

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

IN RE: ENERGY EFFICIENCY AND DEMAND
RESPONSE TRANSITION PERIOD PLAN

CASE NO: NEPR-MI-2022-0001

SUBJECT: Revised Schedule for Technical
Conferences, Requests for Information, and
Comments.

RESOLUTION AND ORDER

I. Introduction

On June 21, 2022, LUMA submitted a Proposed Energy Efficiency and Demand Response Transition Period Plan ("Proposed TPP") to the Energy Bureau of the Public Service regulatory Board of Puerto Rico ("Energy Bureau"). On June 28, 2022, the Energy Bureau initiated this proceeding for the review the Proposed TPP.

On June 29, 2022, the Energy Bureau held a workshop in this proceeding at which LUMA presented a summary of the Proposed TPP.

On July 13, 2022, VEIC and SESA-PR filed comments on the Proposed TPP in response to the Energy Bureau's request.

On September 29, 2022, the Energy Bureau scheduled a Technical Conference to be held on November 4, 2022.

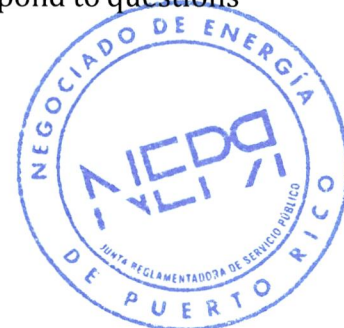
On October 12, 2022, the Energy Bureau issued Ra Resolution and Order requesting Information and Comments, to be answered by LUMA and all interested stakeholders (Appendix A), as well as specific questions for LUMA (Appendix B). The Energy Bureau required responses to these requests by October 28, 2022.

On the evening of October 27, 2022, LUMA filed a motion requesting a one-week extension of the deadline for responses to the Requests for Information and Comments, until **November 4, 2022**. LUMA also requested that the Technical Conference be rescheduled for a date no sooner than then (10) days after the responses are filed (that is, no sooner than November 14, 2022).

II. Revised Schedule

In light of the numerous issues before the Energy Bureau at this time, many of which require participation from LUMA and stakeholders, and in light of the disruption caused by Hurricane Fiona, the Energy Bureau is amending the schedule for this proceeding as follows:

- i. The Energy Bureau will hold a workshop at **10:00am on November 4, 2022**, as previously ordered. The purpose of this workshop will be to discuss the questions in Appendix A, to inform stakeholders and the Energy Bureau regarding these questions and increase the value of subsequent written comments;
- ii. The Energy Bureau **ORDERS** LUMA to respond to all questions in Appendix B and to file its responses **on or before November 4, 2022**;
- iii. The revised deadline for stakeholder and LUMA responses to Appendix A is November 9, 2022 the Energy Bureau thanks organizations which have filed responses to Appendix A and invites them to elaborate or amend their comments by this date if they so desire. The Energy Bureau **ORDERS** LUMA to respond to questions 3 through 15 of Appendix A;



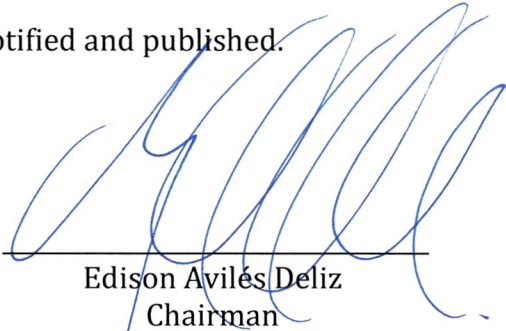
- iv. The Energy Bureau will hold a Technical Conference regarding the responses and comments filed in response to Appendices A and B on November 16, 2022 at 10:00 a.m.¹
- v. The revised deadline for reply comments will be November 30, 2022.

There are amended versions of Appendix A and Appendix B attached to this Resolution and Order. **The only changes in these Appendices are to remove or change the dates on which responses are expected.**

The Energy Bureau intends to develop a final order regarding the Proposed EE and DR Transition Period Plan as soon as possible to provide certainty for LUMA, stakeholders, and the public regarding this essential component of the Energy Bureau’s plan to meet its statutory obligation to increase energy efficiency 30 percent by 2040.

The Energy Bureau **REMINDS** LUMA that requests for extensions of time should be filed well in advance of the deadline. In the event of a continued pattern of late extension requests, the Energy Bureau may reject LUMA’s requests and subject LUMA to penalties.

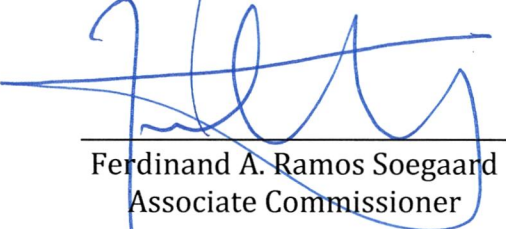
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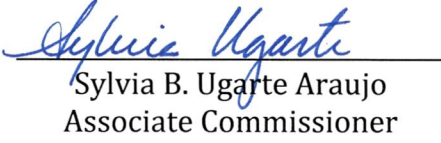
Edison Avilés Deliz
Chairman



Lillian Mateo Santos
Associate Commissioner



Ferdinand A. Ramos Soegaard
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 November 2, 2022. I also certify that on November 2, 2022 a copy of this Resolution and Order was notified by electronic mail to agraitfe@agraitlawpr.com, info@sesapr.org; elevin@veic.org; ana.rodriquezrivera@us.dlapiper.com, laura.rozas@us.dlapiper.com; jmarrero@diazvaz.law, kbolanos@diazvaz.law, hrivera@jrsp.pr.gov. I also certify that today, November 2, 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 November 2, 2022.



Sonia Seda Gaztambide
Clerk



¹ The Technical Conference will be held in a virtual meeting room using Microsoft Teams. Interested parties should email secretaria@jrsp.pr.gov to obtain the link and instructions for participation. The Technical Conference will also be streamed on the Energy Bureau’s YouTube channel.

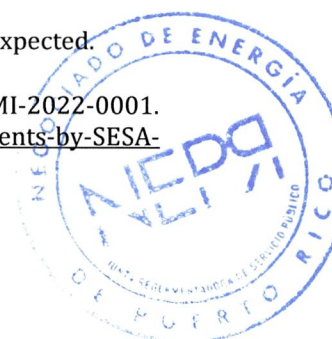
APPENDIX A: REQUESTS FOR INFORMATION FOR ALL STAKEHOLDERS (INCLUDING LUMA) - AMENDED²

Please provide all responses by Friday, **November 9, 2022**, in an electronic, machine-readable format (preferably Word or PDF). The first two questions are more general and ask for overall impressions (including both merits and drawbacks) of the Proposed EE and DR Transition Period Plan ("Proposed TPP") from stakeholders. The other questions provide more specific potential amendments to the Proposed TPP for consideration and comment on by stakeholders and LUMA. With respect to each amendment, responses can:

- Agree with the amendment and provide rationale as to why;
 - Disagree with the amendment in full, provide rationale as to why, and suggest one or more alternatives.
 - Disagree partially with the amendment, identify the specific areas of disagreement, provide rationale as to why, and suggest one or more alternatives.
1. What aspects of the Proposed TPP do you like? What about these aspects appeal to you and why?
 2. What aspects of the Proposed TPP do you have concerns about? What are your concerns?
 3. Regarding the education and outreach program, outreach efforts could be expanded to reach the local workforce so that contractors are aware of both the benefits of efficient technologies and upcoming incentive opportunities and can convey them to customers. Demonstration projects could focus on conveying benefits to contractors and potential participants.
 - a. What specific barriers or workforce knowledge gaps should LUMA focus on addressing in outreach efforts to contractors, suppliers, etc.?
 4. Regarding the education and outreach program, LUMA should ensure marketing efforts resonate with customers. The Energy Bureau is considering requiring LUMA to frame programs as increasing affordability, resiliency, and job creation. In addition, LUMA could consider developing marketing materials in Spanish and translating to English, rather than the reverse. Further, LUMA could consider additional ways to best maximize participation and buy-in, such as developing a separate brand for Energy Efficiency ("EE") programs distinct from LUMA and partnering with community organizations.
 - a. How should programs be branded? (*e.g.*, LUMA, Energy Bureau, or new EE-specific brand?)
 - b. What community organizations could be good partners to help maximize customer participation and buy-in?
 5. Regarding the education and outreach program, the Energy Bureau is considering requiring LUMA to expand the technical assistance program given the passage of the Inflation Reduction Act ("IRA") in the time since the Proposed TPP was prepared. The purpose of this program is to help customers maximize benefits from other funding sources, particularly those funded by the IRA and other recent Federal laws.
 - a. How much budget is appropriate to direct toward this program, both generally and for technical assistance?
 6. Regarding residential demand response, Solar and Energy Storage Association of Puerto Rico ("SESA-PR") indicates in its comments³ that there is a substantial untapped residential battery energy storage resource, and that the lack of a Demand Response ("DR") program is resulting in underutilization of this resource. Based on

² The only changes in this Appendix are to remove or change the dates on which responses are expected.

³ SESA-PR. Comments by SESA on proposed EE and DR Transition Period Plan. Docket NEPR-MI-2022-0001. Available at <https://energia.pr.gov/wp-content/uploads/sites/7/2022/07/20220713-Comments-by-SESA-on-Proposed-EE-and-DR-Transition-Period-Plan.pdf>. (Last accessed November 2, 2022).



this finding, the Energy Bureau is considering requiring the replacement of the proposed residential battery demand response program with a scheduled dispatch program for both residential and commercial customers. For example, the batteries could charge during the solar peak between 10:00 am and 2:00 pm daily and discharge between 6:00 pm and 10:00 pm. No dispatch would be required or expected when a storm warning is issued. The Energy Bureau would particularly value answers to these questions from potential battery aggregators, such as the firms that have leased many of the distributed batteries deployed in Puerto Rico.

- a. Should the program be open to both residential and commercial customers?
 - b. Should the program be open to individual battery owners, or only through aggregators?
 - c. Should the program provide a monthly payment (proportional to daily energy charge/discharge in kWh) instead of an upfront payment to better align payments with savings?
 - d. Should the payment amount be based on estimated system-level fuel cost savings from daily arbitrage?
 - e. Should the program provide a larger payment for batteries in critical facilities or which serve more vulnerable customers?
 - f. How many years' commitment should be required to participate in the program?
7. If funds are directed to a scheduled dispatch program and to additional technical support to harness federal efficiency funds, and assuming that the overall budget is fixed, that would require reductions in the budget for other programs.
 - a. Which budgets should be reduced, and by how much?
 - b. LUMA proposes a commercial economic demand response program that could utilize backup generators. The Regulation for Demand Response does not allow such a program; it only allows backup generators to be used for demand response in an emergency situation. How should the proposed budget for this program be reallocated?
8. Regarding the rebate program, the Energy Bureau agrees that the programs should serve existing residential and commercial customers and target specific end uses that are likely to comprise a significant portion of baseline energy use on the island such as lighting, water heating, refrigeration, and heating/ventilation/air conditioning ("HVAC"). The Energy Bureau is considering requiring several changes to the product list within the water heating end use.
 - a. Should rebates for tankless water heaters be removed from the program?
 - b. Should rebates for heat pump water heaters be added to the program?
 - c. Are there any other promising products and/or end-uses that are missing from the proposed program?
 - d. If so, is there any information on what proportion of energy consumption those products/end-uses currently account for?
9. Regarding the rebate program, the Energy Bureau agrees with LUMA that low-income customers should be eligible for higher incentives than non-low-income customers. However, the Energy Bureau notes that the incentive levels cover 30 to 50 of the incremental cost. The Energy Bureau is considering requiring that the planned incentive levels cover 100 percent of the total costs for low-income residents as this has been shown to be required for participation and this approach is similar to the approach adopted in other jurisdictions.
 - a. Should low-income incentives (after accounting for federal rebates, if available) be 100 percent of total costs to enable participation?
 - b. If not, should any increase in the proposed structure for low-income incentives be considered?
 - c. Are any other supports necessary to gain participation by low-income customers?
10. Regarding the rebate program, the Energy Bureau notes that LUMA has a concern with high participation levels and spending that exceeds budget. The Energy Bureau agrees that program continuity is important and does not want programs to ramp



down or cease if interest exceeds budgets. As a result, Energy Bureau is considering requiring a system of program overspending and underspending notifications and a mechanism for adjustments that would allow programs to continue operating. The Energy Bureau is considering a notification system that dovetails with the quarterly reporting process and is triggered based on one or more thresholds. The Energy Bureau is also considering a fully reconciling funding mechanism that allows for approved over and/or under spending to roll into the EE/DR budget for the subsequent year.

- a. What timing for notification would best allow for discussion with the Energy Bureau and mid-course adjustments?
 - b. What threshold(s) for notification are important for program stability and will allow for mitigation of cost underruns or overruns?
11. Regarding the rebate program, the Energy Bureau notes that IRA funding opportunities came about after the Proposed TPP filing. The Energy Bureau is considering requiring an adjustment to TPP rebate programs to account for IRA funding. As mentioned in an earlier question, the Energy Bureau is also considering requiring the addition of technical assistance to enable customers to estimate and claim IRA incentives.
 - a. What opportunities exist to coordinate LUMA rebates with IRA rebates implemented by the Public Energy Policy Program ("PEPP")?
 - b. What other entities should LUMA coordinate with when engaging to provide technical assistance to customers to access IRA funding?
12. Regarding financing, the Energy Bureau agrees with LUMA's approach to not offer financing in the first few years of the program given the complexity of this offering and lack of appropriate structures in place in Puerto Rico. However, financing can take time to develop and gain consumer trust. The Energy Bureau is considering requiring that LUMA begin the process of developing a pay-as-you-save or similar program and design and implement an on-bill repayment process.
 - a. What other entities should be consulted or involved in this endeavor?
 - b. Please provide suggestions regarding the structure of such a program, and suggestions of potential sources of capital or reserve funds.
13. Regarding performance metrics, the Energy Bureau is considering requiring an expansion of the reported metrics to include estimates of (1) customer energy savings as a percent of usage, (2) bill savings, (3) participation rates by geography, and (4) Greenhouse Gas ("GHG") emission reductions.
 - a. Are there any concerns with these potential metrics?
 - b. Are there any metrics missing that need to be added?
 - c. Is there a resilience/reliability impact metric that LUMA should report?
14. Regarding performance targets, the Energy Bureau is considering developing a list of activities and associated timing. Rewards and penalties can be administered based on whether the activities were completed as described and on time.
 - a. What activities should be included? What timeframes are reasonable for each activity?
 - b. How much should each activity be worth (in terms of the reward/penalty)? If respondents choose not to recommend specific dollar values, recommendations on relative weights would be welcome.
 - c. How much should all activities be worth (in terms of the total pool of potential rewards/penalties)?
 - d. How should the total pool of potential rewards/penalties be established (as a fixed dollar amount, percent of total EE budget, percent of the available incentive funds in LUMA's contract, etc.)?
 - e. Should there be penalties as well as rewards?
 - f. Should a bonus incentive be offered for exceeding expectations? If so, how would the Energy Bureau establish that LUMA had exceeded expectations?



15. Regarding funding sources and mechanisms, the Energy Bureau is considering the following.

- For FY23: (1) LUMA budget funds support all activities, including marketing, outreach, and education program implementation, up through and including incentive program launch, (2) EE Rider collection starts just after incentive program launch, at a level intended to recover the appropriate share of the budget for FY23, and (3) LUMA and EE Rider funds are not segregated in this year.
- For FY24 and subsequent years, the Energy Bureau is considering a structure in which: (1) LUMA uses its budget for planning and administration costs and (2) the EE Rider funds incentive costs only.
 - a. Given uncertainty regarding incentive program launch date, how do we best set the EE Rider value to cover the remaining funds required in FY23? If the Energy Bureau fixed the EE Rider at a set value (*e.g.*, 0.1 cents/kWh) would that be sufficient for program funding and certainty?
 - b. What is an appropriate definition of “wide availability” of rebate programs that can be used as a trigger for the collection of the EE Rider?



APPENDIX B: REQUEST FOR INFORMATION FOR LUMA - AMENDED⁴

These questions are additional to the questions asked of LUMA in Appendix A. Please provide all data in electronic, machine-readable format (preferably Word). Responses to all data requests are required by Friday, **November 4, 2022**.

1. Regarding residential demand response, SESA-PR stated that there is a substantial untapped residential battery energy storage resource, and that the lack of a DR program is resulting in underutilization of this resource. The Energy Bureau is considering requiring the replacement of the proposed residential battery demand response program with a scheduled dispatch program for both residential and commercial customers. The batteries could charge between 10:00 am and 2:00 pm daily and discharge between 6:00 pm and 10:00 pm. No dispatch would be required or expected when a storm warning is issued.
 - a. Can daily dispatch be accomplished with currently installed hardware and customer lease contracts? Why or why not?
 - b. Can LUMA use metering and communications in the batteries? Why or why not?
 - c. Can LUMA use a scheduled approach rather than DERMS dispatch? Why or why not?
 - d. How can daily dispatch be verified?
 - e. Can LUMA to develop, pilot, and launch such a program in Year 1 rather than Year 2? Why or why not?
 - f. Can LUMA enroll a portion of a given battery in the program?
 - g. Can LUMA estimate fuel cost savings from the programmatic load shift to quantify savings to fuel costs?
2. Regarding the rebate program, the Energy Bureau agrees with LUMA that low-income customers should be eligible for higher incentives than non-low-income customers. However, the Energy Bureau notes that the incentive levels cover 30 to 50 of the incremental cost. The Energy Bureau is considering requiring that the planned incentive levels cover 100 percent of the total costs for low-income residents as this is required for participation and this approach is similar to the approach adopted in other jurisdictions.
 - a. What is the planned coordination with the Weatherization Assistance Program⁵?
 - b. Is income screening currently feasible? Who will conduct the screening?
3. Regarding the rebate program, the Energy Bureau notes that IRA funding opportunities came about after the proposed TPP filing. The Energy Bureau is considering requiring an adjustment to TPP rebate programs to account for IRA funding. The Energy Bureau is also considering requiring the addition of technical assistance to enable customers to estimate and claim IRA incentives.
 - a. Could LUMA's implementation contractor assist PEPP with this coordination and implementation? In what way(s)?
4. Regarding financing, the Energy Bureau agrees with LUMA's approach to not offer financing in the first few years of the program given the complexity of this offering and lack of appropriate structures in place in Puerto Rico. However, financing can take time to develop and gain consumer trust. The Energy Bureau is considering requiring that LUMA begin the process of developing a pay-as-you-save program and design and implement an on-bill repayment process.
 - a. Could LUMA plan launch a financing program launch in FY25 (the first year of the first three-year plan)? Why or why not?
 - b. What assistance would LUMA need from the Energy Bureau to launch this program?

⁴ The only changes in this Appendix are to remove or change the dates on which responses are expected.

⁵ As defined in the Puerto Rico Public Energy Policy Program.



5. Regarding performance metrics, the Energy Bureau is considering requiring an expansion of the reported metrics to include estimates of (1) customer energy savings as a percent of usage, (2) bill savings, (3) participation rates by geography, and (4) GHG emission reductions.
 - a. Will LUMA leverage an existing database to track results?
 - b. Is there funding in the budget for a new database or necessary database updates?
6. Regarding funding sources and mechanisms, the Energy Bureau is considering the following.
 - For FY23: (1) LUMA budget funds support all activities, including marketing, outreach, and education program implementation, up through and including incentive program launch, (2) EE Rider collection starts just after incentive program launch, at a level intended to recover the appropriate share of the budget for FY23, and (3) LUMA and EE Rider funds are not segregated in this year.
 - For FY24 and subsequent years, the Energy Bureau is considering a structure in which: (1) LUMA uses its budget for planning and administration costs and (2) the EE Rider funds incentive costs only.
 - a. The Energy Bureau would like to better understand the timeframe for how revenue flows in response to customer consumption. Please provide a timeline mapping consumption to billing to funds received by LUMA. That is, if a customer uses a kWh on a particular day, when does that consumption show up on that customer's bill? How many days after the end of the billing month does the customer receive the bill? How long does the customer have to pay the bill? When does it actually show up in LUMA's accounts, and is able to be spent?
 - b. Relative to the start date of rebate programs, when would the EE Rider value need to be established, and when does it start getting collected, so that it would not appear on bills until 2 weeks after programs are widely available?

