



July 13, 2022

Via e-mail: comentarios@jrsp.pr.gov

Sr. Edison Avilés Deliz, Chairman
Puerto Rico Energy Bureau

Re: Comments on Proposed EE/DR Transition Period Plan
Case No.: NEPR-MI-2021-0006
Regulation for Energy Efficiency

Dear Chairman Avilés Deliz:

VEIC, an administrator and advisor for leading energy efficiency and clean energy programs, appreciates the opportunity to comment on LUMA's proposed Energy Efficiency (EE) and Demand Response (DR) Transition Period Plan, submitted to the Puerto Rico Energy Bureau (Bureau) on June 21, 2022. This Plan represents an important milestone in Puerto Rico's progress towards its goal of meeting 30 percent of its energy needs with efficiency by 2040. As the least-cost resource available to support the island's energy needs,¹ energy efficiency is essential to achieving Puerto Rico's clean energy goals in a cost-effective, equitable, and resilient manner.

VEIC's comments are informed by our experience as a program administrator and implementer for Efficiency Vermont, the District of Columbia Sustainability Energy Utility (DCSEU), and Hawaii Energy. Founded in 1986, VEIC is a nonprofit organization with a mission to generate the energy solutions the world needs. VEIC employs nearly 300 professionals and has offices in California, Hawaii, Ohio, Vermont, Wisconsin, and Washington, DC. Through our consulting practice, VEIC has completed projects that have advanced energy efficiency, clean transportation, and renewable energy in 38 states, 6 Canadian provinces, and 7 countries in Europe and Asia. In addition to program administration, our core competencies are energy efficiency portfolio planning and program design (including programs serving low-income households and disadvantaged communities), as well as measure characterization and cost-effectiveness screening.

Comments on Transition Period Plan

VEIC strongly supports the approach the Bureau has taken by creating a two-year Transition Period to build market readiness prior to beginning a full-scale, comprehensive portfolio on a standard

¹ Public Service Regulatory Board, Puerto Rico Energy Bureau, 2020. *Puerto Rico Electric Power Authority's Integrated Resource Plan*, in Final Resolution and Order of August 24. Item 263, p. 68. <https://energia.pr.gov/wp-content/uploads/sites/7/2020/08/AP20180001-IRP-Final-Resolution-and-Order.pdf>

three-year program cycle. LUMA's proposed Transition Period Plan is thoughtfully designed to include a small set of initial programs that will generate positive customer and market experience; deliver energy, peak demand, and cost savings; and inform the development of future EE and DR programs.

VEIC supports the Transition Period Plan and sees the proposed program portfolio as a logical starting point, given Puerto Rico's nascent EE market and need to build energy efficiency literacy. It makes sense to begin with an Education and Outreach program while phasing in additional programs through years 1 and 2. The Residential and Business Rebate Programs and In-Store Discount Program are standard program models that support customer adoption of energy-efficient products and equipment. These programs can be rapidly scaled up to meet market demand, as program budgets allow.

With the importance of grid reliability and resilience, we also strongly support the coordination of EE and DR programs, and inclusion of several DR programs during the Transition Period. We have seen in Hawaii the potential to leverage the growing fleet of residential batteries to support load shifting and reduce peak demand, and are pleased to see a similar program proposed for Puerto Rico.

Looking Ahead

As LUMA moves towards launch of its Transition Period program portfolio, VEIC encourages attention to three issues that will support the long-term success of EE and DR in Puerto Rico.

First, we understand that LUMA intends to work with a turnkey Implementation Contractor to finalize program design and delivery strategies. We support this approach as a way to leverage outside expertise and resources, allowing for fast and effective implementation. However, it is also crucial that the EE and DR programs create local jobs and build local capacity among Puerto Rico vendors and contractors. We encourage LUMA to work with the Implementation Contractor to incorporate a strong focus on workforce training and capacity-building.

Second, the description of the Education and Outreach Program notes that one potential activity is "initiatives to support the development of a local stakeholder advisory group" (pg. 28). VEIC's prior comments on the Energy Efficiency Regulation have emphasized the importance of robust stakeholder engagement in EE planning and implementation. Stakeholder engagement will be particularly important in Puerto Rico, which needs to build local capacity and knowledge around energy efficiency, and gradually earn trust and buy-in for the energy efficiency programs. We encourage the Bureau to work closely with LUMA to set expectations for stakeholder engagement and support the creation and ongoing involvement of a stakeholder advisory group or collaborative to guide the design and implementation of utility EE and DR programs.

Finally, we are concerned to see that the proposed Transition Period Plan is only partially funded, with LUMA able to fund \$5M of the approximately \$10M needed to fully fund Year 1 operations. We agree with LUMA that a reliable and long-term source of funding will be critical to delivering full-

scale EE and DR programs in Puerto Rico. Nationally, successful EE programs have a stable mechanism in place to collect funds from ratepayers, most commonly via a system benefits charge or through the utility rate base. At the same time, we recognize the challenges of introducing an EE Rider during the present challenging economic conditions. We encourage the Bureau to work with the utility and stakeholders to identify funding sources to fully fund the Transition Period programs and determine an appropriate and sustainable funding mechanism that can fund the EE and DR programs over the long-term.

VEIC appreciates the opportunity to comment on the proposed EE/DR Transition Period Plan. We are excited to support this important milestone in Puerto Rico's energy efficiency journey.

Sincerely,

A handwritten signature in cursive script that reads "Emily Levin".

Emily Levin
Director, Strategic Market Development
Direct: (802) 540-7694
elevin@veic.org