



Technical Workshop: LUMA Transition Period Plan

Docket NEPR MI-2022-0001



November 16, 2022



Agenda

- Summary of Comments
- Further Discussion Topics
 - EE branding
 - Demand response
 - Low-income incentives and participation
 - Program approval
 - Performance targets
 - Funding
- Timing and Next Steps



Summary of Comments

- Eight parties provided written comments
 - Southern Alliance for Clean Energy (SACE)
 - SESA
 - Sunnova
 - Tesla
 - Instituto de Competitividad y Sostenibilidad Económica de Puerto Rico (ICSE)
 - Independent Consumer Protection Office (OIPC)
 - VEIC
 - LUMA
- Two parties participated in and provided verbal comments at the last workshop, but did not submit written comments
 - IREC and Energy Justice for PR



4a. How should programs be branded? (e.g., LUMA, Energy Bureau, or new EE-specific brand?)

- A separate EE brand (SACE, SESA, OIPC, VEIC) or PREB (ICSE) or LUMA (LUMA)
 - EE brand development should not slow program launch
 - EE brand should be developed during Transition Period and launched during next program phase
- In addition, consumer messaging should be determined by market research, not regulatory direction (VEIC, SESA, SACE)

There appears to be consensus among stakeholders that an EE-specific brand would be beneficial, but need not be implemented immediately. Are there any other comments or discussion items?



Demand Response

NEW – What types of DR programs should be pursued in the Transition Period?

- Residential
 - Passive/Scheduled
 - Active
- Commercial
 - Passive/Scheduled
 - Active

There appear to be diverse positions on this question. Please provide further details on your recommendations.



Demand Response

NEW – What is the design of each DR program?

- Batteries, generators, or both?
- Emergency or economic?
- Different for Residential and C&I?

There appear to be diverse positions on this question. Please provide further details on your recommendations.



Demand Response

NEW - Should the programs move from a Year 2 launch to a Year 1 launch?

- Yes. Additional requirements can streamline the approach and allow for sooner launch (Sunnova)
- No. The recent VPP approval requires more careful consideration and planning. (LUMA)

Which programs?

What enables sooner launch?



6b. Should the program be open to individual battery owners, or only through aggregators?

- Both. (SESA, ICSE, Tesla, LUMA)
 - Participation through Aggregators should come first. (SESA, ICSE, VEIC, Tesla, Sunnova, LUMA)
 - Start with individual battery owners. (OIPC)

There appear to be diverse positions on this question. Please provide further details on your recommendations.



Demand Response

6c. Should the program provide a monthly payment based on daily energy charge/discharge?

- Yes, and the payment should vary with performance. (SESA, Tesla, VEIC, LUMA). Payments should be for:
 - Capacity only (\$/kW)
 - Energy only (\$/kWh)
 - A combination of capacity \$/kW and energy \$/kWh.
- Yes, and the residential sector should be fixed. For large C&I, system-level fuel cost savings from daily arbitrage may be better. (OIPC)

There appear to be diverse positions on this question. Please provide further details on your recommendations.



Demand Response

6e. Should the program provide a larger payment for batteries in critical facilities, or which serve more vulnerable customers?

- Possibly, but not as a part of this start up program. (SESA, Tesla, VEIC, LUMA)
 - Additional incentives should be geared towards greater deployment. (SESA, Tesla)
- No. (ICSE, OIPC)
 - Standardize the amount to be paid to all facilities. (ICSE)
 - Not if the storage equipment located near the critical facility is not able to create an intended islanding and sustain service of the transmission or distribution line that provide power to that facility. (OIPC)

There appear to be diverse positions on this question. Please provide further details on your recommendations.



6f. How many years' commitment should be required to participate in the program?

- No commitment period should be necessary if the program is well-designed as customers are motivated to participate. (SESA and Tesla)
- There should be a commitment period.
 - Two to four years is reasonable. (VEIC)
 - Two years. (OIPC)

There appear to be diverse positions on this question. Please provide further details on your recommendations.



LI Incentives and Participation

9a. Should low-income incentives be 100 percent of total costs to enable participation?

- Yes. (OIPC)
 - Additional funding can allow for an increase to occur, but income screening may not be feasible. (LUMA)
- Targeted low-income programs should be implemented and designed to complement WAP with lighter-touch participation options. For example, adapting the In-Store Discount program to provide free measures, such as LEDs and faucet aerators, through food banks. (VEIC)

LUMA answered the question with regards to increasing the incentive to 100% of the incremental costs. Would LUMA's response be different if considering 100% of the total equipment costs?



Program Approval

NEW - The Bureau is working out for the first time what “approval” of the TPP means, and what flexibility should remain for implementation versus what should be explicitly required.

- Do stakeholders have advice for the Bureau as it considers the TPP as to which items in the plan it should be considering for approval or amendment?
- What is the level of detail below which the plan is informational in nature, and subject to change?
 - E.g., Would LUMA have the authority to decide not to offer a rebate program? To change what kind of DR program to offer (active vs. passive)?



Performance Targets

EE Regulation, Section 2.02(B) states:

- In accordance with Section 4.02(E)(1)-(2) of this Regulation, PREPA shall propose, and the Energy Bureau shall approve, reject, or modify, performance targets and associated payments for the Transition Period Plan that measure performance of utility actions.
- These activity-based targets could include establishing programs covering particular sectors or end uses, stakeholder engagement activities, and market development, education, and capacity-building actions.
- For the Transition Period Plan, PREPA may not propose payments for achievement of performance targets that are based on the outcomes of those actions (such as measured energy saved by energy efficiency programs).



Performance Targets

NEW – What are the critical activities for LUMA to complete?

- Program Milestones (OIPC, LUMA)
 - Implementation Contract
 - Application Intake, Validation, and Payment Systems
 - Marketing Materials (incl. EE website, media release, news articles)
 - Billing System Updates/EE Rate Rider Filing
 - Outreach to Local Contractors/Customers
 - Applications Processed
 - Rebates Processed
 - Active DR events dispatched

Please provide further details on your recommendations.



Performance Targets

NEW – What are the critical activities for LUMA to complete? (cont'd)

- Time of process completion and acceptance for a rate payer application to each EE or DR program measure (OIPC)

Please provide further details on your recommendations.



Performance Targets

NEW – What amounts are reasonable for accomplishing these activities?

- % of total pool allocated to LUMA performance incentives
- Fixed dollar amount per item
- Different weights for different items, to indicate importance

Please provide further details on your recommendations.



NEW – When should an EE Rider be implemented and how should it be phased in?

- Funding sources for DR vs. EE
- Application of other sources of federal funds to EE in the near term; should LUMA administer?

Please provide further details on your recommendations.

LUMA: Please provide detailed timeline, relative to the date on which a customer can submit a rebate application, for EE Rider approval and implementation, such that the EE Rider is not billed until after the rebate program is open.



Other Topics

- Are there other topics from the comments that you would like to discuss?



Timing and Next Steps

- November 4, 2022: LUMA responses to Appendix B due - COMPLETE
- November 9, 2022: LUMA and stakeholder responses to Appendix A due - COMPLETE
- November 16, 2022: Technical Workshop 2 - COMPLETE
- **November 30, 2022: Reply comments due**