

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

NEPR

Received:

Nov 10, 2023

7:54 PM

IN RE:
REVISION OF REGULATION ON
MICROGRID DEVELOPMENT

CASE NO.: NEPR-MI-2023-0007

SUBJECT: LUMA's Comments on Potential Revisions to
Regulation on Microgrid Development

**MOTION SUBMITTING LUMA'S COMMENTS ON PROPOSED REVISIONS TO
REGULATION ON MICROGRID DEVELOPMENT**

TO THE PUERTO RICO ENERGY BUREAU:

COME NOW, LUMA ENERGY, LLC as Management Co., and **LUMA ENERGY
SERVCO, LLC** (collectively, LUMA), through the undersigned legal counsel and respectfully
state and request the following:

On October 11, 2023, this Puerto Rico Energy Bureau ("Energy Bureau") issued a
Resolution and Order (the "October 11 Resolution") opening the instant docket to commence an
informal process to receive feedback from stakeholders on potential revisions to the Regulation on
Microgrid Development, Regulation 9028, May 18, 2018 ("Regulation 9028") and indicating that,
if needed, this informal process would be followed by a formal rulemaking process as required
under Act 38-2017. The Energy Bureau then invited stakeholders and the general public to, within
thirty (30) days following the issuance of the October 11th Resolution, submit their comments
regarding potential revisions to Regulation 9028.

With this Motion, LUMA respectfully submits its comments on potential revisions to
Regulation 9028. *See Exhibit 1.*

LUMA looks forward to continued engagement with this honorable Energy Bureau and stakeholders in collaborative discussions to attain the common goal of adopting clearer rules with respect to microgrids in Puerto Rico.

WHEREFORE, LUMA respectfully requests that the Energy Bureau **accept** and **consider** this filing of LUMA's comments on potential revisions to Regulation 9028 attached hereto as *Exhibit 1*.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 10th day of November 2023.

We certify that we filed this motion using the electronic filing system of the Puerto Rico Energy Bureau.



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/ Laura T. Rozas
Laura T. Rozas
RUA Núm. 10,398
laura.rozas@us.dlapiper.com

Exhibit 1

LUMA's Comments on Proposed Revisions to Regulation 9028



Revision of Regulation on Microgrid Development: Comments

November 10, 2023

Regulation on Microgrid Development: Comments

Executive Summary

LUMA fully supports Puerto Rico's transition to cleaner energy sources and is actively working with federal and local partners, including the Puerto Rico Energy Bureau, to implement renewable energy initiatives to build a world-class energy system that will reliably serve Puerto Rico for generations to come.

As the electricity sector evolves, reviewing regulatory frameworks to keep them up to date with emerging technologies and initiatives is prudent practice. The Energy Bureau opened the docket NEPR-MI-2023-007 to commence an informal process to receive feedback from stakeholders on potential revisions to Regulation 9028 covering microgrids. The Energy Bureau also indicated that, if needed, this informal process could be followed with a formal rulemaking process as required under Act 38-2017.

As Operator of Puerto Rico's transmission and distribution system, LUMA's role is to rebuild and operate an electric grid with improving reliability and resilience that can support the integration of clean energy technologies and the interconnection of microgrid projects.

LUMA has started a number of projects to support this effort, including executing microgrid projects in Vieques and Culebra that include the integration of additional renewable generation. Additionally, LUMA is rebuilding key distribution feeders to make it possible to integrate additional technologies and partnering with the Puerto Rico Department of Housing and federal organizations to deploy resilient grid pockets to increase the capacity to integrate clean energy.

LUMA strongly endorses revisions to Regulation 9028 regarding microgrid development and shares comments for consideration in this exhibit. LUMA remains committed to its role in Puerto Rico's clean energy transformation and looks forward to working together with the regulator, government and stakeholders to move Puerto Rico toward a cleaner, more resilient, and more reliable energy future for its 1.5 million customers.

Based on its experience and ongoing work with stakeholders, LUMA suggests three main areas for consideration by the Energy Bureau: 1. *Technical considerations*, to ensure reliability and quality of service; 2. *Policy considerations*, to clearly define roles and responsibilities; 3. *Economic considerations*, to define cost reflective tariffs and avoid cross subsidization.

LUMA looks forward to continued engagement with the Energy Bureau and stakeholders in collaborative discussions to attain the common goal of adopting clearer rules with respect to microgrids in Puerto Rico.

Regulation on Microgrid Development: Comments

Comments

Responding to the October 11 Energy Bureau Resolution and Order to commence an informal process to receive feedback from stakeholders on potential revisions to Regulation 9028 LUMA presents its comments for consideration.

TECHNICAL CONSIDERATIONS

Microgrid Classification: The Regulation of Microgrid Development classifies the microgrid based on ownership. Regulation 9028 also distinguishes between Renewable Microgrid, Combined heat-and-power (CHP) Microgrids, and Hybrid Microgrid. LUMA suggests modifying the microgrid classification to include other technical considerations in addition to ownership.

Codes and Standards / Compliance Certifications: In order to align the regulations governing the development and interconnection of microgrids, LUMA suggests that codes, requirements and standards should be in harmony those proposed in Case NEPR-MI-2019-0009: Generating Facility and Microgrid Interconnection Regulation and that the Energy Bureau approve LUMA's proposed Technical Interconnection Requirements. The absence of modern standards that support the secure interconnection to the grid create uncertainty and potentially increase reliability risk as inverter-based resources increase. More resources that do not follow modern standards can necessitate further infrastructure upgrades to counteract these risks.

Expand Regulation on Microgrid Development ruling: LUMA recognizes that distributed energy technologies have evolved in the past years and suggests updating this regulation to accommodate future innovations in the energy marketplace.

POLICY CONSIDERATIONS

Microgrid Definition: LUMA suggests aligning the Microgrid definition with the definition with applicable regulations up to and including the proposed Generating Facility and Microgrid Interconnection Regulation and the Technical Interconnection Requirements.

Public Microgrid Regulation Applicability: LUMA suggests that the Energy Bureau define rules for its applicability to public microgrids.

Microgrid Registry Process: LUMA suggests an additional step in the Energy Bureau's microgrid registry process to include an official notification of the microgrid development intention. The official notification could consist of the proposed project location, preliminary design, (including energy resource technology and expected load to be serviced), and capacity.

Microgrid use of utility-owned Distribution Assets: LUMA suggests incorporating a formal notification of intention to use PREPA's distribution lines and poles within the proposed microgrid. In addition, the regulation could establish distribution infrastructure reasonable fees and incorporate a mandatory distribution grid infrastructure use agreement.

Microgrid-owned Distribution Assets: LUMA suggests that the regulation establish the responsibility, liability, and demarcation between the microgrid-owned distribution assets and PREPA distribution assets.

Regulation on Microgrid Development: Comments

ECONOMIC CONSIDERATIONS

Microgrid Energy Sales to Utility: LUMA suggests that the Energy Bureau consider any excess power sold by the microgrid to the utility should be equal to or less than the cost of purchasing power from any other provider. This will avoid cross subsidization to the microgrid by other LUMA customers.

Microgrid use of PREPA Assets: LUMA suggests considering the impact of the regulation on the cost of Distribution and Transmission services. Distribution infrastructure use fees for microgrids should reflect the costs incurred in providing the service. Fees that are not cost reflective may lead to increased rates to LUMA costumers (i.e., cross-subsidization).

Applicability of Other Tariffs and Policies: LUMA suggests that the regulation avoid “stacking” microgrid designation with other pre-existing tariffs for customers to avoid cross-subsidization and imposing additional costs on other LUMA customers.