

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

<b>NEPR</b>  <b>Received:</b>  Jul 28, 2022  8:03 PM
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**IN RE:**

IMPLEMENTATION OF THE PUERTO  
RICO ELECTRIC POWER AUTHORITY  
INTEGRATED RESOURCE PLAN AND  
MODIFIED ACTION PLAN

**CASE NO. NEPR-MI-2020-0012**

**SUBJECT: Motion to Submit Federal Funding  
Roadmap in Compliance with Energy Bureau Resolution  
and Order of June 13, 2022**

**MOTION TO SUBMIT FEDERAL FUNDING ROADMAP IN COMPLIANCE WITH  
ENERGY BUREAU RESOLUTION AND ORDER OF JUNE 13, 2022**

**TO THE PUERTO RICO ENERGY BUREAU:**

**COME NOW LUMA Energy ServCo, LLC and LUMA Energy, LLC** (collectively “LUMA”), through the undersigned legal counsel, and respectfully submit the following:

**I. Procedural and Factual Background**

On April 27, 2022, this honorable Puerto Rico Energy Bureau of the Public Service Regulatory Board (the “Energy Bureau”) issued a Resolution and Order (the “April 27<sup>th</sup> Order”) in connection with the eighteen (18) renewable solar photovoltaic (“PV”) energy projects of the Tranche 1 renewable energy procurement<sup>1</sup> that were approved by the Energy Bureau by Resolution and Order of February 2, 2022 (“February 2<sup>nd</sup> Order”). These projects were identified in a Confidential Appendix A to the February 2<sup>nd</sup> Order (the “Approved PV Projects”).

In the April 27<sup>th</sup> Order, the Energy Bureau issued separate orders to LUMA and PREPA with the purpose of expediting the work necessary to lead to PREPA’s execution of the Power

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<sup>1</sup> This is the first procurement tranche to be conducted by the Puerto Rico Electric Power Authority (“PREPA”) contemplated under the Final Resolution and Order on the Puerto Rico Electric Power Authority’s Integrated Resource Plan, *In re: Review of the Integrated Resource Plan of the Puerto Rico Electric Power Authority*, Case No. CEPR-AP-2018-0001, of August 24, 2020.

Purchase Agreements (“PPOAs”) for the Approved PV Projects. *See id.* at pages 1-2. To that end, the Energy Bureau ordered LUMA, among other things, to file with the Energy Bureau copy of the “technical studies (*i.e.*, Facilities Studies: Network Upgrades and Final Report: Interconnection Studies)” and copy of the results of the Tranche 1 technical studies for the Approved PV Projects by May 15 and 30, respectively. *See id.* at page 1.

After other procedural events, on May 31, 2022, LUMA filed with the Energy Bureau a *Motion Submitting Final Interconnection Studies for Eighteen Tranche 1 Projects Required under Energy Bureau’s Resolution and Order of April 27, 2022, and Request for Confidential Treatment* (“May 31<sup>st</sup> Motion”) submitting, as Exhibit 1 and under seal of confidentiality, the Final Interconnection Study Reports for the eighteen (18) Approved PV Projects, as well as three (3) projects for Battery Energy Storage Systems (“BESS”) (the “May 31<sup>st</sup> BESS Projects”)<sup>2</sup>, comprised of 21 studies for 19 points of interconnection, which were also being submitted to PREPA.<sup>3</sup> LUMA also included in the confidential Exhibit 1 a report of the results of a System Impact & Facility Study (“System Impact & Facility Study”) conducted by LUMA, including a summary and analytical detail for a cluster study of the system developed to determine required transmission system network upgrades (the “Network Upgrades”) and including cost estimates and

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<sup>2</sup> The Final Interconnection Study Reports for each Approved PV Project and May 31<sup>st</sup> BESS Project included an executive summary and the following appendices: (a) Interconnection Studies Summary Report (b) Facility Study Point of Interconnection (“POI”) Cost Estimates, (c) Facility Study Network Upgrade Cost Estimates, and (d) LUMA Interconnection Facility Works. *See* May 31<sup>st</sup> Motion, Exhibit 1.

<sup>3</sup> Prior to this filing, LUMA had informed that the report for the final technical interconnection study for each of the Approved Projects, including the network upgrades studies, would be submitted as a single package by the May 30<sup>th</sup> deadline, and requested therefore that the deadline to submit the network upgrades studies be changed to that date rather than May 15. *See* LUMA’s *Motion in Compliance with the Progress Report and Updated Task Schedule Requirements of the Energy Bureau’s Resolution and Order of April 27, 2022* filed on April 29, 2022.

cost allocation by project, which informed the Final Interconnection Study Report for each project. *See id.*<sup>4</sup>

On June 13, 2022, this Energy Bureau issued a Resolution and Order (“June 13<sup>th</sup> Order”) ordering LUMA to (i) “proceed with” the Network Upgrades (*see* June 13<sup>th</sup> Order at page 2); (ii) “fund these projects from the [Capital Budget-Non-Federally Funded (“Non-Federally Funded Capital Budget”)] as needed[,] employing procurement processes that follow federal procurement guidelines, with such expenditures to be offset by federal funds as soon as such funds become available” (*id.*); and (iii) reflect these costs in the annual budgets filed with the Energy Bureau pursuant to the Determination on LUMA’s Initial Budgets Resolution and Order issued in *In re: Review of LUMA’s Initial Budgets*, Case No. NEPR-MI-2021-0004, on May 31, 2021 (*see id.* at pages 2-3).

The Energy Bureau also directed LUMA to “investigate whether all or a portion of the [Network Upgrades] can be procured employing federal funds obligated for the reconstruction of the electric grid, or by additionally available supplemental federal funding” (*id.* at page 2) and suggested that the Network Upgrades could be eligible for funding under the Bipartisan Budget Act of 2018 (“BBA”) “as critical facilities under Section 406 of the Stafford Act and under the BBA” (*see id.*). The Energy Bureau then directed LUMA to file, within 45 days of the June 13<sup>th</sup> Order, a plan “laying out a roadmap for seeking and obtaining federal funding for the transmission

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<sup>4</sup> LUMA subsequently filed with the Energy Bureau a Memorandum of Law in support of the request for confidentiality of Exhibit 1 of the May 31<sup>st</sup> Motion. *See Memorandum of Law in Support of Confidential Treatment of Interconnection Studies Submitted by LUMA on May 31, 2022*, filed with the Energy Bureau on June 10, 2022.

system network upgrades identified in the “System Impact & Facility Study Results Report”, and outlining the steps required in that process including expected timelines.” *Id.*

Also on June 13, 2022, the Energy Bureau issued a Resolution and Order (the “Second June 13<sup>th</sup> Order”) approving nine (9) four-hour duration utility scale BESS projects with a total capacity of 490 MW (the “Approved BESS Projects”) and one (1) 17 MW Virtual Power Plant (“VPP”), identified in an Appendix A of the Second June 13<sup>th</sup> Order. The nine (9) Approved BESS Projects, included the three (3) May 31<sup>st</sup> BESS Projects for which LUMA submitted to this Energy Bureau Final Interconnection Study Reports via the May 31<sup>st</sup> Motion and which were considered in the System Impact & Facility Study also submitted on that date. *See* Second June 13<sup>th</sup> Order at Exhibit A. In the Second June 13<sup>th</sup> Order, the Energy Bureau also ordered PREPA to finalize its negotiations with the proponents of these approved projects, present the final Energy Storage Service Agreements (“ESSAs”) and Grid Services Agreement to the Energy Bureau for their final approval, and thereafter submit to the Energy Bureau each agreement no later than ten (10) days after finalizing such negotiations. *See id.* at page 10.

On June 22, 2022, LUMA submitted a motion to the Energy Bureau (“June 22<sup>nd</sup> Motion”) requesting the Energy Bureau to reconsider its determination in the June 13<sup>th</sup> Order insofar as it required LUMA to seek federal funding for the transmission system network upgrades for the Approved PV Projects, and in the meantime, fund these upgrades with the Capital Budget Non-Federally Funded to be offset by federal funding that is obtained. *See* LUMA’s *Urgent Motion Requesting Reconsideration of Energy Bureau’s Resolution and Order of June 13, 2022, and Stay of All Directives Therein* of that date. Specifically, LUMA raised concerns as to whether these projects would qualify for federal funding, the potential impacts of this approach on the funding

for other more critically needed projects and/or customer rates, and the inconsistency of this approach with customary industry practice of having the developer pay these costs, among others. *See id.* at pages 5 and 8-11. Given the concerns raised, LUMA also requested the Energy Bureau to stay the directives in the June 13<sup>th</sup> Order until the issues raised by LUMA are duly considered and resolved. *See id.* at pages 11-12.

On July 13, 2022, LUMA filed a motion (the “July 13<sup>th</sup> Motion”) with the Energy Bureau informing that LUMA had conducted the interconnection studies for three of (3) of the nine (9) Approved BESS Projects but that the interconnection studies of the other six (6) Approved BESS Projects had been requested by PREPA on June 15, 2022 (following the June 13<sup>th</sup> Order) and LUMA would complete these in approximately twenty (20) weeks. *See* LUMA’s *Informative Motion Relating to Energy Bureau’s Approval of Nine Tranche 1 BESS Projects* of that date at page 5. LUMA also informed this Energy Bureau that LUMA would conduct an update of the System Impact & Facility Study (the “Updated System Impact & Facility Study”) to account for the mentioned six (6) Approved BESS Projects, which study would inform the Final Interconnection Study Report of each of these projects. *Id.* at pages 5-6. LUMA further informed that the Updated System Impact & Facility Study would take into account the interconnection of the six (6) Approved BESS Projects in conjunction with the interconnection of the eighteen (18) Approved PV Projects and three (3) May 31<sup>st</sup> BESS Projects and that, as a result, the costs for the Network Upgrades estimated in the original System Impact & Facility Study may substantially change and the components of some of the Final Interconnection Study Reports for Approved PV Projects may need to be revised. *See id.* at page 6.

On July 20, 2022, the Energy Bureau issued a Resolution and Order (“July 20<sup>th</sup> Order”) addressing LUMA’s June 22<sup>nd</sup> Motion and July 13<sup>th</sup> Motion. In the July 20<sup>th</sup> Order the Energy Bureau: (i) denied LUMA’s request in the June 22<sup>nd</sup> Motion (*see* July 20<sup>th</sup> Order at page 6.) (in which LUMA requested the Energy Bureau to reconsider its July 13<sup>th</sup> Order and to stay all directives therein) and (ii) “reaffirm[ed] its June [13<sup>th</sup>] Order directing LUMA to proceed with the transmission system network upgrade projects needed to support the Tranche 1 selected resources once an Updated Study is available, and to fund said projects from the Non-Federally Funded Capital Budget, while federal funding is being sought” (*id.*). In the July 20<sup>th</sup> Order, the Energy Bureau also indicated that it continued to require LUMA to file the roadmap outlining the federal funding options required under the June 13<sup>th</sup> Order. *See id.* at pages 5-6. In addition, with respect to LUMA’s July 13<sup>th</sup> Motion, the Energy Bureau indicates that “it will not permit the further dilation of the execution of the final Tranche 1 contracts, [and] therefore cannot not wait for an Updated System Impact & Facility Study (“Updated Study”) to finalize negotiations (*id.* at page 5) and that “[w]hatever effect the Updated Study has on the original estimated system upgrade costs (i.e., increase or decrease) it will become LUMA's responsibility to fund and develop such upgrades” (*id.*).

In compliance with the June 13<sup>th</sup> Order and in light of the July 20<sup>th</sup> Order, LUMA hereby submits a roadmap for seeking and obtaining federal funding for Network Upgrades and outlining the steps required in that process including expected timelines. *See* Exhibit 1 (the “Federal Funding Roadmap”). As explained in the Federal Funding Roadmap, LUMA will pursue the type of federal funding contemplated in the June 13<sup>th</sup> Order for the Network Upgrades, and the proposed federal funding requests thereof will be submitted for this Energy Bureau’s review and approval in Case

No. NEPR-MI-2021-0002, *In Re: the Puerto Rico Electric Power Authority 10 Year Implementation Plan*, by using processes consistent and in alignment with the federal funding procurement process presented by LUMA in that case. *See Motion Submitting LUMA's Presentation for Technical Conference of July 12, 2021 and Motion Submitting Corrected LUMA Presentation at Technical Conference of July 11, 2021 and Requesting Approvals of Matters Presented and Proposed During the Technical Conference* filed by LUMA in that case on July 9, 2021 and July 16, 2021, respectively. In accordance with this approach, the Federal Funding Roadmap includes a roadmap to seek this federal funding, outlines the steps in the process and provides estimated timelines.

**WHEREFORE**, LUMA respectfully requests the Energy Bureau to **take notice** of the aforementioned, **accept** Exhibit 1 included in this Motion, and **deem** LUMA in compliance with the requirement to submit the roadmap outlining the federal funding options for the Network Upgrades under the June 13<sup>th</sup> Order.

**RESPECTFULLY SUBMITTED.**

In San Juan, Puerto Rico, this 28<sup>th</sup> of July 2022.

We hereby certify that we filed this motion using the electronic filing system of this Puerto Rico Energy Bureau and that copy of this motion was notified to PREPA counsel [mvazquez@diazvaz.law](mailto:mvazquez@diazvaz.law) and [kbolanos@diazvaz.law](mailto:kbolanos@diazvaz.law).



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Exhibit 1  
Federal Funding Roadmap



# Roadmap to Pursue Federal Funding for System Upgrades Required for Interconnection of Tranche 1 Projects

NEPR-MI-2020-0012

July 28, 2022

# 1.0 Introduction

LUMA is committed to the expedient, safe, reliable, and cost-effective integration of new renewable energy resources in compliance with Puerto Rico's public energy policy. LUMA fully supports the growth of solar and clean energy across Puerto Rico. Over the past 14 months, LUMA has been working closely with the Energy Bureau and other stakeholders to accelerate the adoption of renewable energy to reduce the dependence on imported fuel to generate electricity. Recent accomplishments include:

- Activated Net Energy Metering (NEM) service for over 23,000 customers with distributed generation (DG) systems.
- Announced publicly available digital Interconnection Capacity Maps for distribution and performed three rounds of map updates.
- Conducted studies to determine how to integrate over 1,000 MW of new utility scale resources targeted in Tranche 1.
- Conducted studies for optimal Point of Interconnection (POI) placement for Tranche 2 resources.

In compliance with the Energy Bureau's Resolution and Order of June 13, 2022, LUMA will pursue federal funding consistent with the process established and presented by LUMA in alignment with the Energy Bureau in Case No. NEPR-MI-2021-0002, *In Re: Review of the Puerto Rico Electric Power Authority's 10 Year Infrastructure Plan – December 2020*, filed by LUMA on July 9, 2021 and July 16, 2021 and the July 12, 2021 presentation.<sup>1</sup> LUMA's process for seeking federal funding is standardized and so the application for Tranche 1 system upgrades will follow the standard process. Table 2-1 outlines the roadmap for LUMA to pursue federal funding according to the standardized process. Additionally, LUMA has begun and will continue to identify alternate funding sources (i.e. Infrastructure Investment and Jobs Act, IJJA) and if and when applicable, pursue alternatives.

LUMA has begun development of the Initial FEMA Statement of Work (SOWs) for network upgrade infrastructure projects based on the result of the interconnection studies for 21 Tranche 1 projects completed on-time and filed by LUMA on May 31<sup>st</sup>, 2022. The need for additional or fewer network upgrades will be determined when LUMA completes the interconnection studies for the additional 6 Battery Energy Storage Systems (BESS) projects as ordered by the Energy Bureau on June 20<sup>th</sup>, 2022. LUMA expects to complete the interconnection studies for the additional projects by the third week of November. Each time a project is added or removed from the portfolio, the studies to understand system impacts may need to be reperformed for the entire portfolio in order to be accurate and fair. LUMA has communicated this point to the Energy Bureau consultant, ACCION Group.<sup>2</sup> Additionally, if Tranche 1 Proponents do not sign Agreements, this will be a change in the total number of projects and therefore, a final study shall be reperformed for the entire portfolio.

LUMA continues to work diligently with the Energy Bureau and their consultant, ACCION Group, PREPA and Proponents on interconnection matters. LUMA does not anticipate a delay in the construction of the network upgrades based on the pursuit of federal funds. The procurement process will commence as previously planned at the completion of Tranche 1 at which time the commercial contracts are executed by PREPA and Proponents.

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<sup>1</sup> <https://energia.pr.gov/wp-content/uploads/sites/7/2021/07/20210709-MI20210002-Motion-Submitting-Presentation-for-Technical-Conference-of-July-12-2021.pdf> and <https://energia.pr.gov/wp-content/uploads/sites/7/2021/07/20210716-MI20210002-Motion-to-submit-corrected-presentation-and-seek-approval-on-matters-presented-at-July-12th-Technical-Conference.pdf>

<sup>2</sup> "TR2 INTX Studies Structure Sendout 02.24.202.pdf"

## 2.0 Roadmap to Pursue Federal Funding

LUMA has developed the roadmap outlined in Table 2-1 to pursue federal funding for the system upgrades. Of note: a) are the three, critical prerequisite steps required to be completed prior to the submission of the FEMA Initial SOW for system upgrades; b) timelines are based on LUMA’s current understandings including actions by third parties not within LUMA’s control. LUMA has engaged FEMA/COR3 to seek advance guidance prior to the formal submission of the Initial SOW.

**Table 2-1 Roadmap to Pursue Federal Funding and Alternative Funding Sources**

Prerequisites to Initiate Federal Funding Process	LUMA continues to collaborate expeditiously with PREPA on interconnection matters for the completion of the Tranche 1 RFP process. Completion of the RFP process is dependent on negotiations between PREPA and Proponents.					
	LUMA to complete interconnection studies for 6 BESS projects requested by the Energy Bureau on June 20, 2022; studies for 21 resources were completed and filed by LUMA on May 31, 2022.					
	Tranche 1 list of projects fully approved and executed by PREPA and Proponents; final network upgrades list is dependent on the final execution of PPOAs, GSAs, ESSAs. Portfolio impacts on network must be modeled together. As of July 28, 2022, 12 of 27 projects (PPOAs) executed.					
Task	Milestone	Status	FY23			
			Q1	Q2	Q3	Q4
<b>Alternative Funding Sources</b>						
Ongoing	Evaluate eligibility to pursue other federal grant and cost share programs	In Progress				
<b>Federal Funding</b>						
1	Develop Initial SOW for required system upgrades, based on projects approved and executed by PREPA and Proponents	In Progress <i>*started on June 14, 2022</i>				
2	Submit Initial SOW for System Upgrades to PREB	Not Started				
3	Receive approval from PREB of Initial SOW (30 days from date of submission)	Not Started				
4	Submit Initial SOW to FEMA/COR3 to request FAAsT number	Not Started				
Decision	FEMA/COR3 Approves/Denies Request for FAAsT number <i>Steps 5-7 contingent on approval</i>					
5	Develop Detailed SOW	Not Started				
6	Submit Detailed SOW to FEMA/COR3	Not Started				
7	FEMA/COR3 provides funding obligation decision	Not Started				