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**Via Electronic Mail**

November 9, 2022

Mr. Edison Avilés-Deliz, Chairman  
Puerto Rico Energy Bureau  
268 Muñoz Rivera Ave,  
San Juan, PR 00918

**RE: Docket No. NEPR-MI-2021-0006 – Comments on Proposed EE/DR Transition Period Plan**

Dear Mr. Avilés-Deliz:

On behalf of Tesla, Inc. (“Tesla”), thank you for the opportunity to provide comments on LUMA Energy’s (“LUMA”) Proposed Energy Efficiency and Demand Response Transition Period Plan. At a November 4, 2022, workshop hosted by the Puerto Rico Energy Bureau (“Bureau”), we provided initial comments in response to the Bureau’s Request for Information regarding changes that it is considering to LUMA’s proposed Battery Demand Response Program. In these comments, we provide brief responses to Question #6 from “Appendix A: Requests for Information for All Stakeholders” from the Bureau’s November 2, 2022, Resolution and Order. We look forward to further participating in this docket and to expanding on these responses, including by providing Reply Comments on November 30, 2022.

Tesla’s mission is to accelerate the world’s transition to sustainable energy through the deployment of electric vehicles and sustainable energy products, such as storage and solar energy systems.

**Tesla’s Responses to Question #6 on LUMA’s Proposed Residential Battery Demand Response Program**

At a high level, it is not necessary or advisable to replace a Batter Energy Storage System (BESS) demand response program with a scheduled dispatch BESS program. Demand response BESS programs are easily achievable and can provide more useful and impactful customer response with less impact on a customer’s availability to provide their own residence with backup power. Improved customer response is critical when grid capacity and margins are tight. However, customers’ continued ability to provide their

own homes with backup power is critical to encourage uptake of distributed BESS, especially when there are known risks of service interruptions for customers, as there are now.

- *Question 6a: Should the program be open to both residential and commercial customers?*

Our response: Any demand side program should be open to both residential and commercial customers.

- *Question 6b: Should the program be open to individual battery owners, or only through aggregators?*

Our response: Allowing both individual battery owners and aggregators to participate will enable maximum flexibility to provide compelling customer offers.

- *Question 6c: 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?*

Our response: The payment should be aligned with customer's contribution rather than an upfront contribution. Providing an upfront incentive tied to future obligations limits the customers' control over their participation and is a recipe for low participation and poor program performance in the long term.

- *Question 6d: Should the payment amount be based on estimated system-level fuel cost savings from daily arbitrage?*

Our response: No. Flexible resources such as BESS are critical for grid management, particularly in situations when capacity is so tight, as is currently the case in Puerto Rico. BESS's ability to maintain reliable and stable grid operations is critical and much needed, and focusing on fuel savings would undervalue BESS resources' contribution to alleviating scarcity conditions.

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

Our response: Incentives of this sort should be considered, but they need to be considered separately, and not as part of a BESS-based demand response program. The value of BESS to provide backup to critical facilities should not be conflated with grid services programs.

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

Our response: Any BESS demand response program should be pay-for-performance and consequently not need a commitment from the customer. Properly implemented performance incentive price signals should be sufficient to motivate customers to participate rather than requiring a commitment from them.

Thank you for the opportunity to provide comments. Please contact the undersigned for more information.

Sincerely,

/s/ Jordan Graham  
Sr. Energy Policy Advisor  
Tesla Inc.  
[jordgraham@tesla.com](mailto:jordgraham@tesla.com)