

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: Addressing Requests for Funding
Clarity and Adjusted Milestone Deadlines for
Emergency Demand Response Program

RESOLUTION AND ORDER

I. Introduction and Procedural Background

In this Resolution and Order, the Energy Bureau of the Public Service Regulatory Board of Puerto Rico ("Energy Bureau") responds to three motions related to the timing and funding for the emergency demand response ("Emergency DR") program.

On July 14, 2023, LUMA Energy, LLC and LUMA Energy ServCo, LLC (collectively, "LUMA") filed a motion titled *Response to Orders Staying Approval and Implementation of EE Rider and Requests for Suspension of Deadlines to Submit Proof of Customer Enrollment and Documentation on Capacity to Call Events Related to Emergency DR Program* ("July 14 LUMA Motion") which requests the Energy Bureau suspend the deadlines for submitting proof of enrollment in Emergency DR and establish new deadlines based on the date when the Energy Efficiency Rider ("EE Rider") is approved and implemented.

On July 20, 2023, the Solar and Energy Storage Association of Puerto Rico ("SESA") filed a motion regarding *SESA Reiterated Request for PREB Funding Authorization for LUMA to move forward with EE/DR programs and Further Requests for Clarity of Emergency DR Programs Details* ("July 20 SESA Motion") which supports launch of the Emergency DR program, supports the July 14 LUMA Motion on funding clarity, and requests further clarity and transparency on funding details and substantive and procedural specifics of the Emergency DR program.

On August 1, 2023, DR Third Party Aggregators ("DR Third Party") filed a motion titled *Comments Proposing Launch Milestones for the Battery Emergency DR Program Under LUMA EE/DR Transition Period Plan* ("August 1 DR Motion").

These three motions address related and overlapping issues, and this Resolution and Order address all at once to minimize confusion and expedite the launch of the Emergency DR program.

II. Summary of Motions

A. July 14 LUMA Motion

In the July 14 LUMA Motion, LUMA describes the process required to sign up customers to participate in the Emergency DR program, including the need for secured program funding to launch the program and enroll customers. LUMA argues that the Energy Bureau should suspend the deadlines for customer enrollment and proof of dispatch capability established in its June 15 Resolution and Order¹ and return to a deadline based on when funding is secured and can be implemented in LUMA's billing system.

¹Resolution and Order, In re: Energy Efficiency and Demand Response Transition Period Plan, Case No. NEPR-MI-2022-0001, June 15, 2023. ("June 15 Order")



B. July 20 SESA Motion

In the July 20 SESA Motion, SESA states it is urgent and critical to launch the Emergency DR program without delay, and that funding clarity from the Energy Bureau is a prerequisite for moving forward with the program. SESA requests information regarding potential external funding sources for EE and DR, when they might be secured, how the EE Rider would be described on customer bills, and what the amount of the EE Rider might be if external funding is secured. SESA further requests information regarding DR program design and methods to participate.

C. August 1 DR Motion

In the August 1 DR Motion, DR Third Party states that the Emergency DR program as envisioned by the Energy Bureau's orders is a relatively simple program to implement and does not require sophisticated information technology, present major integration challenges, or the need for physical upgrades to battery equipment. DR Third Party lays out a schedule of actions required to launch the Emergency DR program, including funding authorization, finalizing the process of data exchange between LUMA and aggregators, finalizing the process for calling Emergency DR events, publishing program terms, finalizing agreements between the DR aggregators and LUMA based on the program terms, and enrolling customers. DR Third Party also states that further funding, beyond that envisioned in the approved fiscal year 2024 DR program budget, would have to increase the scale of the Emergency DR program.

III. Discussion

These three (3) motions raise two interrelated issues: funding availability for the Emergency DR program and expected program schedule.

A. Funding availability

The Energy Bureau appreciates that the program cannot launch without funding, and that the launch of this program is important and urgent. The Energy Bureau's July 31, 2023 Resolution and Order ("July 31 Order")² separated funding for DR programs from EE programs.³ EE programs will be funded by the EE Rider and/or external funding, while DR program costs will be recovered through the purchase power cost adjustment ("PPCA") mechanism. This structure for DR program funding reflects the physical similarity between the Emergency DR program and the virtual power plant resources that PREPA is procuring through competitive solicitation and purchased power agreements. By allowing cost recovery of program costs incurred each quarter, this approach also addresses DR Third Party's concern that scalable funding must account for future DR program growth and participation.

B. Program schedule

The July 31 Order represents a key milestone by establishing secure funding for demand response programs. The DR program milestones the Energy Bureau ordered in its June 15 Order were based on the presumption that the EE Rider would go into effect on July 1, 2023,

² Resolution and Order, *In Re: Permanent Rate of the Puerto Rico Electric Power Authority*, Case No. NEPR-MI-2020-0001, July 31, 2023 ("July 31 Order").

³ *Id.*, Section VI. *Conclusion*, pp. 9-10.



so it is appropriate to update them to reflect secured DR program funding as of July 31, 2023. Informed by DR Third Party's filing regarding necessary steps for program launch, and that some concurrent program development actions have been possible before funding clarity was assured, the Energy Bureau establishes the following requirements for LUMA:

- The Energy Bureau **ORDERS** LUMA to file, for the Energy Bureau's approval, on or before **August 23, 2023**, the associated cost related to the compensation to be offered to the DR Aggregators and/or ratepayers that participate in the DR Program which shall be recovered through the PPCA (e.g., \$kW; \$kW/h, etc.).
- The Energy Bureau **ORDERS** LUMA to file, within **two** weeks of the Energy Bureau's approval of the compensation to the participants, proof it has published Emergency DR program terms, established agreements with DR aggregators, and enrolled customers in the program.
- The Energy Bureau **ORDERS** LUMA to file, within **two** weeks of its filing proof of customer enrollment, documentation showing that LUMA has the capability to call Emergency DR events. This documentation shall be a report on a successful test dispatch event, including the number of participants and the capacity dispatched.

To reflect ongoing uncertainty in funding for energy efficiency programs, the Energy Bureau establishes the following updated requirement for LUMA:⁴

- The Energy Bureau **ORDERS** LUMA to file documentation showing that LUMA is processing energy efficiency incentive/rebate applications on or before 60 days following the earlier of two dates: 1) the date on which the EE Rider is implemented with a value greater than zero, or 2) the date on which LUMA or the Energy Bureau secure a funding commitment from an external source (such as the government of Puerto Rico or Federal funds) sufficient to implement approved EE programs.


C. Other issues

The July 20 SESA Motion requests information from the Energy Bureau regarding external funding sources for the Emergency DR program. These questions are moot as a result of the DR funding approach the Energy Bureau has established. The July 20 SESA Motion also requests certain information regarding the design of the Emergency DR program (such as the contract to be provided to DR Aggregators, program guidelines, minimum and maximum limits on aggregation amounts, and application processes). These program design details are the responsibility of LUMA as the utility designing and running the program. While the Energy Bureau anticipates reviewing the design and performance of the Emergency DR program soon, under the structures established in the Regulation on Demand Response, it is unnecessary to review these features of program design or before LUMA launches the program.

Be notified and published.




⁴ This requirement supersedes the third requirement on page 6 of NEPR-MI-2022-0001, *Determination on LUMA's March 8, 2023 Motion for Reconsideration and Request to Vacate Deadlines*, April 3, 2023.



Edison Avilés Deliz
Chairman



Lillian Mateo Santos
Associate Commissioner



Ferdinand A. Ramos Soegaard
Associate Commissioner



Sylvia B. Ugarte Araujo
Associate Commissioner



Antonio Torres Miranda
Associate Commissioner

CERTIFICATION

I hereby certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on August 11, 2023. I also certify that on August 11, 2023 a copy of this Resolution and Order was notified by electronic mail to agraitfe@agraitlawpr.com, info@sesapr.org; bfrench@veic.org; shanson@veic.org; ana.rodriguezrivera@us.dlapiper.com, laura.rozas@us.dlapiper.com; jmarrero@diazvaz.law, hriviera@jrsp.pr.gov; evand@sunrun.com; javrua@sesapr.org; and 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 August 11, 2023.



Sonia Seda Gaztambide
Clerk

