

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

NEPR

Received:

Sep 27, 2023

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IN RE:

IN RE: PUERTO RICO ELECTRIC POWER
AUTHORITY PERMANENT RATE

CASE NO. NEPR-MI-2020-0001

**SUBJECT: Submission in Compliance with
September 25th Order**

**MOTION SUBMITTING RESPONSES TO REQUESTS FOR INFORMATION IN
COMPLIANCE WITH SEPTEMBER 25TH 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 31st 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 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 18th Order”).

5. On September 20, 2023, the Energy Bureau issued a Resolution and Order instructing 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 20th 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 20th 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 20th Submission; and
- e. A request until Friday, September 22, 2023, to comply with that portion of the September 20th Order that required a forecast of savings and costs per kWh regarding the temporary generators.

7. Regarding that portion of the September 20th Order that required forecasts of savings to be produced by the temporary generators, LUMA requested an extension until Friday, September 22, 2023, to provide the requested projections of savings.

8. On September 22, 2023, LUMA submitted its response in compliance with that portion of the September 20th Order that required a forecast of savings and costs per kWh savings regarding the temporary generators. *See Motion Submitting Forecast of Savings and Costs per kWh Savings Regarding Temporary Generation, in Compliance with September 20th Order* and Exhibit 1 to same.

9. On September 25, 2023, this Energy Bureau issued a Resolution and Order with requirements of information to LUMA and Genera PR, LLC, and scheduled a Technical Conference for September 28, 2023, at 1:00 p.m. (“September 25th Order”). The September 25th Order includes nineteen requests for information addressed to LUMA.

10. In compliance with the September 25th Order, LUMA hereby submits as *Exhibits 1 through 3* of this Motion, its responses to the requirements of information.

WHEREFORE, LUMA respectfully requests that the Energy Bureau **take notice** of the aforementioned; **accept** LUMA’s responses to the requirements of information issued in the September 25th Order; and **deem** LUMA in compliance with the September 25th Order.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 27th 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, counsels for Genera, alopez@sbgblaw.com and jfr@sbgblaw.com and to the Independent Consumer Protection Office, through Director Hannia Rivera, hrivera@jrsp.pr.gov.



DLA Piper (Puerto Rico) LLC

500 Calle de la Tanca, Suite 401

San Juan, PR 00901-1969

Tel. 787-945-9107

Fax 939-697-6147

/s/ Margarita Mercado Echegaray

Margarita Mercado Echegaray

RUA NÚM. 16,266

margarita.mercado@us.dlapiper.com

/s/ Yahaira De la Rosa Algarín

Yahaira De la Rosa Algarín

RUA NÚM. 18,061

yahaira.delarosa@us.dlapiper.com

Exhibit 1

Permanent Rate

Responses in Compliance with September 25, 2023, Resolution and Order

NEPR-MI-2020-0001

Response: RFI-LUMA-MI-2020-0001-20230925-PREB-#001

SUBJECT

Palo Seco Temporary Generation

REQUEST

Refer to [October-December 2023 Proposed Factors_Values.xlsx] tab "Palo Seco Temp Gen".

- a) Why is six months being used in cell B12?
- b) Show in detail how the Total Funding amount in cell B9 was derived.
- c) Is there an actual amount for August 2023? If so, please provide it. If not, when is the actual August 2023 amount expected to be available?
- d) Have any invoices been received for the Palo Seco Temp Gen? If so, please identify and provide them.

RESPONSE

- a) It is LUMA's understanding that the temporary generation provided by the Federal Emergency Management Agency (FEMA) is for a six-month period¹ and thus the forecasted project costs were spread out over six months. LUMA is not a party to any of the agreements related to the Palo Seco generation and does not have any visibility into the details of these agreements. LUMA understands that this is a FEMA-led project with project oversight and execution by the United States Army Corps of Engineers (USACE) and its contractor, Weston Solutions. The Weston Solutions website indicates that the \$470 Million task order relates to a six month period.²
- b) Neither LUMA nor Genera administers the generation units provided by FEMA in the San Juan and Palo Seco terminals. The operation and maintenance for these units is managed by the USACE without any consultation from LUMA or Genera. LUMA relied on communication from

¹ See Article [Weston Solutions, In. Temporary Power Generation at Palo Seco Power Plant](#) (last seen September 26, 2023).

² *Id.*

Permanent Rate

Puerto Rico's Central Recovery and Reconstruction Resilience Office (COR3) and the Government of Puerto Rico on cost.

On July 20, 2023, LUMA and the Puerto Rico Electric Power Authority (PREPA) received communication from COR3 (See Annex A of this filing) in which it was notified that the 10% non-federal cost share of FEMA's temporary generation would be covered by PREPA along with a breakdown of the forecasted costs associated with the temporary generation at Palo Seco. Accordingly, LUMA included an amount equivalent to the portion of the 10% match that corresponded to July and August 2023 (\$15,680,948.10 total) in the FCA factor calculation.

- c) LUMA does not have visibility of nor insight into the actual fuel costs for these units, nor does it have actual cost information for August 2023 from the FEMA emergency units at Palo Seco. As stated in response 1(b), neither LUMA nor Genera administers the temporary generation units provided by FEMA in the San Juan and Palo Seco generation facilities. The operation and maintenance for these units is managed by the USACE. It is LUMA's understanding that actual cost information is provided by FEMA to the Government of Puerto Rico. How the non-federal cost share portion will be funded is a Government of Puerto Rico policy matter.
- d) As stated in response to 1(c), LUMA does not manage or have oversight of the fuel for these units or of the fuel supply arrangements for the units. LUMA does not have any actual cost information beyond what we have been provided by COR3. On September 21, 2023, PREPA, LUMA, and Genera received a letter from COR3 (See Annex B of this filing) in which it was informed that the 10% cost share associated with FEMA's temporary generation **will not** be funded by PREPA's budget or the customer rate. COR3 states that the Government of Puerto Rico will identify alternate sources of funds to cover any outstanding non-federal cost-share associated with FEMA's temporary generation.

Permanent Rate

Responses in Compliance with September 25, 2023, Resolution and Order

NEPR-MI-2020-0001

Response: RFI-LUMA-MI-2020-0001-20230925-PREB-#002

SUBJECT

Palo Seco Temporary Generation

REQUEST

How much fuel cost has LUMA included for the Palo Seco Temp Gen in developing the factors for October 1, 2023? Where are those amounts shown?

RESPONSE

Fuel costs associated with the temporary generation at Palo Seco were not included in the proposed factors for October 1st, 2023.³ As informed in response 1(d), LUMA received communication from COR3 stating that the 10% cost share associated with FEMA's temporary generation will not be covered by PREPA's budget nor the customer rate.

³ See October–December 2023 Proposed Factors.xlsx of LUMA's Quarterly Factors Motion of September 21, 2023, Docket No. NEPR-MI-2020-0001.

Permanent Rate

Responses in Compliance with September 25, 2023, Resolution and Order

NEPR-MI-2020-0001

Response: RFI-LUMA-MI-2020-0001-20230925-PREB-#003

SUBJECT

Attachment 3 (FEMA Generators)

REQUEST

Refer to Attachment 3. Refer to the section showing FEMA GENERATORS, Natural Gas. Show in detail how the figures on each these lines were derived:

- a) MCF
- b) MBTUX1000
- c) BBLX1000Equivalent
- d) GWHR

RESPONSE

These figures are all outputs of LUMA's electric production modeling simulation. To derive these for the FEMA Generators:

- I. Unit-specific technical characteristics of all the 17 FEMA Generating Units (10 in San Juan, 7 in Palo Seco) were input into the PROMOD modeling tool. These characteristics were sourced from Weston Solutions Project Plan. Weston Solutions is the prime contractor that was hired by the United States Corp of Engineers (USACE) to oversee the San Juan & Palo Seco site projects. These were the unit-specific technical characteristics input in the PROMOD modeling tool:
 - a. Maximum capacity (MW)
 - b. Capacity segments (MW)
 - c. Heat rate (MMBtu/MWh)
 - d. Forced outage rate (%)
 - e. Minimum downtime (Hrs)
 - f. Minimum runtime (Hrs)
 - g. Startup fuel (type)
 - h. Startup fuel required (MMBtu)
 - i. Ramp up rate (MW/Min)
 - j. Ramp down rate (MW/Min)
 - k. Regulation minimum range (MW)

Permanent Rate

- I. Regulation Maximum range (MW)
- II. Similar operating characteristics for the entire portfolio of generators were also input into PROMOD. In addition, several other factors that change on a month-to-month basis, such as Unit Maintenance Plans (Unit Availability), Fuel Price Forecasts, and Load Forecasts are also loaded into PROMOD for the optimization process.
- III. The PROMOD model then simulates on an hourly basis a security constrained unit commitment and economic dispatch plan for the entire generation portfolio that is co-optimized with operating reserve requirements to provide the output values for the “FEMA GENERATORS, Natural Gas” that are shown in attachment 3 for the months of October to December 2023.⁴ Due to the fact that Federal Funds are paying for the FEMA generators, they have no cost to consumers, so PROMOD will maximize their use in the simulation. This is consistent with FEMA’s stated intent that the units be run as base load units.

⁴ See Attachment 3 of October–December 2023 Proposed Factors.xlsx of LUMA’s Quarterly Factors Motion of September 21, 2023, Docket No. NEPR-MI-2020-0001.

Permanent Rate

Responses in Compliance with September 25, 2023, Resolution and Order

NEPR-MI-2020-0001

Response: RFI-LUMA-MI-2020-0001-20230925-PREB-#004

SUBJECT

Attachment 3 (FEMA Generators)

REQUEST

Refer to Attachment 3. Refer to the section showing FEMA GENERATORS, Natural Gas. Why are no costs shown on any of these lines:

- a) \$000 TOTAL
- b) \$/BBL
- c) \$/MBTU

RESPONSE

Given the damage caused by the passing of Hurricane Fiona and Puerto Rico's current Resource Adequacy challenges, the Federal Management Emergency Agency (FEMA) is assisting Puerto Rico in stabilizing the power system through the deployment of temporary power generators. This mission falls under Direct Federal Assistance (DFA), represents over \$1.5 Billion USD obligated to the project, and requires costs to be shared by FEMA and the Government of Puerto Rico. FEMA initially provided a cost estimate to the Central Recovery Reconstruction and Resiliency Office (COR3) regarding the DFA mission assignment for the temporary power mission, stating that 90% of the mission's cost corresponds to the federal cost share (FEMA pays), and 10% of cost corresponds to the non-federal cost share (Government of Puerto Rico pays).

COR3 has informed LUMA, Genera, and PREPA that the Government of Puerto Rico intends to identify alternate sources of funds to cover any outstanding non-federal cost share that must be paid upon completion of the DFA period of performance, and that this cost share will not be recovered with PREPA's budget or the customer rate.⁵ The FEMA Generators are considered to incur zero fuel costs for ratepayers, hence \$0 costs shown in the lines.

⁵ See Annex B of this Exhibit 1.

Permanent Rate

Responses in Compliance with September 25, 2023, Resolution and Order

NEPR-MI-2020-0001

Response: RFI-LUMA-MI-2020-0001-20230925-PREB-#005

SUBJECT

Attachment 3

REQUEST

Refer to Attachment 3.

- a) Why are the costs for the AES Purchased Energy so high?
- b) What information is provided by AES for support for the projected AES Purchased Energy Costs?

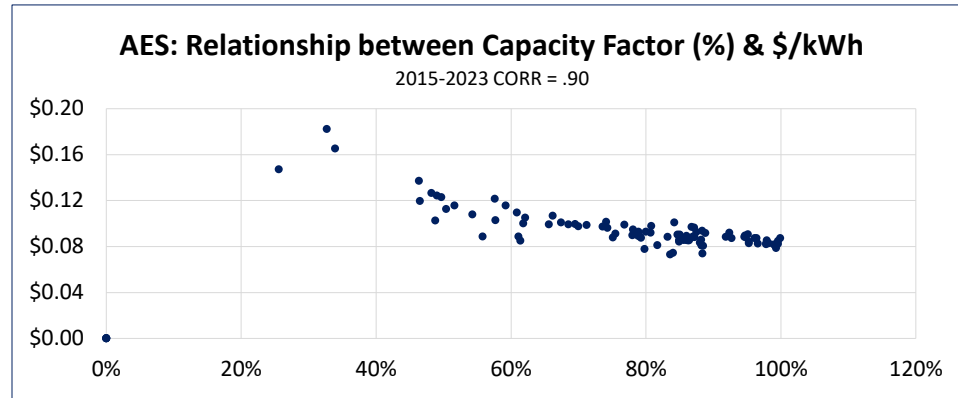
RESPONSE

- a) The generation cost (\$/MWh) for AES varies from month to month primarily due to the relationship of their fixed and variable cost components. Several variables such as fuel costs, unit availability, planned and forced outages, and unit limitations will affect the production output during a given period which in turn affects total costs. For example, AES unit 2 is expected to undergo a 6-week annual scheduled maintenance starting the first week of October 2023. This, plus some unit limitations, will reduce the plants' capacity factor (%), which will in turn, allocate the fixed components of the cost over fewer kWhs of output, thus increasing the total production cost for the period on a per kWh basis. Attachment 3 also projects that generation unit costs for AES will be lower in December compared to the two previous months, as a result of the AES unit 2 coming back online in November and operating at much higher capacity factor.⁶

To illustrate this relationship between capacity factor and production costs in \$/kWh, the table below shows the monthly production costs and capacity factor since 2015.

⁶ See Attachment 3 of October–December 2023 Proposed Factors.xlsx of LUMA's Quarterly Factors Motion of September 21, 2023, Docket No. NEPR-MI-2020-0001.

Permanent Rate



- b) AES itself does not project the purchased energy cost, that is an output of the PROMOD optimized dispatch simulation. AES provides updates on other relevant input variables that could affect AES generation, such as unit availability and projected outages. Because AES is a low-cost unit, the PROMOD simulation will maximize the production from AES limited only by their availability and planned outages for the forecasted period.

Permanent Rate

Responses in Compliance with September 25, 2023, Resolution and Order

NEPR-MI-2020-0001

Response: RFI-LUMA-MI-2020-0001-20230925-PREB-#006

SUBJECT

Attachment 4

REQUEST

Refer to Attachment 4, Excel line 16. Identify and provide the support for the amounts listed for the Fuel Transferred to Ecoelectrica – net credit.

RESPONSE

Line 16 of tab “Attachment 4” in file “*October-December 2023 Proposed Factors.xlsx*”,⁷ reflects the total cost of natural gas purchased by Genera (acting as agent for PREPA, for use by Ecoeléctrica, and any additional credits provided to the terminal after the transfer was completed.

Each month Genera provides a Fuel Purchases Report in which fuel costs are provided, and as depicted below, Genera specifically labels the cost of natural gas purchases on behalf of Ecoeléctrica as Ecoeléctrica Natural Gas, and any additional credits as Ecoeléctrica Terminal Credit.

The costs provided by Genera pertaining to July and August 2023 were as follows:⁸

Line Item	July-2023	August-2023	Total
Ecoeléctrica Natural Gas	\$21,221,850.61	\$19,937,382.93	\$41,159,233.54
Ecoeléctrica Terminal Credit	\$(193,583.85)	\$(198,612.46)	\$(392,196.31)
Total	\$21,028,266.76	\$19,738,770.47	\$40,767,037.23

For more detail, please refer to tab “RECONCILIATION GRAN SUMMARY” of the excel file “*FAC-PPAC Reconciliation July-August 2023.xlsx*” provided in LUMA’s September 20, 2023, Quarterly Factors Filing.⁹

⁷ See LUMA’s Quarterly Factors Motion of September 21, 2023, Docket No. NEPR-MI-2020-0001.

⁸ July 2023 and August 2023 Fuel Purchase Report from Genera, PR.

⁹ See LUMA’s Quarterly Factors Motion of September 21, 2023, Docket No. NEPR-MI-2020-0001.

Permanent Rate

Responses in Compliance with September 25, 2023, Resolution and Order

NEPR-MI-2020-0001

Response: RFI-LUMA-MI-2020-0001-20230925-PREB-#007

SUBJECT

Attachment 4

REQUEST

Refer to Attachment 4, Excel line 21. Identify and provide support for the amounts listed for the Other Adjustments.

RESPONSE

The “Other Adjustments” line reported on Attachment 4 of file “*October-December 2023 Proposed Factors.xlsx*” was provided by Genera in their August Fuel Purchases Report¹⁰ and pertain to a seller credit of \$60,675.02 from Naturgy due to shortfalls associated with natural gas deliveries. In addition to Genera’s August Fuel Purchases Report, supporting data can be found on tab “RECONCILIATION GRAND SUMMARY” and on cells D21 and E27 of tab “FUELREP-AUG23 Busqueda” of the excel file “*FAC-PPAC Reconciliation July-August 2023.xlsx*”.¹¹

¹⁰ See cell B21 October-December 2023 Proposed Factors.xlsx of LUMA’s Quarterly Factor Motion of September 21, 2023, Docket No. NEPR-MI-2020-0001. From August 2023 Fuel Purchase Report from Genera, PR.

¹¹ See FAC-PPAC Reconciliation July-August 2023 Values.xlsx of LUMA’s Quarterly Factor Motion of September 21, 2023, Docket No. NEPR-MI-2020-0001.

Permanent Rate

Responses in Compliance with September 25, 2023, Resolution and Order

NEPR-MI-2020-0001

Response: RFI-LUMA-MI-2020-0001-20230925-PREB-#008

SUBJECT

Battery Energy Demand Response

REQUEST

Refer to the file, [October-December 2023 Proposed Factors_Values.xlsx], tab “BEDRP Cost Estimates.”

- a) How many customers are currently enrolled?
- b) Provide the definition of “event.”
- c) Explain the basis for the number of events listed for each month October – December 2023.

RESPONSE

- a) Eligible customers can participate in the Battery Emergency Demand Response Program (BEDRP) by enrolling, through a Demand Response (DR) Aggregator, and entering into a customer service agreement with said DR Aggregator. DR Aggregators will begin to enroll customers once the Aggregation Agreements are executed. As informed in the September 20, 2023, Informative Motion and Request for Extension of the deadline to File Proof of Execution of Aggregation Agreements and Approval of Revised Emergency DR Program Budget¹², LUMA is currently in the process of executing the Aggregation Agreement with DR Aggregators
- b) A BEDRP Event is a period when all available generation resources are in use and the Transmission and Distribution (T&D) System is not expected to be able to meet forecast energy requirements as determined by LUMA as System Operator in its sole discretion and during which LUMA may seek capacity from DR Aggregators.
- c) LUMA projects that it may call up to 81 Events in Fiscal Year (FY) 2024, which is the maximum number within the current budget. To develop the quarterly estimated number of events, LUMA divided 81 by three (3) quarters, which are the remaining quarters in FY 2024, for a total of 27 Events per quarter. However, since the system experiences higher peak demand during the second quarter (October-December) and the fourth quarter (April-June), LUMA believes that more Events are likely in those quarters. For this reason, LUMA allocated 30 Events to the second quarter, 20 Events to the third quarter, and 31 Events in the fourth quarter. The number of events

¹² See LUMA's Motion of September 20, 2023, Docket No. NEPR-MI-2022-0001.

Permanent Rate

per month represents the Quarterly Events divided by three (3). The number of events is determined by allocating the available budget across the remaining months in FY 2024. Based on system conditions, LUMA may elect to call more events in any given month than forecasted, however, this would need to be offset by calling fewer events in other months to keep program spending within budget, or by requesting and receiving additional funds.

Permanent Rate

Responses in Compliance with September 25, 2023, Resolution and Order

NEPR-MI-2020-0001

Response: RFI-LUMA-MI-2020-0001-20230925-PREB-#009

SUBJECT

Battery Energy Demand Response

REQUEST

Refer to the file, [October-December 2023 Proposed Factors_Values.xlsx], tab “BEDRP Cost Estimates.” Show in detail how each quantify for the following items was derived and provide the supporting calculations:

- a) Estimated Capacity per Event (kW)
- b) Estimated Energy per Event (kW)
- c) Estimated Total Energy Delivered (kWh)
- d) Estimated Incentive Payment (\$/yr)
- e) Estimated Administrative Costs (\$/yr)
- f) Which entity is administering the program?

RESPONSE

Table 9-1 below provides a detailed breakdown of calculations used to develop the BEDRP Cost Estimates, using the month of October as an example (the same calculations apply to the other months in the second quarter). The total cost for the BEDRP in October 2023 is estimated to be \$613,125.00 (as shown in row L). This total cost includes approximately \$528,125.00 for payments to DR Aggregators (row J) and approximately \$85,000.00 for Program Administration (row K). An additional supporting narrative explaining the basis for this cost estimate is provided below.

Permanent Rate

Table 9-1. BEDRP Cost Estimates, October 2023

	Inputs and Calculations	Value	Notes
A	Enrolled Customers (#)	6,500	Maximum number within available budget
B	Average Battery Capacity (kWh/battery)	13	
C	Average Battery Reserve (%)	50%	Working estimate, subject to change
D	Estimated Energy per Event (kWh)	42,250	$A \times B \times C$
E	Estimated Capacity per Event (kW)	21,125	D / F
F	Estimated Average Event Duration (hrs)	2	
G	Estimated Events (#)	10	
H	Aggregator Energy Payment (\$/kWh)	\$1.25	
	October Program Totals		Notes
I	Estimated Total Energy Delivered (kWh/month _{October})	422,500	$D \times G$
J	Estimated Aggregator Payments (\$/month _{October})	\$528,125	$H \times I$
K	Estimated LUMA Administrative Costs (\$/month _{October})	\$85,000	
L	Total Program Cost (October)	\$613,125	$J + K$

a) Estimated Capacity per Event (kW)

The Estimated Capacity Per Event is calculated by dividing Estimated Energy per Event (row D) by the Average Event Duration (row F).

b) Estimated Energy per Event (kWh)

The Estimated Energy per Event (row D) is calculated by multiplying the number of Enrolled Customers (row A) by the Average Battery Capacity per customer (row B) and the Average Battery Reserve (row C). The Battery Reserve assumes that 50% of each customer's battery energy will be held in reserve for customer backup use and 50% will be used during the Event.

c) Estimated Total Energy Delivered (kWh)

The Estimated Total Energy Delivered (row I) is calculated by multiplying the Estimated Energy per Event (row D) by the Estimated Events (row G).

d) Estimated Incentive Payments (\$/month_{October})

The Estimated Aggregator Payments (row J) is calculated by multiplying the Aggregator Energy Payment (row H) by the Estimated Total Energy Delivered (row I). Note, this was relabeled as "Estimated Aggregator Payments" to clarify that these are the payments made to Aggregators.

e) Estimated LUMA Administrative Costs (\$/month_{October})

The Estimated LUMA Administrative Cost (row K) is calculated by dividing the total Administrative Cost for FY24 (\$755,000) by 9 months, to represent the estimated cost for LUMA to administer the program for one month. Note, this was relabeled from the September 20, 2023, filing in the NEPR-MI-2022-0001 Proceeding as "Estimated LUMA Administrative Costs" to clarify that these are LUMA's costs to administer the program.

Permanent Rate

f) Which entity is administering the program?

LUMA is administering the program, with support from a program implementation contractor. Implementation Contractors are experts in the delivery of Energy Efficiency and Demand Response Programs and mutually leverage existing processes, systems, and program materials. DR Aggregators deliver the program to customers and all costs associated with program delivery are included in row J.

Permanent Rate

Responses in Compliance with September 25, 2023, Resolution and Order

NEPR-MI-2020-0001

Response: RFI-LUMA-MI-2020-0001-20230925-PREB-#010

SUBJECT

Palo Seco Temporary Generation

REQUEST

Refer to pages 3 and 8 of LUMA's September 21, 2023, Motion.

- a) At page 8, LUMA states that it received Genera's Fuel Optimization Plan on September 18, 2023, and states that: "the calculated factors do not consider Genera's Fuel Optimization Plan."
- b) Has LUMA reflected any impacts from Genera's Fuel Optimization Plan in LUMA's projections for October through December 2023?
 - I. If not, explain fully why not.
 - II. If so, identify, quantify, and explain specifically and in detail where those impacts from Genera's Fuel Savings Plan have been reflected.
- c) What is LUMA's current understanding of fuel savings that have been identified in Genera's Fuel Optimization Plan?
- d) How much time after September 18 does LUMA need in order to reflect impacts from Genera's Fuel Optimization Plan in LUMA's projections for October through December 2023?

RESPONSE

- a) Correct. LUMA received Genera's Fuel Optimization Plan on September 18, 2023, and it is LUMA's understanding that the plan has not yet been approved by either the Puerto Rico Public-Private Partnership Authority (P3A) nor the Puerto Rico Energy Bureau (PREB). The FCA mechanism includes forecasted fuel costs based on unit efficiencies, projected fuel prices and dispatch. It also includes reconciliation amounts that account for differences between forecasted and actual fuel costs. This mechanism assures that all actual costs for fuel are recovered through the FCA rider. Consequently, any fuel savings realized under Genera's Fuel Optimization Plan will be reflected in the FCA rider. Due to the volatility of fuel prices and variability of multiple factors that result in fuel costs, LUMA does not consider it prudent to include planned savings in forecasted fuel costs. The FCA mechanism will include any realized fuel savings in the *Prior Period Reconciliation* portion of the FCA calculation.

Permanent Rate

- b) No. LUMA has not included impacts from Genera's Fuel Optimization Plan in the projections for October through December 2023. As stated above, the FCA reconciliation methodology will account for any realized fuel savings (or expenditures above forecast).
- c) LUMA's current understanding is that the fuel savings depicted in Genera's Fuel Optimization Plan are preliminary until the plan is approved by P3A and PREB.

LUMA was not involved in the development of Genera's Fuel Optimization Plan and has no insight or visibility into how the savings projections were developed. Given the volatile nature of fuel prices, LUMA suggests that savings are most appropriately reflected in rates once realized rather than at the time they are forecast.

LUMA also understands that Genera's fuel savings incentive will be recovered from customers through the FCA mechanism. Similar to fuel savings, LUMA suggests that this incentive amount is most prudently reflected in rates based on the savings realized, rather than a forecast.

- d) LUMA requires very little time (less than one hour) to reflect impacts of the Fuel Optimization Plan in the FCA calculation. The impacts were not included in LUMA's submittal as LUMA understands that the savings are projections at this time and have not yet been realized.

Permanent Rate

Responses in Compliance with September 25, 2023, Resolution and Order

NEPR-MI-2020-0001

Response: RFI-LUMA-MI-2020-0001-20230925-PREB-#011

SUBJECT

Palo Seco Temporary Generation

REQUEST

Refer to page 7 of LUMA's September 21, 2023, Motion. It states that: "The projections used for the calculated factors consider all generation that is currently projected to be available for the period from October 1st through December 31, 2023, including temporary emergency generation at the Palo Seco and San Juan power plants."

- a) Show in detail how LUMA included in its development of the factors for October through December 2023 the temporary emergency generation at the Palo Seco power plant.
- b) Show in detail how LUMA included in its development of the factors for October through December 2023 the temporary emergency generation at the San Juan power plant.

RESPONSE

- a) The expected generation for the temporary units at Palo Seco was determined in accordance with FEMA's Stabilization Plan¹³, which established the deployment of a total of 350 MW (150 MW for Palo Seco and 200 MW for San Juan) in temporary generation for Puerto Rico. Per the Stabilization Plan, the Palo Seco FEMA units (150 MW) are expected to be fully available and dispatched as base load during October 2023 through December 2023.¹⁴
- b) The expected generation for the temporary units at San Juan was determined in accordance with FEMA's Stabilization Plan, which established the deployment of a total of 350 MW (150 MW for Palo Seco and 200 MW for San Juan) in temporary generation for Puerto Rico. Per the Stabilization Plan, the San Juan FEMA units (200 MW) are expected to be fully available and dispatched as base load during October 2023 through December 2023.¹⁵

¹³ See Exhibit 1 of LUMA's Motion Submitting Sixteenth Update on Stabilization Plan of July 3, 2023, Docket No. NEPR-MI-2022-0003.

¹⁴ See Exhibit 1 of LUMA's Motion Submitting Twenty-First Update on Stabilization Plan for Temporary Emergency Generation Capacity, Docket No. NEPR-MI-2022-0003.

¹⁵ *Id.*

Permanent Rate

Attachment 3 of LUMA's proposed factors for October 2023 to December 2023¹⁶ depicts the expected generation for the Palo Seco and San Juan sites during October 2023 to December 2023 which were utilized to calculate the proposed factors for October 2023 to December 2023.

¹⁶ See Attachment 3, October-December 2023 Proposed Factors.xlsx of LUMA's Quarterly Factor Motion of September 21, 2023, Docket No. NEPR-MI-2020-0001.

Permanent Rate

Responses in Compliance with September 25, 2023, Resolution and Order

NEPR-MI-2020-0001

Response: RFI-LUMA-MI-2020-0001-20230925-PREB-#012

SUBJECT

Palo Seco Temporary Generation

REQUEST

Refer to Exhibit 1 to LUMA's September 22, 2023, Motion. Have the fuel cost savings identified for the month of June 2023 been reflected in the actual or reconciled costs that LUMA has submitted? If not, explain fully why not. If so, where have those June 2023 savings been reflected?

RESPONSE

As stated in Exhibit 1 to LUMA's September 22, 2023, Motion¹⁷, the savings generated by the FEMA generators are *avoided costs*. For clarity, avoided costs mean costs that are not incurred. This means that the cost of fuel for June 2023¹⁸ would have been \$18,957,129 higher if the FEMA generation had not been provided.¹⁹ By using the FEMA generation, LUMA is able to displace some of its reliance on the most expensive units in its dispatch stack, and customers did not have to incur these costs.

The costs of the June 2023 savings are reflected in cell F-28 of the Attachment 4 tab of August-September 2023 Proposed Factors 23.07.20.xlsx²⁰. This cell would have read \$67,373,960 if the FEMA generation had not been provided.

As stated in Exhibit 1 to LUMA's September 22, 2023, Motion²¹, the impact of these savings is \$0.032/kWh. Since the savings are an *avoided cost*, this means that customers avoided paying this amount.

¹⁷ See Exhibit 1 of LUMA's Motion of September 22, 2023, Docket No. NEPR-MI-2020-0001.

¹⁸ See FAC-PPAC Reconciliation May-June 2023 23.07.20.xlsx of LUMA's Updated Quarterly Factors Motion of July 20, 2023, Docket No. NEPR-MI-2020-0001.

¹⁹ See page 2 of Exhibit 1 of LUMA's Motion of September 22, 2023, Docket No. NEPR-MI-2020-0001.

²⁰ See Attachment 4 of August-September 2023 Proposed Factors 23.07.20.xlsx of LUMA's Motion of July 20, 2023, Docket No. NEPR-MI-2020-0001.

²¹ See Exhibit 1 of LUMA's Motion of September 22, 2023, Docket No. NEPR-MI-2020-0001.

Permanent Rate

Responses in Compliance with September 25, 2023, Resolution and Order

NEPR-MI-2020-0001

Response: RFI-LUMA-MI-2020-0001-20230925-PREB-#013

SUBJECT

Palo Seco Temporary Generation

REQUEST

Refer to Attachment 4 of LUMA's September 21, 2023, Motion and to Exhibit 1 to LUMA's September 22, 2023, Motion.

- a) Have the fuel cost savings identified for the month of July and August 2023 been reflected in the actual or reconciled costs that LUMA has submitted? If not, explain fully why not. If so, where have those July and August 2023 savings been reflected?
- b) Are any of the savings for July and August 2023 that are identified on Exhibit 1 to LUMA's September 22, 2023, Motion reflected on Attachment 4 of LUMA's September 21, 2023, Motion? If not, explain fully why not.
- c) Should the savings for July and August 2023 that are identified on Exhibit 1 to LUMA's September 22, 2023, Motion be reflected on an updated version of Attachment 4 of LUMA's September 21, 2023, Motion? If not, explain fully why not.

RESPONSE

- a) Yes, the fuel cost savings have been reflected in LUMA's filing as an avoided cost. As stated in response 12 and in Exhibit 1 to LUMA's September 22, 2023, Motion²², the savings generated by the FEMA generators are *avoided costs*, which means that for July and August 2023, customers avoided \$64,801,204.66 worth of costs²³ that would have been incurred had the FEMA generation not been provided.²⁴ By using the FEMA generation, LUMA is able to displace some of its reliance on the most expensive units in its dispatch stack, and customers did not have to incur these costs.
- b) Yes, the fuel cost savings for July and August 2023 have been reflected in LUMA's filing as a cost that customers were able to avoid because of the temporary generation. By using the FEMA

²² See Exhibit 1 of LUMA's Motion of September 22, 2023, Docket No. NEPR-MI-2020-0001.

²³ See Exhibit 3 Updated LUMA's September 22 on Estimated Savings.

²⁴ See page 2 of Exhibit 1 of LUMA's Motion of September 22, 2023, Docket No. NEPR-MI-2020-0001.

Permanent Rate

generation, LUMA can displace some of its reliance on the most expensive units in its dispatch stack, and customers did not have to incur these costs.

- c) The savings for July and August 2023 that are identified on Exhibit 1 to LUMA's September 22, 2023, Motion²⁵ are already reflected on Attachment 4 of LUMA's September 21, 2023, Motion²⁶ as costs that were avoided because of temporary generation.

²⁵ See Exhibit 1 of LUMA's Motion of September 22, 2023, Docket No. NEPR-MI-2020-0001.

²⁶ See Attachment 4, October-December 2023 Proposed Factors.xlsx of LUMA's Quarterly Factor Motion of September 21, 2023, Docket No. NEPR-MI-2020-0001.

Permanent Rate

Responses in Compliance with September 25, 2023, Resolution and Order

NEPR-MI-2020-0001

Response: RFI-LUMA-MI-2020-0001-20230925-PREB-#014

SUBJECT

Palo Seco Temporary Generation

REQUEST

Refer to Attachment 3 of LUMA's September 21, 2023, Motion and to Exhibit 1 to LUMA's September 22, 2023, Motion.

- a) Are the fuel cost savings identified for the month of October, November and December 2023 reflected in the projected costs on Attachment 3 of LUMA's September 21 Motion? If not, explain fully why not. If so, where have those savings been reflected?
- b) Should the savings for October through December 2023 that are identified on Exhibit 1 to LUMA's September 22, 2023, Motion be reflected on an updated version of Attachment 3 of LUMA's September 21, 2023, Motion? If not, explain fully why not.

RESPONSE

- a) Yes, the cost savings for October, November, and December 2023 are reflected in the projected costs on Attachment 3.²⁷ This can be seen on line 96 of the workbook, where the \$000 TOTAL for the resources marked FEMA GENERATORS is equal to \$0. Attachment 3 shows the FEMA generation at a fuel cost of \$0 for the months of October, November, and December 2023.²⁸
- b) No, Attachment 3 is correct. If the electricity customers of Puerto Rico were paying for the fuel to supply the FEMA generation, there would be cost projections in cells E96, F96, G96, and/or H96.²⁹ All of these cells contain zero values, because the cost of the fuel is being avoided by the customers. The customers are paying \$0 for the energy generated by the FEMA generation. Attachment 3 is correct.

²⁷ See Attachment 3, October-December 2023 Proposed Factors.xlsx of LUMA's Quarterly Factor Motion of September 21, 2023, Docket No. NEPR-MI-2020-0001.

²⁸ *Id.*

²⁹ *Id.*

Permanent Rate

Responses in Compliance with September 25, 2023, Resolution and Order

NEPR-MI-2020-0001

Response: RFI-LUMA-MI-2020-0001-20230925-PREB-#015

SUBJECT

Palo Seco Temporary Generation

REQUEST

Are any reimbursements from FEMA or insurance for hurricanes or earthquakes reflected in the July and August 2023 reconciliations on Attachment 4 to LUMA's September 21, 2023, Motion. If not, explain fully why not. If so, specifically where is that reflected and in what amounts?

RESPONSE

There are no reimbursements from FEMA or insurance for hurricanes or earthquakes reflected in the July and August 2023 reconciliations on Attachment 4 of file "*October-December 2023 Proposed Factors.xlsx*" of LUMA's September 21, 2023, filing³⁰ because LUMA is not aware of any outstanding FEMA or insurance reimbursements to PREPA. LUMA is not responsible for FEMA or insurance reimbursements to PREPA for fuel costs and relies on the information provided by PREPA. For more information, please refer to PREPA's monthly FEMA & Insurance Claims Update in Docket No. NEPR-MI-2020-0001.³¹

³⁰ See LUMA's Quarterly Factors Motion of September 21, 2023, Docket No. NEPR-MI-2020-0001.

³¹ See PREPA's Motion of September 11, 2023, Docket No. NEPR-MI-2020-0001.

Permanent Rate

Responses in Compliance with September 25, 2023, Resolution and Order

NEPR-MI-2020-0001

Response: RFI-LUMA-MI-2020-0001-20230925-PREB-#016

SUBJECT

Palo Seco Temporary Generation

REQUEST

Are any additional reimbursements from FEMA or insurance for hurricanes or earthquakes expected after August 2023? If not, explain fully why not. If so, how much is expected and approximately when is it expected to be received?

RESPONSE

As previously mentioned, on April 4, 2023, PREPA filed³² a motion notifying that it had received from FEMA the full amount it had requested pertaining to damages and fuel costs from Hurricane Fiona. LUMA is not aware of any other FEMA reimbursements related to Hurricane Fiona, or any other natural disaster.³³ However, LUMA is not responsible for FEMA or insurance reimbursements to PREPA for fuel costs and relies on the information provided by PREPA. For more information, please refer to PREPA's monthly FEMA & Insurance Claims Update in Docket No. NEPR-MI-2020-0001.³⁴

³² See PREPA's Motion of April 4, 2023, Docket No. NEPR-MI-2020-0001.

³³ See Exhibit 1 of LUMA's Motion of June 28, 2023, and Exhibit 1 of LUMA's Motion of July 24, 2023, Docket No. NEPR-MI-2020-0001.

³⁴ See PREPA's Motion of September 11, 2023, Docket No. NEPR-MI-2020-0001.

Permanent Rate

Responses in Compliance with September 25, 2023, Resolution and Order

NEPR-MI-2020-0001

Response: RFI-LUMA-MI-2020-0001-20230925-PREB-#017

SUBJECT

Attachment 4 (Naturgy shortfall credits)

REQUEST

Naturgy shortfall credits.

- a) Were there any Naturgy Seller Shortfall Credits in July or August 2023? If so, how much?
- b) Are there any current disputes with Naturgy concerning LNG deliveries or LNG BTU content? If so, explain and provide an estimate of the magnitude of the disputed items.
- c) Are there any Naturgy Seller Shortfall Credits in September 2023? If so, how much?
- d) Are any Naturgy shortfall credits expected for October, November, or December 2023?
- e) Are there any current disputes with fuel suppliers other than Naturgy concerning LNG deliveries or LNG BTU content? If so, explain and provide an estimate of the magnitude of the disputed items.

RESPONSE

- a) There were no seller shortfall credits from Naturgy pertaining to July 2023³⁵ and there was a Naturgy shortfall credit of \$60,675.02 pertaining to August 2023.³⁶

For answers pertaining to questions 17 (b-e) please refer to Genera's responses to question 24 in Exhibit 2 of this filing. LUMA is not involved in fuel purchases, nor does it have any insight to potential shortfalls.

³⁵ See cell C21 of tab "Reconciliation Grand Summary" and cell E27 of tab "FUELREP-JUL23 Busqueda" of FAC-PPAC Reconciliation July-August 2023.xlsx of LUMA's Quarterly Factors Motion of September 20, 2023, Docket No. NEPR-MI-2020-0001.

³⁶ See cell D21 of tab "Reconciliation Grand Summary" and cell E27 of tab "FUELREP-AUG23 Busqueda" of FAC-PPAC Reconciliation July-August 2023.xlsx of LUMA's Quarterly Factors Motion of September 20, 2023, Docket No. NEPR-MI-2020-0001.

Permanent Rate

Responses in Compliance with September 25, 2023, Resolution and Order

NEPR-MI-2020-0001

Response: RFI-LUMA-MI-2020-0001-20230925-PREB-#018

SUBJECT

FEMA or Insurance

REQUEST

Have any reimbursements from FEMA or insurance for hurricanes or earthquakes been received during the period July through September 2023? If so, how much?

RESPONSE

No, LUMA is not aware of any FEMA or insurance reimbursements related to Hurricane Fiona, or any other natural disaster being received during the period of July through September 2023. However, LUMA is not responsible for FEMA or insurance reimbursements to PREPA for fuel costs. For more information, please refer to PREPA's monthly FEMA & Insurance Claims Update in Docket No. NEPR-MI-2020-0001.³⁷

³⁷ See PREPA's Motion of September 11, 2023, Docket No. NEPR-MI-2020-0001.

Permanent Rate

Responses in Compliance with September 25, 2023, Resolution and Order

NEPR-MI-2020-0001

Response: RFI-LUMA-MI-2020-0001-20230925-PREB-#019

SUBJECT

FEMA or Insurance

REQUEST

Are any further reimbursements from either FEMA or from Insurance expected related to Hurricane Fiona or other extreme weather events after September 2023? If so, how much and approximately when are additional reimbursements expected?

RESPONSE

LUMA is not aware of any FEMA or insurance reimbursements related to Hurricane Fiona, or any other natural disaster. However, LUMA is not responsible for FEMA or insurance reimbursements to PREPA for fuel costs. For more information, please refer to PREPA's monthly FEMA & Insurance Claims Update in Docket No. NEPR-MI-2020-0001.³⁸

³⁸ See PREPA's Motion of September 11, 2023, Docket No. NEPR-MI-2020-0001.

Permanent Rate

Responses in Compliance with September 25, 2023, Resolution and Order

NEPR-MI-2020-0001

Response: RFI-LUMA-MI-2020-0001-20230925-PREB-#020

SUBJECT

Palo Seco Temporary Generation

REQUEST

Refer to LUMA's September 21, 2023, Motion and related documents. Specifically refer to Attachment 3, in the "FEMA GENERATORS" section.

- a) Explain what specific generation FEMA is projected to provide in October, November, and December 2023.
- b) Explain how the expected generation (MWh) from FEMA generators for October, November and December 2023 and the related cost amounts were determined.

RESPONSE

- a) The combined 350 MW of FEMA Emergency Generators (150 MW at Palo Seco site and 200 MW at the San Juan site) are expected to operate at over 95% capacity factor and function essentially as baseload units. Due to their costs, the PROMOD simulation will maximize their production, so the projection is that a total of 649 GWh is expected to be generated from these units for the months October to December 2023.
- b) As explained in questions 3 and 4, the expected generation of the FEMA Generators is maximized due to their low cost. The only limiting factor is that PROMOD operates on a probabilistic basis, so since these units have a 2% - 3% expected forced outage rate, this is reflected in the total production for the period.

Permanent Rate

Responses in Compliance with September 25, 2023, Resolution and Order

NEPR-MI-2020-0001

Response: RFI-LUMA-MI-2020-0001-20230925-PREB-#021

SUBJECT

FEMA or Insurance

REQUEST

Have any reimbursement from FEMA or insurance for hurricanes or earthquakes been received during the period July through September 2023? If so, how much?

RESPONSE

Question 21 was addressed to Genera and its response was provided accordingly by Genera in Exhibit 2 of this filing.

Permanent Rate

Responses in Compliance with September 25, 2023, Resolution and Order

NEPR-MI-2020-0001

Response: RFI-LUMA-MI-2020-0001-20230925-PREB-#022

SUBJECT

FEMA or Insurance

REQUEST

Are any further reimbursement from either FEMA or from Insurance expected related to Hurricane Fiona or other extreme weather events after September 2023? If so, how much and approximately when are additional reimbursements expected?

RESPONSE

Question 22 was addressed to Genera and its response was provided accordingly by Genera in Exhibit 2 of this filing.

Permanent Rate

Responses in Compliance with September 25, 2023, Resolution and Order

NEPR-MI-2020-0001

Response: RFI-LUMA-MI-2020-0001-20230925-PREB-#023

SUBJECT

Attachment 3 (Quarterly Factors – September 21 Motion)

REQUEST

Refer to Attachment 3 to LUMA's September 21, 2023, Motion. Concerning the Projected Fuel and Purchased Power Expenses for the Month for the Months of October through December 2023:

- a) Do any of the generating units have planned maintenance outages for the October through December 2023 period? Which ones, when and why?
- b) Are there any anticipated issues with fuel deliveries (such as not receiving the full quantities of fuel purchased or anticipated to be purchased, or with shipping delays, etc.) that are impacting the forecasted amount for the October through December 2023 period? If so, explain.
- c) In terms of other purchased power, it appears that EcoEnergica power is now at a lower per MWH cost than power purchased from the AES coal-fueled generating plant. What has caused the cost of power from the AES coal-fueled generating plant to increase and now be over \$90 per MWH?
- d) Has Genera (or LUMA on behalf of Genera) done any investigation into why the cost of the power from the AES coal-fueled generating plant is now over \$90 per MWH? What analysis was done?
- e) Does Genera continue to have the ability or right to examine fuel or power costs that it is being charged by AES under that purchased power agreement?
- f) Have there been revisions to the AES purchased power agreement in fiscal year 2023? What revisions were made?
- g) Is Genera/LUMA dispatching the EcoEnergica power (which is now at a lower projected cost per MWH than the AES provided power)?
- h) Is Genera obligated to take a minimum amount of power from the AES coal-fueled generating facility on a monthly or annual basis? If so, explain what the monthly and annual minimum takes are and what is the basis for those.
- i) When does Genera's purchase power agreement with AES for the power from the AES coal-fueled plant expire?

Permanent Rate

- j) Is there a mandatory retirement date for the AES coal-fueled plant? When?
- k) Does Genera have a plan for replacement capacity once the AES coal-fueled plant is retired? Is that plan part of an integrated resource plan? Explain.

RESPONSE

- a) To LUMA's knowledge, the units listed below have planned outages during the period of October through December 2023 occurring for the start dates that are detailed below. The reason for these outages is to perform necessary maintenance for each unit which could be a result of environmental requirements, periodic testing and overhauls or other preventative and corrective maintenance.
 - a. SJCT5 – outage starting second week in October.
 - b. SJ8 – out of service
 - c. SJ10 – out of service
 - d. PS4 – out of service
 - e. CS5 – completing a scheduled outage the second week in October.
 - f. CS6 – outage starting third week in November.
 - g. Aguirre1 – still in forced outage since early 2022
 - h. Aguirre 2 – outage starting the third week in November.
 - i. AES 1 completing a scheduled outage the last week in September.
 - j. AES outage starting the first week of October.

*Note: Genera has provided an additional response to question 23(a) which is included in Exhibit 2 of this filing.

- b) As it was indicated by Genera, at the time of LUMA's September 20th filing, LUMA did not anticipate any issues with fuel deliveries in the months of October through December 2023 however, Genera has provided an updated response to question 23(b) which is included in Exhibit 2 of this filing.

As previously noted in question 5, the production cost of AES is primarily a result of their lower capacity factor and the relationship between their fixed and variable cost components.

- c) Genera does not have any responsibility related to AES cost performance. LUMA has not performed and specific investigation, but this is something LUMA closely monitors and understands, so no investigation is necessary at this time.
- d) Genera does not have any commercial or other involvement with AES. AES is a separate generator, much like Genera, and LUMA administers the PPOA acting as agent for PREPA.

Permanent Rate

- e) There have been no revisions to the AES Power Purchase Agreement in fiscal year 2023.
- f) Genera does not have any role in the dispatch of EcoElectrica, this is the responsibility of the LUMA, which does dispatch EcoElectrica on a daily and hourly basis.
- g) Once again, for clarification, Genera does not have any role in the dispatch or operation of AES. LUMA will dispatch the AES facility according to its unit commitment process which, in general will maximize the output of AES. There are no minimum production outputs or limits as part of the AES contract.
- h) The Power Purchase Operational Agreement with AES-PR is set to expire on November 28, 2027.
- i) According to Act 17-2019³⁹, one of the initial objectives of the public energy policy is: “To eliminate the use of coal as an energy source not later than January 1, 2028”.
- j) Genera is a generator, much like AES, and does not have any role in planning capacity for the entire system. Planning is the responsibility of LUMA and in general, on a longer-term basis, is conducted as part of the Integrated Resource Planning process.
- k) According to Act 17-2019, one of the initial objectives of the public energy policy is: “To eliminate the use of coal as an energy source not later than January 1, 2028”.⁴⁰

³⁹ See Docket No. NEPR-MI-2020-0012, In Re: Implementation of the Puerto Rico Electric Power Authority Integrated Resource Plan and Modifies Action Plan.

⁴⁰ See Section 1.6(3) of Act 17-2019, known as the “Puerto Rico Energy Public Policy Act” as amended.

Permanent Rate

Responses in Compliance with September 25, 2023, Resolution and Order

NEPR-MI-2020-0001

Response: RFI-LUMA-MI-2020-0001-20230925-PREB-#024

SUBJECT

Attachment 4 (Naturgy shortfall credits)

REQUEST

Naturgy shortfall credits.

- a) Were there any Naturgy Seller Shortfall Credits in July or August 2023? If so, how much?
- b) Are there any current disputes with Naturgy concerning LNG deliveries or LNG BTU content? If so, explain and provide an estimate of the magnitude of the disputed items.
- c) Are there any Naturgy Seller Shortfall Credits in September 2023? If so, how much?
- d) Are any Naturgy shortfall credits expected for October, November, or December 2023?
- e) Are there any current disputes with fuel suppliers other than Naturgy concerning LNG deliveries or LNG BTU content? If so, explain and provide an estimate of the magnitude of the disputed items.

RESPONSE

Question 24 was addressed to Genera and its response was provided accordingly by Genera in Exhibit 2 of this filing.



GOVERNMENT OF PUERTO RICO
CENTRAL RECOVERY RECONSTRUCTION
AND RESILIENCE OFFICE

Hon. Pedro R. Pierluisi Urrutia
Governor

Manuel A.J. Laboy Rivera
Governor's Authorized
Representative

July 20, 2023

Josue Colón Ortiz
Executive Director
Puerto Rico Electric Power Authority
PO BOX 364267
San Juan, Puerto Rico 00936-4267

Juan Saca
President and Chief Executive Officer
LUMA Energy PR
PO Box 363508
San Juan, P.R. 00936-350

Re: FEMA-4671-DR-PR
Direct Federal Assistance Mission/Temporary Power Mission

Dear Mr. Colón and Saca:

On this day, the Federal Management Emergency Agency (FEMA) sent a letter to the Central Recovery Reconstruction and Resiliency Office (COR3) regarding the costs of the Direct Federal Assistance (DFA) Mission assignment for a temporary power mission. (See FEMA's Letter of 7/20/23). As you know, FEMA is providing this assistance to Puerto Rico to stabilize the power system because of the damage caused by Hurricane Fiona. According to FEMA, a total of \$1,176,796,742 has been obligated, of which 90% corresponds to the federal cost share and 10% to the non-federal cost share. (Id.). Accordingly, if the mission were to extend beyond the original scope, then the total estimated amount would increase. (Id.).

It is important to point out that the assistance related to this DFA represents an extraordinary cost for which the Puerto Rico Electric Power Authority (PREPA) will have to cover the 10% of the non-federal cost share. Therefore, PREPA must include this as an operational cost of the power system. In accordance with the terms established by FEMA, the amounts related to the required cost matching are to be provided by the state at the end of the mission to stabilize the power system.

PO BOX 42001 SAN JUAN, PR 00940-2001

Following, please find the cost related to the 150MW of temporary generation installed at Palo Seco for which the 10%¹ non-federal cost share must be covered:

Line Item	Cost
Rental of the LNG Storage & Regassification System	\$ 11,000,000.00
Mobilization & Installation of the LNG Storage & Regassification System	\$ 6,000,000.00
Transfer fee – LNG System	\$ 2,000,000.00
Mobilization & Installation of the GenSets	\$ 8,000,000.00
Lease of the GenSets	\$ 61,200,000.00
Transfer fee – GenSets	\$ 2,000,000.00
LNG	\$ 261,974,484.67
LNG Terminal Fee	\$ 21,600,000.00
LNG Logistic Fee	\$ 11,400,000.00
LNG Management Fee	\$ 2,000,000.00
O&M service	\$ 5,000,000.00
Tax Budget	\$ 34,542,782.76
SubTotal	\$ 426,717,267.43
Home office support, SME Support, Subcontract insurance & bonding, indirect costs, fixed fee, etc.	\$ 43,712,255.29
Total Funding Required	\$ 470,429,522.72

Given the above, the purpose of this communication is to proactively remind you of the status and outstanding non-federal cost share that must be paid upon completion of the DFA period performance. Therefore, funds must be properly allocated to comply with this responsibility.

Should you have any questions regarding the foregoing, please contact me at your earliest convenience.

Cordially,



Manuel A. J. Laboy-Rivera, PE, MBA
Executive Director
Governor's Authorized Representative

¹ As of today, the approximate non-federal cost share is \$47,042,952.27.



GOVERNMENT OF PUERTO RICO
CENTRAL OFFICE FOR RECOVERY,
RECONSTRUCTION AND RESILIENCY

Hon. Pedro R. Pierluisi Urrutia
Governor

Manuel A.J. Laboy Rivera
Governor's Authorized
Representative

September 21, 2023

Josue Colón-Ortíz
Executive Director
Puerto Rico Electric Power Authority
PO Box 364267
San Juan, PR 00936-4267

Juan Saca
President
LUMA Energy PR
PO Box 363508
San Juan, PR 00936-350

Brennen McElmurray
President
Genera PR
250 Muñoz Rivera Avenue, Suite 1200
San Juan, PR 00918

Re: FEMA-4671-DR-PR
Direct Federal Assistance Mission/Temporary Power Mission

Dear Mr. Colón, Mr. Saca and Mr. McElmurray:

On July 20, 2023, the Federal Management Emergency Agency (FEMA) sent a letter to the Central Recovery Reconstruction and Resiliency Office (COR3) regarding the costs of the Direct Federal Assistance (DFA) Mission assignment for a temporary power mission. (See FEMA's Letter of 7/20/23). As you are aware, FEMA is providing this assistance to Puerto Rico to stabilize the power system because of the damage caused by Hurricane Fiona. According to FEMA, a total of \$1,593,389,895 has been obligated, of which 90% corresponds to the federal cost share and 10% to the non-federal cost share. (Id.). However, if the mission were to extend beyond the original scope, then the total estimated amount would increase. (Id.).

It is important to point out that the assistance related to this DFA represents an extraordinary cost and in accordance with the terms established by FEMA, the amounts related to the required cost matching are to be provided by the State at the end of the mission to stabilize the power system. Having said that, the cost related to the DFA temporary totals \$1,593,389,895 for which the 10% non-federal cost share must be covered.

As of today, the approximate 10% non-federal cost share is \$159,338,989.50. Accordingly, we hereby inform that the Government of Puerto Rico intends to identify alternate sources of funds to cover any outstanding non-federal cost share that must be paid upon completion of the DFA period of performance. Accordingly, the cost share will not be covered with PREPA's budget or the customer rate.

Should you have any questions regarding the foregoing, please contact me at your earliest convenience.

Cordially,



Manuel A. J. Laboy-Rivera, PE, MBA
Executive Director
Governor's Authorized Representative

Exhibit 2

Docket Number: NEPR-MI-2020-0001

Re: Requirement of Information; Virtual Technical Conference

Information Requirements for Genera:

20. Refer to LUMA's September 21, 2023, Motion and related documents. Specifically refer to Attachment 3, in the "FEMA GENERATORS" section.

- a) Explain what specific generation FEMA is projected to provide in October, November, and December 2023.
- b) Explain how the expected generation (MWh) from FEMA generators for October, November and December 2023 and the related cost amounts were determined.

GPR – PREB ORDER – 09-25 #20

As previously agreed with LUMA, LUMA will provide the answer to this request for information.

21. Have any reimbursements from FEMA or insurance for hurricanes or earthquakes been received during the period July through September 2023? If so, how much?

GPR – PREB ORDER – 09-25 #21

According to PREPA, no reimbursements regarding fuel were received during the period July through September 2023.

Genera is not involved in the process of claims to insurance carriers for hurricanes or earthquakes events and has not received any reimbursements from FEMA for hurricanes or earthquakes.

22. Are any further reimbursements from either FEMA or from Insurance expected related to Hurricane Fiona or other extreme weather events after September 2023? If so, how much and approximately when are additional reimbursements expected?

GPR – PREB ORDER – 09-25 #22

As informed by PREPA, all costs incurred related to Hurricane Fiona or any other extreme weather event for which a PW has been approved and obligated have been fully reimbursed and notified to the Puerto Rico Energy Bureau. Nevertheless, as previously reported to the Bureau, FEMA has deemed ineligible projects for which PREPA has appealed its determination and is awaiting resolution. The timeline for appeals is undetermined considering that most resolutions witnessed within the related disasters span more than a year.

Genera is not involved in the process of claims to insurance carriers for hurricanes or earthquakes events. At the moment, Genera does not expect further reimbursement from FEMA for hurricanes or earthquakes.

23. Refer to Attachment 3 to LUMA’s September 21, 2023 Motion. Concerning the Projected Fuel and Purchased Power Expenses for the Months of October through December 2023:

- a) Do any of the generating units have planned maintenance outages for the October through December 2023 period? Which ones, when and why?

Units Status Report

Power Plant	Units	Size (MW)	Outages Classifications		Planned Period		Event Reporting
			(PO)	(MO)	Date Out	Date In	Event Identification
San Juan	CC 5	160	160	-	15-Oct-23	7-Nov-23	Combustion inspection (LTSA).
		60	60	-			
	7	100	100	-	22-Feb-23	15-Oct-23	Environmental maintenance.
Palo Seco	3	216	216	-	16-Nov-23	15-Mar-24	Scheduled major maintenance.
Costa Sur	5	410	410	-	8-Jul-23	30-Oct-23	Scheduled major maintenance.
	6	410	-	410	15-Nov-23	30-Nov-23	Routine maintenance (condenser cleaning, BFP valve replacement & hydrogen system maintenance).
Aguirre	1	450	450	-	16-Mar-22	28-Sep-23	Scheduled major maintenance.
	2	450	450	-	1-Dec-23	15-Jan-23	Environmental maintenance.

- b) Are there any anticipated issues with fuel deliveries (such as not receiving the full quantities of fuel purchased or anticipated to be purchased, or with shipping delays, etc.) that are impacting the forecasted amount for the October through December 2023 period? If so, explain.

GPR – PREB ORDER – 09-25 #23 (b)

Genera anticipates a shortage of LNG supplies to San Juan units 5&6 for approximately the last 7-10 days of November and the month of December as result of the operational needs identified by PREPA prior to July 1, 2023, to postpone the major overhaul of SJ #6 from 4Q23 to 2Q24.

24. Naturgy shortfall credits.¹

- a) Were there any Naturgy Seller Shortfall Credits in July or August 2023? If so, how much?

GPR – PREB ORDER – 09-25 #24 (a)

Any Seller Shortfall is calculated on a quarterly basis. For the 3Q23 period, it will be calculated upon receipt of the invoice for September expected to be received and reviewed in the first week of October.

- b) Are there any current disputes with Naturgy concerning LNG deliveries or LNG BTU content? If so, explain and provide an estimate of the magnitude of the disputed items.

GPR – PREB ORDER – 09-25 #24 (b)

There are no current disputes with Naturgy concerning LNG deliveries or LNG BTU content.

- c) Are there any Naturgy Seller Shortfall Credits in September 2023? If so, how much?

GPR – PREB ORDER – 09-25 #24 (c)

Please refer to GPR – PREB ORDER – 09-25 #24 (a).

- d) Are any Naturgy shortfall credits expected for October, November, or December 2023?

GPR – PREB ORDER – 09-25 #24 (d)

¹ Question #24 answers Question #17.

Any shortfall for the relevant quarter will be calculated upon receipt of the invoice for December. However, at this moment, Genera does not anticipate any shortfall for the 4thQ23 period.

- e) Are there any current disputes with fuel suppliers other than Naturgy concerning LNG deliveries or LNG BTU content? If so, explain and provide an estimate of the magnitude of the disputed items.

GPR – PREB ORDER – 09-25 #24 (e)

There are no current disputes with fuel suppliers other than Naturgy concerning LNG deliveries or LNG BTU content.

Exhibit 3

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 Operator¹ 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).

¹ 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 D) 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	\$ 33,904,736.66	\$ 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
Total		1,193,603		9,797,133,527	\$ 315,770,758	
Average			\$ 278.52			\$ 0.032