

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

NEPR

Received:

May 26, 2022

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IN RE: REVIEW OF LUMA'S
INITIAL BUDGETS

CASE NO. NEPR-MI-2021-0004

**SUBJECT: Motion Submitting Response to
Specific Request for Information in
Compliance with Resolution and Order dated
May 19, 2022**

**MOTION SUBMITTING RESPONSE TO SPECIFIC REQUEST FOR INFORMATION
IN COMPLIANCE WITH RESOLUTION AND ORDER DATED MAY 19, 2022**

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

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

1. On May 19, 2022, this honorable Bureau issued a Resolution and Order (“May 19 Order”) whereby, among other matters, it ordered LUMA “to provide an independent assessment of the methodology utilized to determine the updated energy demand/forecast employed in the proposed Annual Budgets”. *See*, May 19 Order at page 7.

2. This Bureau also issued multiple requests for information attached to its May 19 Order. Specifically, Request C4 of Attachment F of the May 19 Order requires that LUMA “provide an independent assessment of the methodology utilized to determine the updated energy demand/load forecast employed in the proposed Annual Budgets.”

3. In compliance and response to the foregoing, attached as **Exhibit I** is LUMA’s response to Request C4 of Attachment F of the May 19 Order.

WHEREFORE, LUMA respectfully requests this Honorable Bureau to **take notice** of the foregoing for all relevant purposes and **deem** its May 19 Order complied with insofar as it required from LUMA an independent assessment of the methodology utilized to determine the updated energy demand/load forecast employed in the proposed Annual Budgets.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 26th day of May 2022.

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 Katuska Bolaños-Lugo, kbolanos@diazvaz.law.



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Exhibit I

[Response to Request C4 of Attachment F to the May 19 Order]

Annual Budgets for Fiscal Year 2023

NEPR-MI-2021-0004

Response: ROI-LUMA-MI-2021-0004-20220519-PREB-C4

SUBJECT Energy demand / load forecast methodology

REQUEST

Provide an independent assessment of the methodology utilized to determine the updated energy demand/load forecast employed in the proposed Annual Budgets.

RESPONSE

During the Front-End Transition (FET) period LUMA took a consistent and conservative approach to load forecasting, as documented within the Initial Budgets (Docket NEPR-MI-2021-0004) and the System Operation Principles (SOP) (Docket NEPR-MI-2021-0001).

For the PREB-approved Initial Budgets Fiscal Year (FY) 2022 forecast, which was developed in Fall 2020, LUMA worked with PREPA to understand their load forecasting process. LUMA understood that PREPA's load forecast was used for the Fiscal Plan and in PREB proceedings such as the Permanent Rate docket which included quarterly approvals for factors relying on the load forecast. Based on LUMA's understandings based on the information gathered during FET and FOMB direction, LUMA utilized the same methodology and macroeconomic assumptions¹ as used in the, then, Certified 2020 Fiscal Plan (certified in June 2020). During Fall 2020, the load forecast was updated to incorporate the most recent energy sales data (May, June, July, August, September and October 2020) and using the certified macroeconomic data from the Certified 2020 Fiscal Plan was run for FY2022, FY2023 and FY2024. The result is the load forecast submitted within LUMA's February 24, 2021 Initial Budgets filing.

During Spring 2021, PREPA began the process of developing a new Fiscal Plan (2021) for which the load forecast was updated based on 1) more recent actual energy sales data and 2) updated macroeconomic factors. Consistent with practice from previous fiscal plans, the updated actual energy sales is performed by PREPA and the updated macroeconomic data are determined by Autoridad de Asesoría Financiera y Agencia Fiscal de Puerto Rico (AAFAP) based on the requirements of the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA).

The load forecast within the FOMB Certified 2021 Fiscal Plan (performed in May 2021), the FOMB Certified 2020 Fiscal Plan (performed in May 2020), LUMA's FY2022 Initial Budget (performed in December 2020) and PREB-reviewed load forecasts within the Permanent Rate docket utilized the same methodology and econometric model.

Specifically, the load forecast within the FOMB Certified 2020 Fiscal Plan (performed in June 2020) and LUMA's FY2022 Initial Budget (performed in December 2020) utilized the same methodology, econometric model and macroeconomic assumptions, and differed mainly by updated data for actual energy sales.

¹ NEPR-MI-2021-0004, February 24, 2021 Filing, Section 2.2, Load, Fuel, Purchased Power, CILT & Subsidies Forecasts, Page 34

The FOMB Certified 2021 Fiscal Plan had updated macroeconomic assumptions (made available on April 26, 2021 from AAFAF) and updated energy sales (that included additional months of PREPA actual energy sales).

As presented within the System Operation Principles docket (NEPR-MI-2020-0001), specifically, within Section 3.0 of Exhibit 1 of the September 13, 2021 filing, to develop a long-term load forecast correctly and enable quality future regulatory filings will take years.² As further discussed within the filing and within the September 17, 2021 Virtual Technical Conference, LUMA has commenced the long-term load forecast improvement process, as part of the multi-phase approach presented within the September 13, 2021 filing and the September 17, 2021 Virtual Technical Conference. LUMA continues to advance this work and is on track to meet and report on the first milestone, including a review of the current and future methodologies, by the end of Fiscal Year 2022.

² NEPR-MI-2021-0001, September 13, 2021 Filing, Exhibit 1, Section 3.0 Load Forecasting Procedure