



NEPR

Received:

Mar 23, 2023

3:42 PM

March 24th, 2023

VIA EMAIL comentarios@energia.pr.gov

Mr. Edison Avilés-Deliz
Chairman
Puerto Rico Energy Bureau
World Plaza Building
268 Ave. Muñoz Rivera
Nivel Plaza Suite 202
Hato Rey, PR 00918

**RE: SESA further comments by SESA on proposed EE and DR Transition
Period Plan, Docket No. NEPR-MI-2022-0001**

Comes now, the Puerto Rico Solar Energy Industries Association Corp., d/b/a/ Solar and Energy Storage Association of Puerto Rico (hereinafter, “SESA”) the non-for-profit association that represents Puerto Rico’s solar and energy storage industries. SESA advocates for solar and storage technologies at all scales as a central solution to the energy needs of Puerto Rico, promotes public policy that benefits the growth of these industries, brings awareness and understanding of these technologies to both government policymakers and the public, and facilitates collectively beneficial collaboration and good business practices within the industry.

SESA reiterates its appreciation to the Honorable Energy Bureau (hereinafter “PREB” or “the Bureau”) for the opportunity granted to stakeholders to provide comments to the above-captioned proceeding.

I. Background

SESA’s focus is accelerating the deployment of battery storage and solar energy at all scales in Puerto Rico. While all forms of energy efficiency and demand response are of interest to us at SESA, given that these technologies all comprise a concept of “smart buildings” which are powered by solar, have battery backup, and also operate efficiently.

However, our main focus in this proceeding, and the focus of these comments, is on the battery storage component of Demand Response.

As we have expressed in our prior filings, all of which we reiterate today, and particularly SESA's comment of November 9th 2022, LUMA's proposed Transition Period Plan is designed to include a small set of initial programs that can generate positive customer and market experience; deliver energy, peak demand, and cost savings; and inform the development of future EE and DR programs. SESA fully supports this approach.

Also, as we expressed in our comments of July 13th, 2022, Act 17 creates the mandate that Puerto Rico implement large-scale Energy Efficiency & Demand Response (EE & DR) programs which result in a lowering of the amount of electricity used in Puerto Rico by 30%, by the year 2040. In accordance with the law, the Integrated Resource Plan (IRP) finalized in 2020 assumes dramatic savings will be occurring starting in 2021 due to such large-scale EE & DR programs existing. However, no such EE or DR programs yet exist in Puerto Rico. No programs are launched, no savings are occurring, and the process of beginning to ramp up to large-scale deployment of EE & DR savings has not yet begun.

SESA's current estimate is that over 400 MW of modern batteries are already installed across tens of thousands of homes in Puerto Rico, practically all of which would be eligible to participate in a DR program if one were to exist. And over 3,000 new batteries are installed each month. Well-designed and administered, battery Demand Response programs would enable LUMA to "push a big green button" to activate the batteries of thousands of households and batteries which have enrolled to receive financial compensation for allowing the utility to do so.

These battery DR programs can provide immediate bill reductions for all ratepayers (since programs are designed to offset the need for the most expensive peaking plants to operate). Also, the multiple services provided by grid-connected batteries can ease hosting capacity concerns and they have the very real potential to prevent costly and dangerous brownouts and blackouts.

II. Comments

On February 16, 2023, PREB issued an order entitled “Determination of LUMA’s June 21, 2022, Proposed Transition Period Plan (“Proposed TPP”) (“February 16th Resolution and Order”). On March 8th, 2023, LUMA filed a “Motion for Reconsideration of Resolution and Order of February 16, 2023, and Request to Vacate Deadlines”, (“Motion for Reconsideration”) legally questioning the Bureau’s determination to adopt activity-based performance metrics, impose deadlines for compliance and establish compliance requirements through validation methods.

SESA, takes no position on the legal merits of LUMA’s Motion for Reconsideration, but we do take the opportunity to again commend LUMA for their development of this proposed 2-year plan for EE & DR and also applaud the Bureau for moving the instant process along to realize the goal of DR-related bill reductions for all ratepayers, thousands of batteries providing multiple services to the grid, easing hosting capacity concerns, preventing brownouts and blackouts-and ultimately saving lives.

SESA also takes the opportunity to make some additional comments:

- **Timelines**

Give the constant, daily threats of blackouts in Puerto Rico, with no prediction of that situation changing for years to come, SESA appreciates the will of the Bureau to move forward as quickly as possible. As we have said in prior occasions, new forms of centralized power generation take years to construct and come online. Thus, there is an unusual urgency to, and value of, EE & DR programs being launched **as soon as possible**.

As per PREB’s February 16th Resolution and Order LUMA is required to:

- Develop an emergency battery DR program for existing residential and commercial/customers, for launch in FY2023, to be part of or operated in parallel with its / proposed emergency DR program; Leverage the capabilities of third-party aggregators to launch this program;

- Ensure the per-kWh incentive offered through this emergency DR program is set consistent with Section 3.01(B) of the DR Regulation¹;
- Provide customers with additional flexibility during extreme weather events, to enable them to use their batteries for resilience; and
- File a revised DR portion of the TPP after the emergency battery DR program launches, with updates that are well coordinated and integrated with the emergency DR program.

These points in the order are all very positive and SESA is aligned with them. However, it is possible that the specific timelines in said February 16th Resolution and Order could be too aggressive or constraining, if leeway is not provided to LUMA, and particularly given the current lack of clarity regarding initial funding source for a battery DR program. Under PREB's Order, LUMA must file a battery DR program by 4/1, enroll customers in an emergency battery DR program by 4/15, demonstrate an ability to call emergency events by 5/15, and must launch the battery DR program by the end of FY2023, which is 6/30.

SESA thus supports granting LUMA the maximum possible timeline flexibility to ensure prompt deployment of battery DR programs.

- **Funding**

As we have expressed in prior filings, EE & DR programs routinely have a cost of around 2 or 3 cents per kWh. This is compared with the current retail rate of around 30 cents per kWh. The cost of EE & DR programs is dramatically lower than any form of centralized power generation, and is unquestionably the quickest, most effective way to lower everyone's power bills in Puerto Rico. Thus, we should never let budget constraints

¹ The DR Regulation, Art. 3.01(B) states that "PREPA shall develop and offer DR programs that provide standardized, cost-effective compensation in exchange for dispatchable DR. PREPA shall submit these programs and associated compensation mechanisms to the Energy Bureau for approval, rejection, or modification. (1) When considering PREPA's proposed programs, the Energy Bureau shall evaluate the compensation offered to participating DR resources based on the programs' projected ability to optimize for the least cost of the Puerto Rico electric system. (2) PREPA should never compensate a DR resource more than the value that resource provides to the Puerto Rico electric system (on an average basis over the relevant timescale for the program) and should design its compensation mechanism to pay the minimum needed to attract the DR resource."

**Comments by SESA on proposed EE and DR Transition Period Plan, Docket No. NEPR
MI-2022-0001**

March 24th, 2022

Page 5

hamper LUMA's ability to ramp up these initial EE & DR programs, and particularly crucial battery DR programs. We have encouraged this Honorable Energy Bureau to move as soon as practicable with implementation of funding mechanisms to move forward with EE & DR programs in these critical early years.

However, SESA would reiterate that special focus on potential federal funding streams (ie, CDBG, DOE and/or FEMA funding) should be a central part of PREB's and LUMA's analyses, at the very least for the first years of a DR Program. There is simply no reason to force rate-based solutions if a federal funding stream is applicable and available.

SESA-PR reaffirms its gratitude to the Bureau for the opportunity to comment in this docket, looks forward to continued engagement in the same and hopes that a battery DR program is deployed and available in Puerto Rico with all deliberate speed, as soon as practicable.

Cordially,

[signed]

PJ Wilson
President
SESA-PR
info@sesapr.org
939-475-6666