

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

NEPR Received: Jan 21, 2022 7:05 PM
--

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

CASE NO. NEPR-MI-2020-0001

**SUBJECT: Joint Motion in Compliance with
Bench Order of December 22, 2021**

JOINT MOTION IN COMPLIANCE WITH BENCH ORDER OF DECEMBER 22, 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”), and the **Puerto Rico Electric Power Authority** (“PREPA”), through their respective undersigned counsel, and respectfully state and request the following:

1. On April 23, 2021, this Honorable Puerto Rico Energy Bureau (“Energy Bureau”) issued a Resolution and Order in Case No. CEPR-AP-2015-0001 and NEPR-AP-2018-0003, approving and revising the factors associated with several riders including, contributions in lieu of taxes cost adjustment (CILTA), help to human subsidies (SUBA-HH), non-help to human subsidies (SUBA-NHH), Fuel Charge Adjustment (FCA), the Purchased Power Charge Adjustment (PPCA), and the Fuel Oil Subsidy (FOS). The reconciliations and FCA, PPCA, and FOS calculated factors are filed quarterly with this Energy Bureau in this instant proceeding.

2. LUMA’s duties over system regulatory matters under Section 5.6 of the Puerto Rico Transmission and Distribution Operation and Maintenance Agreement (“T&D OMA”) as supplemented by the Puerto Rico Transmission and Distribution System Supplemental Terms

Agreement include preparation of the required quarterly reconciliations and factors for the FCA, PPCA and FOS riders.

3. On December 22, 2021, this Energy Bureau held a Technical Conference to discuss *LUMA's Motion Submitting Quarterly Reconciliations and FCA, PPCA, and FOS Calculated Factors and Request for Confidential Treatment*, filed on December 16, 2021. The submittal involved the proposed Fuel Charge Adjustment (“FCA”) and Purchased Power Charge Adjustment (“PPCA”) reconciliations for September, October, and November 2021, and the proposed factors for the FCA, PPCA, and FOS riders to be applied from January 1, 2022, going forward (“December 16th Submission”).

4. During the Technical Conference, one of the discussed topics was the fuel-switching events at San Juan units 5 and 6 requiring conversion from natural gas to diesel and the incremental cost due to the use of diesel instead of natural gas. The Energy Bureau issued a bench order, via Commissioners Ángel Rivera de la Cruz and Lillian Mateo, instructing LUMA and PREPA to provide within the next thirty (30) days in a joint submission the following information (“December 22nd Bench Order”):

- a. In how many instances did fuel switching occur since the start of the New Fortress Energy contract?
- b. What was the duration of the fuel-switching events, and how many barrels of fuel were consumed?
- c. The time between when a request to switch from diesel to natural gas was made and when the fuel-switching occurred.
- d. The reason(s) that caused the need to change fuel.

5. Immediately after issuing the December 22nd Bench Order, counsel for LUMA and PREPA requested the Energy Bureau to notify said order in writing detailing the specific information to be provided. However, the Energy Bureau has not issued such an order in writing as the parties requested.

6. In compliance with the December 22nd Bench Order, LUMA and PREPA jointly submit their responses to the Energy Bureau's information requests previously described in Exhibit 1 to this Motion. An Attachment to Exhibit 1 specifies the reasons for fuel-switching events.

WHEREFORE, LUMA and PREPA respectfully request that the Energy Bureau **take notice** of the aforementioned, **accept** the above-described documents, and **deem** LUMA and PREPA complied with the December 22nd Bench Order.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 21st day of January 2022.

We hereby certify that we filed this Motion using the electronic filing system of this Energy Bureau. We will send an electronic copy of this Motion to counsel for the Independent Consumer Protection Office through Director Hannia Rivera, hrivera@oipc.pr.com.


<p><u>s/ Katuska Bolaños-Lugo</u> Katuska Bolaños-Lugo kbolanos@diazvaz.law TSPR No. 18,888</p> <p>DÍAZ & VÁZQUEZ LAW FIRM, P.S.C. 290 Jesús T. Piñero Ave. Oriental Tower, Suite 803 San Juan, PR 00918 Tel. (787) 395-7133 Fax. (787) 497-9664</p> <p><i>Counsel for PREPA</i></p>	 <p>DLA Piper (Puerto Rico) LLC 500 Calle de la Tanca, Suite 401 San Juan, PR 00901-1969 Tel. 787-945-9107 Fax. 939-697-6147</p> <p><u>/s/ Margarita Mercado Echegaray</u> Margarita Mercado Echegaray RUA NÚM. 16,266 Margarita.mercado@us.dlapiper.com <i>Counsel for LUMA</i></p>
---	---

Exhibit 1

Puerto Rico Electric Power Authority's Permanent Rate – December 22, 2021, Technical Conference

Docket ID: NEPR-MI-2020-0001

Response: TC-RFI-MI-20-0001-211222-PREB-001

Subject: San Juan units 5 & 6 Fuel Switching

Request:

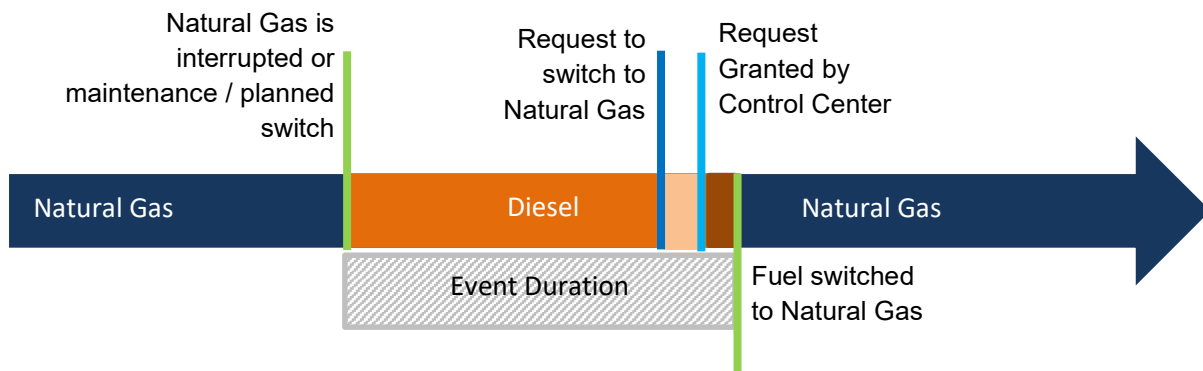
1. In how many instances did fuel switching occur since the start of the New Fortress Energy contract?
2. What was the duration of the fuel-switching events, and how many barrels of fuel were consumed?
3. The time between when a request to switch from diesel to natural gas was made and when the fuel switching occurred.
4. The reason(s) that caused the need to change fuel.

Response:

Please see Attachment 1 for details on all fuel switching events since the beginning of the New Fortress Energy contract.

1. Fuel switching events at units San Juan 5 and 6 follows the following general process. In general, the LUMA Control Center has followed the same informal procedures related to San Juan fuel switching as PREPA did prior to LUMA's commencement on June 1, 2021. An event occurs that requires that San Juan units 5 and/or 6 be converted from natural gas to diesel. This event typically happens automatically when the natural gas supply is interrupted, or it can be coordinated when maintenance or tests are required between San Juan units 5 and/or 6 and/or New Fortress Energy. The Control Center does not request the switch of supply fuel.
2. When an event happens, PREPA initiates communications with New Fortress Energy to discuss the reasons for the event. PREPA then waits until New Fortress Energy reports that the event has been resolved and it is safe to switch back from diesel to natural gas.
3. San Juan units 5 and/or 6 consumes diesel until the event is resolved by the supply provider and/or the power plant and PREPA determines that the units can be switched back to natural gas.
4. PREPA sends a request to the Control Center to make the fuel switch from diesel to natural gas.
5. The Control Center operators perform some checks and coordinates with other events that might be occurring on the system and then grants the switch from diesel to natural gas or ask for a delay in the switching. The reasons for the delays can vary, but it is typically due to system instabilities or emergencies or to avoid switching during peak hours due to the inherent risk of a unit trip during a switch.
6. PREPA switches fuel from diesel to natural gas.

The following illustrative diagram depicts a typical sequence for fuel switching events.



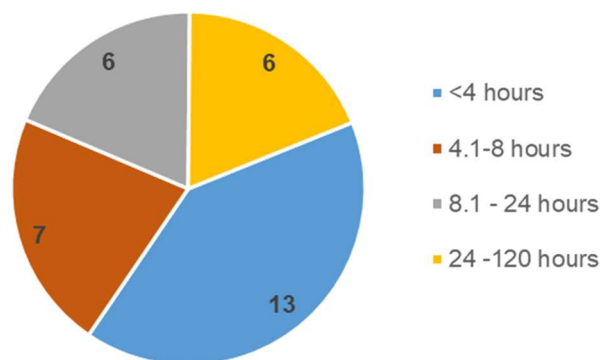
Instances of Fuel Switching

Since June 2020, there have been 32 events where fuel was switched from natural gas to diesel and then back to natural gas again. Since October 15, 2021, San Juan units 5 and 6 have been operating on diesel due to maintenance of the terminal that New Fortress Energy is performing, and therefore, this event has been excluded from the analysis.

Of the 32 fuel switching events, 15 occurred when PREPA was operating the control center, and 17 occurred since LUMA assumed operations of the control center.

Event duration (from the time the fuel was switched from natural gas to diesel and then back to natural gas, depicted by the grey bar in the above diagram) ranged from five minutes to over 100 hours. The majority of events were less than eight hours. Six events were longer than 24 hours. A distribution of event outage times is shown in the below diagram.

Frequency of Events by Event Duration



The diagram shows the frequency of events where San Juan units 5 and/or 6 burned diesel by event duration. Since August 2020, San Juan 5 or 6 have burned diesel for a total of 613 hours.

In general, the LUMA Control Center has followed the same informal procedures related to San Juan fuel switching as PREPA did prior to LUMA's commencement on June 1, 2021. The Control Center's decisions have had a negligible impact on total event duration regarding the New Fortress Energy contract before and after the LUMA contract. The total event duration is primarily determined by the

power plant's ability to resolve the issues with New Fortress Energy and notify the Control Center that it is safe to switch back to natural gas.

Since the beginning of the New Fortress Energy contract, LUMA counted 19 occurrences in normal system conditions where a fuel swap occurred. LUMA Control Center took an average of 38 minutes between receiving the request to convert back to natural gas and authorizing the switch for a cumulative total of 12 hours and 18 minutes. LUMA also calculated from the logs that PREPA took on average, another 23 minutes after receiving the authorization to execute the switch back to natural gas for a total of 7 hours. Thus, during normal system conditions (when there was no other event occurring on the system), less than 10 percent of the total event hours (time San Juan units 5 and/or 6 were burning diesel) were spent requesting authorization, receiving approval, and executing the switch back to natural gas.

There were three occurrences when a fuel swap was requested during peak hours and when the system had low reserves. LUMA made the decision to wait after the peak hours to allow the fuel swap due to the inherent risk of a unit trip during a swap (as experienced on the events of September 4, 2021, and September 11, 2021). In those three instances, the delays averaged 4 hours and 40 minutes which coincide with the time of the peak duration. This contributed to 14 hours of operations in diesel.

Of the total 32 fuel switching events, two were coordinated fuel switching events for which switching was coordinated in advance, and there was one event with no information and seven that were requested during emergency conditions. Details relating to each event can be found in Attachment 1.

Of the 613 total hours of diesel operations, an estimated 43 hours were spent between the time the plant requested a switch back to natural gas and the control room authorized that switch. This represents approximately 7% of the total diesel fuel consumption during these events. Of those 43 hours, 16 hours of them occurred during periods when the Control Center was simultaneously dealing with other system or meteorological events. This means the duration that the Control Center affected the switch back to natural gas averaged 38 minutes for events occurring during normal system conditions.

Fuel Consumed

In total, the 32 fuel switching events resulted in 141,705.43 barrels of diesel being consumed since June 2020. As expected, those events with longer durations consumed more diesel.

The diesel consumed between the time PREPA requested to switch to natural gas and LUMA's approval of the fuel switch (light orange area in first bar exhibit) is 9,455.55 barrels. The diesel consumed between the time LUMA provided approval to switch to natural gas and PREPA performed the switch (dark orange area) is 8,187.91 barrels. To obtain this number, PREPA converted total hours during which the unit operated in diesel after the swap to minutes and averaged the barrels used with the total minutes during which the approval (order) of the swap was given and PREPA performed the switch.

Reasons for Fuel Switching

The reasons for fuel switching are provided in Attachment 1 and are mainly due to disturbances to New Fortress Energy's pumps.

Attachment
(submitted via email)