

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

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

CASE NO.: NEPR-MI-2020-0012

SUBJECT: Submittal of Status Update on Technical Consultant Contracting Process and Early Stages of IRP Preparation in Compliance with Energy Bureau Resolution and Order of April 22, 2022

RESOLUTION AND ORDER

I. INTRODUCTION AND PROCEDURAL BACKGROUND

On August 24, 2020, the Energy Bureau of the Puerto Rico Public Service Regulatory Board (“Energy Bureau”) issued the IRP Order¹, regarding the Integrated Resource Plan (“IRP”) of PREPA. The IRP Order included a Section titled “Preparing for the Next IRP Cycle”, containing action items and internal process improvements to be implemented by the Puerto Rico Electric Power Authority (“PREPA”) for the next IRP.² The action items included specific technical elements pertaining to how the IRP considered energy efficiency, distributed generation and storage, load forecasting, wind resources, resource need assessment, transmission and distribution and a Modified Action Plan.³

On June 22, 2020, PREPA, the Puerto Rico Public-Private Partnerships Authority, LUMA ENERGY, LLC as ManagementCo, and LUMA ENERGY SERVCO, LLC as ServCo (collectively, “LUMA”) entered into an Operation and Maintenance Agreement (“OMA”) under which LUMA will manage PREPA’s transmission and distribution system (“T&D System”). As part of the OMA services, LUMA, as agent of PREPA is responsible for “[f]rom time to time, or as otherwise required by [applicable law as defined in the OMA] or ordered by [the Energy Bureau], [...] prepare a proposed [IRP] for review and approval by [the Energy Bureau].”⁴ On October 6, 2020, the Energy Bureau issued a Resolution and Order (“October 6 Resolution”) opening the instant docket to manage the implementation phase of the Approved IRP and Modified Action Plan.⁵

On November 5, 2021, LUMA submitted a document titled *Informative Motion on Status of Activities Related to Next IRP Cycle, Request for Extension to File Documents and Request to Schedule Technical Conference* (“November 5 Request”), informing the Energy Bureau of the status of LUMA’s efforts regarding the process to prepare for the next IRP cycle and requesting until November 30, 2021 to submit: (a) the Internal IRP Process Review Report required under Section V(B)(1); and (b) the first submittal required under the IRP Consultant Contracting Process under Section V(B)(2). LUMA also requested the Energy Bureau to schedule a Technical Conference with the purpose of: (a) providing the Energy Bureau more detailed information on the status of LUMA’s efforts with its preparation for the next IRP cycle, including the matters discussed in the November 5 Request; b) discussing LUMA’s request for streamlining the IRP Consulting Contracting process; c) discussing

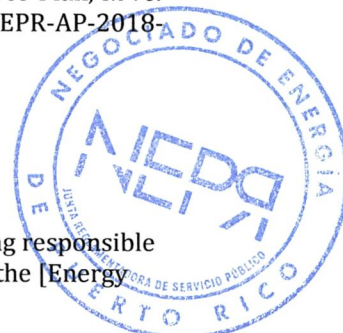
¹ Final Resolution and Order on the Puerto Rico Electric Power Authority’s Integrated Resource Plan, *In re: Review of the Integrated Resource Plan of the Puerto Rico Electric Power Authority*, Case No. CEPR-AP-2018-0001, August 24, 2020 (“IRP Order”).

² IRP Order, pp. 285-289, ¶ 912-922.

³ IRP Order, pp. 285-287, ¶ 913-919.

⁴ Section 1(G) of Annex I of the OMA also provides, in pertinent part, that the O&M Services being responsible for “preparing, presenting, [and] defending current or future [IRP’s], [...], representative before the [Energy Bureau] and any other local, state, or federal government agencies”.

⁵ See October 6 Resolution, p. 1.



pending questions LUMA has regarding the next IRP cycle requirements; d) and answering questions from the Energy Bureau regarding these subjects.

On November 30, 2021, LUMA filed a document titled *Informative Motion on Timeline to Submit the Report on Resource Planning for the Next IRP Cycle and the Draft RFQ and RFP for IRP Consultant and Request for Additional Time* ("November 30 Request"). In the November 30 Request, LUMA informs that it has prepared preliminary drafts of the Internal IRP Process Review Report required under Section V(B)(1) and the Request for Proposal required under Section V(B)(2) of the IRP Order, but such preliminary drafts were not ready for the Energy Bureau's Review and approval. Therefore, LUMA requested until December 17, 2021 to file such documents.⁶

On December 15, 2021 the Energy Bureau issued a Resolution and Order granting LUMA's November 5 and November 30 requests. The Energy Bureau Resolution and Order included scheduling a technical conference for January 25, 2022.

On December 17, 2021 LUMA submitted a *Motion to Submit Report On Resource Planning Process For Next IRP Cycle And Draft RFQ/RFP for IRP Consultant And Requests For Confidential Treatment* ("December 17 Motion"). LUMA included in its December 17 Motion the following three attachments: Exhibit 1, IRP Process Report; Exhibit 2, Diagrams Comparing IRP Consultant Contracting Process under August 24th Resolution with the Streamlined Process, and Exhibit 3, Draft RFQ/RFP (submitted under Seal of Confidentiality). On December 27, 2021 LUMA submitted a *Memorandum of Law in Support of Request for Confidential Treatment of Draft RFQ/RFP for IRP Consultant and Draft Contract* ("Confidentiality Request"). LUMA states that Exhibit 3 filed with the December 17 Motion contains commercially-sensitive documents and drafts that must be kept confidential to protect future competitive procurement process. LUMA argues that a disclosure will adversely impact the integrity of the procurement process. LUMA request confidential treatment to the documents under Act 80-2011⁷

On January 20, 2022 LUMA submitted a *Motion To Submit LUMA's Presentation for Technical Conference Scheduled for January 25, 2022* and its presentation for the Technical Conference, to be held on January 25, 2022. Attached was Exhibit 1, Presentation for the January 25th Technical Conference.

On January 25, 2022 a Technical Conference was held at which LUMA presented a slide deck with information on the next IRP development status, the development process overview, and the review and approval process of an RFQ and a contract for the IRP technical consultant. LUMA answered questions from the Energy Bureau.

On March 21, 2022 LUMA submitted an *Informative Motion and Request for Approval of RFQ/RFP for IRP Consultant Contracting Process* ("March 21 Motion"). LUMA noted that the "timeline to prepare and complete the IRP is still very limited"⁸ even with an IRP filing date of January 2024.

On April 22, 2022, the Energy Bureau issued a Resolution and Order ("April 22 Order") approving the requests of LUMA to streamline the contracting process for an IRP Technical Consultant and LUMA's use of a draft RFQ/RFP/contract form for such contracting. The Energy Bureau also directed LUMA to file status updates on July 1, 2022, and October 1, 2022.

⁶ November 30 Request, p. 6.

⁷ Known as Protection for Commercial and Industrial Trade Secrets Act, June 3, 2011 ("Act 80-2011").

⁸ March 21 Motion, p. 4, ¶9



On July 1, 2022, LUMA submitted the first status update.⁹

On August 31, 2022, LUMA filed its *Motion to Submit List of Qualified Proponents for IRP Consultant Procurement and Related Information and Request for Confidentiality* ("August 31 Motion"). The August 31 Motion included LUMA's list of qualified proponents for IRP contracting, identification of their selected proponent, and documents supporting their determination.¹⁰

On October 3, 2022 LUMA submitted its October status update on the technical contracting process and its early stages of IRP preparation,¹¹ and now seeks Energy Bureau determinations on its contracting process and next steps for procurement of a contractor.

II. DISCUSSION AND FINDINGS

LUMA requests the Energy Bureau's approval of its selected contractor for conducting a significant portion of the next IRP. In particular, the selected contractor will conduct various modeling exercises required under the Regulation on integrated resource plan development,¹² while LUMA will be directly responsible for other aspects of the required analyses. LUMA also requests continued confidentiality restrictions to allow it to proceed with subsequent steps of the contracting process.

Based on the material provided in LUMA's August 31 Motion, the selection of LUMA's preferred contractor is reasonable. The preferred contractor's technical qualifications to perform the work are clear from the material provided. The Energy Bureau **CONDITIONALLY APPROVES** LUMA's choice of contractor, with one overarching condition. The Energy Bureau's approval is contingent upon the ultimate contract with the preferred contractor explicitly stating that the contractor will comply with the Energy Bureau's Regulations concerning the filing of an integrated resource plan.¹³

The Energy Bureau **APPROVES** LUMA's request to keep Exhibit 1 of its August 31 Motion confidential at this time.

The Energy Bureau also **TAKES NOTE** that LUMA and its contractor have indicated that they will use the PLEXOS model, and that they will model a 2024-2043 20-year supply plan. Given that preliminary analyses will take place during 2023 and the filing of the IRP will not be until March of 2024, with proceedings following that filing, the Energy Bureau **DIRECTS** LUMA and its contractor to use 2025 as the starting year for which an integrated resource plan will be developed. The Energy Bureau further **DIRECTS** that LUMA and its contractor support an exercise considering the 20-year modeling horizon as 2025-2044, with reasonable assumptions for demand and supply side resource development and retirement likely to be in place in years prior to 2025.

The Energy Bureau also **ORDERS** LUMA and its contractor to make all input assumptions and results output available to stakeholders in industry standard electronic formats (e.g.,

⁹ Motion to Submit Status Update on Technical Consultant Contracting Process and Early Stages of 2024 IRP Preparation in Compliance with Energy Bureau Resolution and Order of April 22, 2022, *In re: Implementation Of The Puerto Rico Electric Power Authority Integrated Resource Plan And Modified Action Plan*, NEPR-MI-2020-0012, July 1, 2022.

¹⁰ LUMA, August 31 Motion.

¹¹ LUMA, *Motion to Submit Status Update on Technical Consultant Contracting Process and Early Stages of IRP Preparation in Compliance with Energy Bureau Resolution and Order of April 22, 2022*, October 3, 2022.

¹² Regulation on Integrated Resource Plan for the Puerto Rico Electric Power Authority, Regulation 9021, April 24, 2018. <https://energia.pr.gov/wp-content/uploads/sites/7/2018/05/Reglamento-9021-IRP-Ingles-Departamento-de-Estado.pdf> (last accessed, October 13, 2022).

¹³ *Id.*

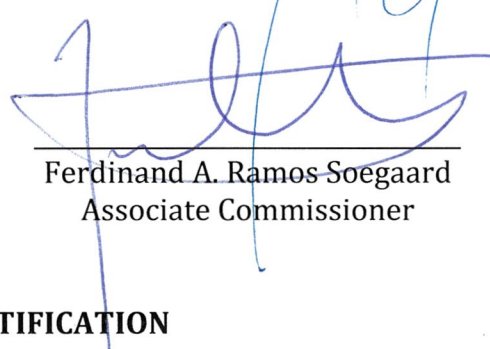


Excel files) to facilitate stakeholder review and quantitative analysis especially for those who will not have access to PLEXOS' software.

Be it notified and published.



Edison Avilés Deliz
Chairman



Ferdinand A. Ramos Soegaard
Associate Commissioner



Lillian Mateo Santos
Associate Commissioner



Sylvia B. Ugarte Araujo
Associate Commissioner

CERTIFICATION

I hereby certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on October 14, 2022. I also certify that on October 14, 2022, a copy of this Resolution and Order was notified by electronic mail to the following: laura.rozas@us.dlapiper.com, ana.rodriquezrivera@us.dlapiper.com; kbolanos@diazvaz.law and mvazquez@diazvaz.law. I also certify that today, October 14, 2022, I have proceeded with the filing of the Resolution and Order issued by the Puerto Rico Energy Bureau.

For the record, I sign this in San Juan, Puerto Rico, today October 14, 2022.



Sonia Seda Gaztambide
Clerk

