 27 Resolution*



# Puerto Rico Test for Demand Response and Energy Efficiency

NEPR-MI-2021-0009

September 10, 2021

## 1.0 Comments from Technical Workshop 3

LUMA appreciates the comprehensive, structured approach to identifying impacts in the PR Cost Test. Because DERs are new to Puerto Rico, it may not be possible to quantify all the important impacts in the near term. Non-energy benefits are likely to be the most difficult to quantify and this is the case even in more mature DER jurisdictions. Because of the uniqueness of Puerto Rico, using impact values from other jurisdictions as proxies is not appropriate. A staged approach to quantification will help focus on the most important impacts first and the prioritization matrix in Attachment A will support this staged approach.

Using a single overarching non-energy benefits adder or multiplier, is appropriate short-term solution for a jurisdiction like Puerto Rico that does not have prior studies on specific non-energy impacts to rely on. Breaking out the adder into smaller adder percentages for particular impacts without completing detailed research introduces false precision, especially if tracking of benefits at that measure level is not required. Other jurisdictions have completed detailed studies to develop per unit and per savings (first year and annual) non-energy benefit values to apply at the measure level for a variety of categories. For example, MA and RI have detailed values. However, these numbers are not directly applicable to other jurisdictions and should not be used 1-for-1. If detailed values are required, customer interviews and other research to develop PR-specific values is necessary. Developing and applying a single overarching non-energy benefit adder while quantification is ongoing will ensure the inputs to the PR Test increase in accuracy over time, while preserving a broad-based approach to incorporating impacts into the test.

## 2.0 Draft Impact List for Puerto Rico Test

The table below includes the full list of impacts to include in the Puerto Rico Test (PR Test) for assessing the cost-effectiveness of DER programs.

For each impact, please assess the following:

1. Potential magnitude: what impacts may have largest effect on the benefit-cost analysis?
2. Challenge in developing impact: how difficult will it be to quantify and monetize the impact?
3. Priority: how important is the impact to Puerto Rico? Is the impact a low, medium, or high priority to quantify?

This exercise will help determine which impacts should attempt to be quantified first so that a monetized (\$ value) can be included in the PR Test. Impacts that may be a smaller priority, or difficult to quantify can be addressed qualitatively or through an adder or proxy within the test. Overtime as programs mature in Puerto Rico, quantitative values can be studied and developed.

<b>Impacts</b>	<b>Potential Magnitude</b> (Low, Medium, High)	<b>Challenge in Developing</b> (Low, Medium, High)	<b>Priority</b> (Low, Medium, High)
<b>Utility System Impacts</b>			
Energy Generation	High	Low	High
Generation Capacity	High	High	High
Environmental Compliance	High	Medium	High
Renewable Portfolio Standard Savings	High	Medium	High
Ancillary Services	Medium	High	Medium
Transmission Capacity	Medium	Medium	Medium
Transmission System Losses	Medium	Low	Medium
Distribution Costs (includes capacity, O&M, voltage)	Medium	Medium	High
Distribution System Losses	Low	Medium	Low
Utility Program Incentives (rebates, interest rate buy-down, etc.)	High	Low	High
Program Administration Costs	High	Low	High
Utility Performance Incentives	Low	Medium	Low

<b>Impacts</b>	<b>Potential Magnitude</b> (Low, Medium, High)	<b>Challenge in Developing</b> (Low, Medium, High)	<b>Priority</b> (Low, Medium, High)
Credit and Collection Costs	Medium	Medium	Medium
Utility Rate Riders	Low	Low	Low
Risk	Medium	Medium	Low
Reliability	High	Medium	High
Resilience	High	High	High
<b>Host Customer Impacts</b>			
Host customer portion of DER costs	High	Medium	High
Host customer transaction costs	Medium	Medium	Medium
Interconnection fees	High	Medium	High
Risk	Medium	Medium	Low
Reliability	High	High	High
Resilience	High	High	High
Tax Incentives	High	Low	High
<b><u>Non-Energy Impacts:</u></b>			
Asset Value	Low	High	Low
Productivity	Low	High	Low
Economic well-being	Low	Medium	Low
Comfort	Low	Medium	Low
Health & Safety	Low	Medium	Low
Empowerment & Control	Low	High	Low
Satisfaction & Pride	Low	High	Low
<b>Low-Income Host Customer Impacts</b>			
Reduced energy burden	Medium	Medium	Medium
Reduced O&M costs	Medium	Medium	Medium
Increased comfort	Low	Medium	Low



Impacts	Potential Magnitude (Low, Medium, High)	Challenge in Developing (Low, Medium, High)	Priority (Low, Medium, High)
Increased health & safety/reduced medical costs	Low	High	Low
Increased productivity	Low	High	Low
Improved aesthetics	Low	High	Low
Property improvements	Low	High	Low
Reduced home foreclosures	Low	High	Low
Other Fuels Impacts	Medium	Medium	Medium
<b>Societal Impacts</b>			
GHG Emissions (i.e., social cost of carbon)	High	Medium	Medium
Other Environmental (land, water, non-embedded air emissions)	Low	High	Low
Economic and Jobs	Medium	Medium	Low
Energy Security	Low	High	Low