

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

<b>NEPR</b>  <b>Received:</b>  <b>Sep 22, 2023</b>  <b>7:25 PM</b>
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**IN RE:**  
IN RE: PUERTO RICO ELECTRIC POWER  
AUTHORITY PERMANENT RATE

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

**SUBJECT: Forecast of Savings and Costs per  
kWh Savings Regarding Temporary  
Generation, in Compliance with September  
20<sup>th</sup> Order**

**MOTION SUBMITTING FORECAST OF SAVINGS AND COSTS PER KWH SAVINGS  
REGARDING TEMPORARY GENERATION, IN COMPLIANCE SEPTEMBER 20<sup>TH</sup>  
ORDER**

**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 July 31, 2023, this honorable Puerto Rico Energy Bureau (“Energy Bureau”) issued a Resolution and Order with the subject *Determinación sobre los factores de las Cláusulas de Ajuste Trimestral para el período de agosto a septiembre de 2023*, whereby, among others, it ordered LUMA to submit, on or before September 15, 2023, at noon, the proposed FCA, PPCA, and FOS Riders to be implemented from October 1, 2023 to December 31, 2023, including the proposed reconciliations for July and August 2023 (“July 31<sup>st</sup> Order”).

2. On September 12, 2023, LUMA filed an *Urgent Request for Extension of Time to Submit Quarterly Reconciliations and FCA, PPCA, and FOS Calculated Factors*, whereby it requested a brief extension of time, until September 18, 2023, to inform the Energy Bureau of the quarterly reconciliations and proposed FCA, PPCA and FOS calculated factors to be in effect from October 1, 2023, through December 31, 2023. This Energy Bureau granted LUMA’s Urgent Request through Resolution and Order issued on September 13, 2023.

3. On September 15, 2023, LUMA filed an *Urgent Request for Brief Additional Extension of Time to Submit Quarterly Reconciliations and FCA, PPCA, and FOS Calculated Factors*, whereby it requested until today, September 20, 2023, to submit the quarterly reconciliations and proposed FCA, PPCA and FOS calculated factors to be in effect from October 1, 2023, through December 31, 2023.

4. On September 18, 2023, the Energy Bureau issued a Resolution and Order whereby it granted LUMA until Wednesday, September 20, 2023, to submit the quarterly reconciliations and proposed factors for implementation on October 1, 2023 (“September 18<sup>th</sup> Order”).

5. On September 20, 2023, the Energy Bureau issued a Resolution and Order whereby it instructed LUMA to include in its proposed factors, the impact of the temporary generation at Palo Seco and San Juan, which fuel costs shall be paid with FEMA funds (“September 20<sup>th</sup> Order”). Additionally, the Energy Bureau ordered LUMA to include in its filing the calculations of the forecasted savings and cost per kWh savings that such temporary generation would represent to the people of Puerto Rico during the next trimester.

6. On September 20, 2023, LUMA filed a motion styled *Motion Submitting FCA and PPCA Reconciliations for July and August 2023, Submission of FCA, PPCA, FOS, and EE Calculated Factors, Request for Confidential Treatment and Request for Additional Time to Comply with Portion of September 20th Order* (“September 20<sup>th</sup> Submission”), which included:

- a. Quarterly reconciliations for the Fuel Charge Adjustment (FCA) and Purchased Power Charge Adjustment (PPCA) riders;
- b. FCA, PPCA, Fuel Oil Subsidy (FOS) and EE Rider calculated factors for the period of October 1, 2023 through December 31, 2023;
- c. A proposal on implementation of EE Rider factor in the Model Bill;

- d. A Request for Confidential Treatment of the spreadsheets in excel format and with formulae in the file entitled Confidential submitted with the September 20<sup>th</sup> Submission; and
- e. A request until Friday September 22, 2023 to comply with that portion of the September 20<sup>th</sup> Order that required a forecast of savings and costs per kWh regarding the temporary generators.

7. LUMA also noted in its September 20<sup>th</sup> Submission that it did not have sufficient information on the breakdown of costs for the temporary emergency generators and was not involved in the process to set or calculate those costs, nor in the decision-making process of the Government of Puerto Rico regarding the 10% cost-share match. Thus, LUMA informed it was not in a position to submit information in attention to that portion of the September 20<sup>th</sup> Order that required LUMA to state the impact of the temporary generation at Palo Seco and San Juan. LUMA further stated that additional information and guidance was needed from the Government of Puerto Rico to determine whether any portion of the 10% cost share would be recovered from customers through the FCA or another mechanism. *See* pages 7-8 of LUMA's September 20<sup>th</sup> Submission.

8. Regarding that portion of the September 20<sup>th</sup> Order that required forecasts of savings to be produced by the temporary generators, LUMA requested an extension until Friday September 22, 2023 to responsibly and professionally provide the requested projections of savings. In support of said request, LUMA informed that its response required additional analyses, execution of forecast models, and procedural write ups that could not be performed by September 20<sup>th</sup>. *See* page 8 of LUMA's September 20<sup>th</sup> Submission.

9. In compliance with that portion of the September 20<sup>th</sup> Order that required a forecast of savings and costs per kWh savings regarding the temporary generators, LUMA submits its response as *Exhibit 1* of this Motion.

**WHEREFORE**, LUMA respectfully requests that the Energy Bureau **take notice** of the aforementioned; **accept** *Exhibit 1* that addresses that portion of the September 20<sup>th</sup> Order requesting the forecast of savings and costs per kWh savings regarding the temporary generators; and **deem** LUMA in compliance with the September 20<sup>th</sup> Order.

**RESPECTFULLY SUBMITTED.**

In San Juan, Puerto Rico, this 22<sup>nd</sup> day of September 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), counsels for Genera, [alopez@sbgblaw.com](mailto:alopez@sbgblaw.com) and [jfr@sbgblaw.com](mailto:jfr@sbgblaw.com) 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*

# Exhibit 1 - Savings Impact - FEMA Generation

## FEMA Temporary Generation

In response to Hurricane Fiona, the Federal Emergency Management Agency (FEMA) formed the Puerto Rico Power System Stabilization Task Force. This task force mobilizes the United States Department of Energy (US DOE), the United States Army Corps of Engineers (USACE), and the Environmental Protection Agency (EPA) in a joint effort to revitalize Puerto Rico's energy grid. As an initial measure to stabilize Puerto Rico's energy grid, FEMA deployed 350 MW of temporary power generation to support performance of required generation maintenance and meet customer demand. 150 MW are located at the existing Palo Seco generation facility and 200 MW at the existing San Juan generation facility. The emergency generation supplied by FEMA contributes to increased energy production to meet system demand and reduce the generation shortfalls that occur in Puerto Rico because of insufficient generation.

## Estimated Savings

Since starting operations in June 2021, LUMA carries out the role of System Operator<sup>1</sup> providing centralized dispatch of generation and other resources to meet customer demand. LUMA also carries out short- and long-term resource planning. Currently, all available baseload units are needed to be committed for most hours of the typical day to meet total customer demand. Meeting customer demand is a primary objective of bulk power system operations. Due to low effective availability of generation resources, over the past two (2) years, there has rarely been any flexibility regarding which plants are available to dispatch. This dependency means that the more expensive, and less efficient peaker units are often relied on to meet consumer demand (or reduce any generation deficit relative to demand).

A reasonable estimate of savings associated with FEMA's temporary generation can be calculated by comparing the differential cost between the existing peaker units and the FEMA generation. Peak demand in the afternoon and evening hours is primarily met by dispatching peaker plants in addition to any base load plants that are operating in the morning and mid-day. The FEMA generation, which uses high efficiency, simple cycle, gas turbines, allows the bulk power system to rely less on higher cost generation which, typically is represented by the existing peaking facilities. These existing peaking facilities are simple cycle gas turbines that are older and less efficient than the FEMA generation units. The existing peaking units typically are fueled by diesel, the most expensive fuel used for power generation. The FEMA generation units are fueled by natural gas, which is less expensive than diesel.

**Column A** shows the Actual and Forecasted Energy Generation values (MWh) for the FEMA Generators. The actual values were sourced from PREPA/Genera PR's monthly Production Reports, and the forecasted values were sourced from LUMA's PROMOD simulations (data shown in Attachment 3 of Excel workbooks filed by LUMA).

**Column B** shows the monthly average fuel price that is paid for every megawatt hour of energy that is produced from diesel-fueled peaking units (\$/MWh). The actual values were calculated by dividing the total amount of dollars spent on peakers by the total amount of MWh produced by peakers, as reported by LUMA's Fuel Report (\$) and GENERA's Production Report (MWh).

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<sup>1</sup> Pursuant to the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement ("T&D OMA") executed on June 22, 2020, among the Puerto Rico Electric Power Authority ("PREPA"), the Puerto Rico Public-Private Partnerships Authority ("P3A") and LUMA Energy, LLC and LUMA Energy ServCo, LLC (collectively, "LUMA").

## Exhibit 1 - Savings Impact - FEMA Generation

**Column C** shows the System Retail kWh sales, which is the amount of kWh that LUMA bills to customers each month. Actual values were sourced from LUMA's Billing reports, and the forecasted values were sourced from LUMA's sales forecast.

**Column D** shows the estimated monthly fuel cost savings to customers (\$). This is estimated by multiplying the MWh from the FEMA Generators (Column A) with \$/MWh from the Peakers [MWh \* \$/MWh = \$]. This gives LUMA's estimate of how many fuel dollars would have been spent in the absence of the FEMA Generators.

**Column E** shows the Estimated Fuel Cost Savings in terms of cents per kilowatt hour and is calculated by dividing the Estimated Fuel Cost Savings (Column A) by the Retail kWh Sales (Column C). This value helps capture how much these savings would mean to the customer.

Table 1-1 below describes the projected savings that can be attributed to the FEMA temporary generation.

**Table 1-1. Estimated Savings Attributable to FEMA Temporary Generation**

Month	Actual or Forecast	A	B	C	D = A * B	E = D / C
		Generation – San Juan + Palo Seco (MWh)	Average Peaker Fuel Cost (\$/MWh)	Retail Sales (kWh)	Estimated Fuel Cost Savings (\$)	Estimated Fuel Cost Savings (\$/kWh)
Jun-23	ACTUAL	67,866	\$ 279.33	1,466,049,981	\$ 18,957,129	\$ 0.013
Jul-23	ACTUAL	111,471	\$ 277.17	1,488,735,451	\$ 30,896,468	\$ 0.021
Aug-23	ACTUAL	114,799	\$ 295.34	1,551,116,537	\$ 3,904,653	\$ 0.022
Sep-23	FORECAST	250,458	\$ 225.75	1,369,812,443	\$ 56,542,062	\$ 0.041
Oct-23	FORECAST	239,170	\$ 278.86	1,397,579,760	\$ 66,694,930	\$ 0.048
Nov-23	FORECAST	198,087	\$ 263.10	1,277,343,999	\$ 52,115,832	\$ 0.041
Dec-23	FORECAST	211,753	\$ 267.57	1,246,495,356	\$ 56,659,683	\$ 0.045
<b>Total</b>		<b>1,193,603</b>		<b>9,797,133,527</b>	<b>\$ 315,770,758</b>	
<b>Average</b>			<b>\$ 278.52</b>			<b>\$ 0.032</b>