

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

<b>NEPR</b>  <b>Received:</b>  <b>Jun 26, 2023</b>  <b>11:35 AM</b>
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**IN RE:**  
IN RE: PUERTO RICO ELECTRIC POWER  
AUTHORITY PERMANENT RATE

**CASE NO. NEPR-MI-2020-0001**

**Motion in Compliance with Resolution and  
Order of June 22, 2023**

**MOTION IN COMPLIANCE WITH RESOLUTION AND ORDER OF JUNE 22, 2023**

**TO THE HONORABLE PUERTO RICO ENERGY BUREAU:**

COME NOW LUMA Energy, LLC (“ManagementCo”), and LUMA Energy ServCo, LLC (“ServCo”) (jointly referred to as the “Operator” or “LUMA”), through the undersigned counsel, and respectfully state and request the following:

1. On June 20, 2023, LUMA filed before the Puerto Rico Energy Bureau (“Energy Bureau”) a *Submission of Reconciliations for May 2023, and FCA, PPCA and FOS Calculated Factors and Request for Confidential Treatment* (“June 20<sup>th</sup> Submission”). LUMA submitted the quarterly reconciliations for the Fuel Charge Adjustment (“FCA”) and Purchased Power Charge Adjustment (“PPCA”) riders for May 2023, and the proposed factors for the FCA, PPCA, and Fuel Oil Subsidy (“FOS”) riders for the period from July 1 until September 30, 2023. As part of the filing, LUMA included Excel spreadsheets filed publicly and confidential Excel spreadsheets with formulae intact.

2. In the June 20<sup>th</sup> Submission, LUMA also requested the Energy Bureau to consider the Energy Efficiency Rider (“EE Rider”) designed to recover the expenses related to implementing energy efficiency and demand-side management programs in this instant docket. The rationale behind such a petition was that in accordance with the orders and direction provided

to LUMA by this Energy Bureau, including the Transition Period Plan (TPP) Energy Efficiency and Demand Response approved by the Energy Bureau in docket NEPR-MI-2022-0001 this instant proceeding was conceived and designed to consolidate all processes related to implementing rate riders, including rider factors and reconciliations.

3. On June 22, 2023, the Energy Bureau entered a Resolution and Order (“June 22<sup>nd</sup> Order”) directing LUMA to provide on or before June 26, 2023, at noon the following information:

a. inform and explain whether it has coordinated with the Government of Puerto Rico or the Federal Government the possibility of raising additional federal or state funds in addition to those presented in its motion on May 16, 2023, in Case No. NEPR-MI-2021-0004, *In re: LUMA's Initial Budgets*, to cover the amount required for the Energy Efficiency Charge for FY 24;

b. report and explain how the economic dispatch modeling used to estimate the fuel to calculate the fuel purchase factor, effective July 1, 2023, considering the utilization of temporary generation contemplated at Palo Seco and San Juan, as established in Case No.: NEPR-MI-2022-0003; and

c. report and explain how the fuel cost projection for the next quarter contemplates and/or takes into consideration the Fuel Savings Plan of Genera PR, LLC, as set forth in Section 4.2(t) of the Puerto Rico Thermal Generation Facilities Operations and Maintenance Agreement entered into between the Puerto Rico Electric Power Authority, the Puerto Rico Public-Private Partnerships Authority and Genera PR, LLC.

4. In compliance with the June 22<sup>nd</sup> Order, LUMA hereby submits as Exhibit 1 to this Motion its responses to the requests for information issued by the Energy Bureau on temporary generation, Genera PR, LLC’s fuel savings plan, and funding sources for the EE Rider.

**WHEREFORE**, LUMA respectfully requests that the Energy Bureau **take notice** of the aforementioned, and **deem** LUMA complied with the June 22<sup>nd</sup> Order.

**RESPECTFULLY SUBMITTED.**

In San Juan, Puerto Rico, this 26<sup>th</sup> day of June 2023.

We hereby certify that we filed this Motion using the electronic filing system of this Energy Bureau and that we will send an electronic copy of this Motion to counsel for PREPA Joannely Marrero, [jmarrero@diazvaz.law](mailto:jmarrero@diazvaz.law) and to the Independent Consumer Protection Office, through Director Hannia Rivera, [hrivera@jrsp.pr.gov](mailto:hrivera@jrsp.pr.gov).



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Exhibit 1

## Permanent Rate

# Responses in Compliance with June 22, 2023, Resolution and Order

## NEPR-MI-2020-0001

### Response: RFI-LUMA-MI-2020-0001-20230626-PREB-#001

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#### SUBJECT

Energy Efficiency

#### REQUEST

LUMA to inform and explain if it has coordinated with the Puerto Rico Government or with the Federal Government the possibility of raising federal or state funds additional to those reported in LUMA's May 16, 2023, Motion in Docket No. NEPR-MI-2021-0004 (LUMA's Initial Budgets), to cover the necessary amount for the EE Charge for FY2024.

#### RESPONSE

In compliance with the Energy Bureau's orders in Case No. NEPR-MI-2021-0006, LUMA filed the Energy Efficiency (EE) and Demand Response (DR) Transition Period Plan (TPP) with the Energy Bureau. Consistent with direction from this Energy Bureau, LUMA has taken a strategic and systematic approach to developing the TPP portfolio to contribute to Puerto Rico's energy and sustainability goals. After various procedural events, by Resolution and Order of February 16, 2023, in Case No. NEPR-MI-2022-0001, the Energy Bureau considered, amended, and approved the proposed EE and DR TPP and ordered LUMA to file the EE Rider that among other direction, was designed to raise the necessary revenue to fund FY24 programs, accounting for external or LUMA funds<sup>1</sup>.

LUMA has stated in Case No. NEPR-MI-2021-0006 and in Case No. NEPR-MI-2022-0001, that rates are a sensitive topic in the current economic climate, and introducing an EE Rider requires careful consideration. Notwithstanding, a reliable and long-term source of funding is required for the successful planning and delivery of EE programs. LUMA has researched and met multiple times with Government agencies to evaluate funding sources, including federal funding for the activities in the TPP in FY2024. Based on the information received, federal and/or state agencies may possibly provide grant funding for individual EE and DR projects, but federal funding does not provide funding directly to utilities for the ongoing operation of said programs.

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<sup>1</sup> See Resolution and Order of February 16, 2023, NEPR-MI-2022-0001, In Re: Energy Efficiency and Demand Response Transition Period Plan

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LUMA regularly engages with state government agencies like the Department of Economic Development and Commerce (DEDC) Energy Policy Program (EPP) to understand DEDC's current and future programs related to EE and DR and to discuss available funding and collaboration opportunities. Also, to learn about the programs that DEDC will directly implement. As part of this engagement, DEDC and LUMA are working on a Memorandum of Understanding that will include various collaboration opportunities identified, including the possibility that the Puerto Rico Energy Power Authority (PREPA) be a subrecipient of federal funding administered by DEDC. Under this scenario, LUMA would carry out on behalf of PREPA any programs administered by DEDC.

As part of LUMA's commitment to secure federal funding that improves resiliency, energy efficiency and adds value to local communities, LUMA has submitted, in Case No. NEPR-MI-2021-00022, various grant applications. Among these is a grant from the Department of Energy (DOE) to advance grid infrastructure, including energy efficiency measures enabled by Advanced Metering Infrastructure (AMI). LUMA also submitted on March 29, 2023, an Initial Scope of Work (ISOW) for AMI deployment which can support EE and DR capability and was approved by this Energy Bureau on April 6, 2023. On August 30, 2021, LUMA further submitted, an ISOW for installation of an Emergency Management System ("EMS") which will contribute to improved system reliability and resiliency, enable faster outage response, and support EE and DR capabilities. The EMS ISOW was approved by this Energy Bureau on September 22, 2021.

Lastly, LUMA has also requested confirmation from the Governor's Office that it will commit funds to fully fund TPP activities for FY2024 starting on July 1, 2023. LUMA will continue to leverage the opportunities to deploy additional grant funding from other public sector programs. It is important to note, however, that the Government has not committed or obligated any funds at this time. Without a reliable funding source, LUMA will not be able to carry out the activities in the TPP approved by the Energy Bureau for FY2024.

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<sup>2</sup> See Case No. NEPR-MI-2021-0002, In Re: Review of the Puerto Rico Electric Power Authority's 10 Year Infrastructure Plan – December 2020

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# Responses in Compliance with June 22, 2023, Resolution and Order

## NEPR-MI-2020-0001

### Response: RFI-LUMA-MI-2020-0001-20230626-PREB-#002

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#### SUBJECT

Economic Dispatch Model

#### REQUEST

LUMA to inform and explain how the economic dispatch model used to calculate the FCA factor set to enter into force on July 1, 2023, took into consideration the use of the temporary generation contemplated in Docket No. NEPR-MI-2022-0003.

#### RESPONSE

The simulation used to calculate the Fuel Charge Adjustment (FCA) and the Purchase Power Charge Adjustment (PPCA) factors proposed in LUMA's June 20, 2023, Quarterly Factors Filing<sup>3</sup> (June 20<sup>th</sup> Motion) is the simulation performed for Fiscal Year (FY) 2024. It does not consider the temporary generators installed as part of the Stabilization Plan being executed by the Federal Emergency Management Agency (FEMA).

In preparation for an upcoming fiscal year, and to provide required inputs for budgets and calculate rates for Energy Bureau approval, LUMA has multiple compliance requirements due in May, such as the Annual Riders, and the Initial Budgets<sup>4</sup>, in which LUMA files projections for the upcoming fiscal year. To meet the May deadlines, LUMA completed the economic dispatch model for FY2024 on April 13, 2023. In April 2023, LUMA was aware that temporary generators would be installed, however installation had not started and there was high uncertainty on when installation would be completed, and when the temporary generators would be available for dispatch. Furthermore, there was not clarity on the process for fuel purchases for the temporary generators. Due to these uncertainties, LUMA took a conservative approach and did not include the temporary generators in its FY2024 economic dispatch simulation. In addition, due to the uncertainty of the timing, amount, and ultimate funding of FEMA to the Puerto Rico Energy Power Authority (PREPA), payments from FEMA are typically considered after they have been received. This avoids forecasting timing and amounts of payments, so that they can be incorporated in reconciliations

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<sup>3</sup> See "Submission of Reconciliations for May 2023, and Submission of FCA, PPCA, PPCA, and FOS Calculated Factors and Request for Confidential Treatment.pdf".

<sup>4</sup> See LUMA's Fiscal Years 2024 to 2026 Annual Budgets Filing in Docket ID NEPR-MI-2021-0004, and LUMA's Annual Riders FY2024 Filing in Docket NEPR-MI-2020-0001.

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with greater certainty. By including in the reconciliation, there is greater visibility over amounts and impact on calculated factors.

Consistent with LUMA's previous June quarterly FCA and PPCA filings, the proposed factors were calculated using the simulation for the upcoming fiscal year. In this case the FY2024 simulation was prepared in April 2023. It was filed in LUMA's Initial Budgets and is consistent with the calculations of the Annual Riders. Now that LUMA has more certainty regarding dates when the temporary generators will start operating, LUMA will consider them in future simulations.



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# Responses in Compliance with June 22, 2023, Resolution and Order

## NEPR-MI-2020-0001

**Response: RFI-LUMA-MI-2020-0001-20230626-PREB-#003**

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### SUBJECT

Fuel Costs

### REQUEST

LUMA to inform and explain how the fuel cost projection for the next quarter contemplates and/or takes into consideration Genera's Fuel Economy Plan as established in Section 4.2(t) of the Puerto Rico Thermal Generation Facilities Operations and Maintenance Agreement between the Puerto Rico Electric Power Company, the Public-Private Partnerships of Puerto Rico, and Genera PR, LLC.

### RESPONSE

As a reminder, LUMA's Initial Budgets and Annual Riders are filed with the Energy Bureau in May. To meet these regulatory deadlines, LUMA completed the fuel cost projection for FY2024 on April 13, 2023. To align with these filings, and consistent with LUMA's previous June quarterly FCA and PPCA filings, the fuel cost projection used to calculate the proposed factors was also used for the Initial Budgets and Annual Riders for FY2024. LUMA was not provided Genera's Fuel Economy Plan so the fuel projections do not consider it.

On April 11, 2023, LUMA requested that Genera provide a copy of its Fuel Optimization Plan<sup>5</sup> and has not yet received it. LUMA has sent Genera weekly reminders that the request is still outstanding.

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<sup>5</sup> See. Annex A of this filing.



Transmittal #: **LUMA-GENCO-T-00027** TRANSMITTAL  
 RFI #: **LUMA-GENCO-RFI-00003** REQUEST FOR INFORMATION  
 Title: **Mobilization Period Documents**

Date: 2023-04-11	
LUMA Department: Regulatory	
Sending Organization: <u>LUMA</u>	Receiving Organization: <u>Genera</u>
Sent from: <u>Morgan Dawer</u>	Addressed to: <u>Brannen G. McElmurray</u>
LUMA CC: <a href="mailto:GenCo@lumamc.com">GenCo@lumamc.com</a> Mike Shaw Raphael Gignac Gary F Soto-Fernandez Manisha Shah Jim Seibert Katherine Penshorn Haley Leyendecker <a href="mailto:P3A@lumamc.com">P3A@lumamc.com</a> <a href="mailto:prepa@lumamc.com">prepa@lumamc.com</a>	PREPA CC: Josué Colón Mary Zapata Acosta  Sam Abdalla Winnie Irizary David Canales GREGO CC: Greg Pilkinton David Ackerman Jaifa Mezher Daniel McLaughlin  <a href="mailto:administrator@p3.pr.gov">administrator@p3.pr.gov</a> P3A CC: Sheila Torres-Sterling Diego Rivera Alfaro Gerardo Loran Rubén Lugo Shylene de Jesús

#### RFI Description:

LUMA, in its capacity as the System Operator and as the provider of Shared Services to PREPA Generation that will be operated by Genera, is requesting copies of the following documents that Genera is developing during the Mobilization Period. These documents will help facilitate further coordination and collaboration between Genera and LUMA and help LUMA support Genera's transition to the operator of PREPA's legacy generation assets.

Please provide the following:

1. Handover Checklist (most recent distribution to P3A/PREPA)
2. Legacy Generation Emergency Response Plan
3. Inventory of Consumables, Spare Parts, and Capital Spare Parts review and recommendations
4. Operations and Maintenance Procedures



- 5. Safety and Hazardous Materials Procedures Manual
- 6. Procurement Manual
- 7. Communications Plan
- 8. Invoice Review and Approval Procedures Manual
- 9. Fuel Optimization Plan
- 10. Federally Funded Generation Project Plan
- 11. Annual Performance Test Procedures
- 12. Procurement Manual owner acknowledgement
- 13. Baseline Environmental Study update
- 14. Plan for implementation of Computerized Maintenance Management System (CMMS)
- 15. Identified necessary enterprise-wide workflow IT tools
- 16. Compliance matrix and current compliance assessment

Please provide a response as soon as possible and no later than April 18, 2023. If any of these documents are not ready to be shared in the requested timeline, please provide the date(s) when each is expected to be available. Additionally, to the extent possible, please share working drafts if documents have not been finalized and note them as such.

If Genera has any questions, LUMA would be happy to coordinate a meeting to discuss this request.

Related RFI(s) or Transmittal(s):

Required Response Date: April 18, 2023

RESPONSE:

Response by: \_\_\_\_\_

Response Date: \_\_\_\_\_