

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

NEPR Received: Nov 21, 2023 9:59 PM
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IN RE:

ENERGY EFFICIENCY AND DEMAND
RESPONSE TRANSITION PERIOD
PLAN

CASE NO.: NEPR-MI-2022-0001

SUBJECT: Informative Motion and Request for
Extension to Submit Documentation Showing the
Processing of Energy Efficiency Incentive/Rebate
Applications

**INFORMATIVE MOTION AND REQUEST FOR EXTENSION TO SUBMIT
DOCUMENTATION SHOWING THE PROCESSING OF ENERGY EFFICIENCY
INCENTIVE/REBATE APPLICATIONS**

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

COME now **LUMA Energy, LLC** (“ManagementCo”), and **LUMA Energy ServCo, LLC** (“ServCo”), (jointly referred to as “LUMA”), and respectfully state and request the following:

I. Relevant Background and Procedural Events

1. On February 16, 2023, the Energy Bureau issued a Resolution and Order (the “February 16th Resolution and Order”) in which it considered, amended and approved the Proposed Energy Efficiency (“EE”) and Demand Response (“DR”) Transition Period Plan submitted by LUMA on June 21, 2022¹ containing the EE and DR Programs to be implemented by LUMA during the Transition Period and associated budgets for Fiscal Years (“FY”) 2023 and 2024, among others (the Proposed TPP, as approved by the Energy Bureau, the “Approved TPP”). In addition, the Energy Bureau established deadlines for filing the EE Rider, among other activities under the

¹ This Proposed EE and DR TPP was submitted in case NEPR-MI-2021-0006, *In Re: Demand Response Plan Review, Implementation and Monitoring*.

Approved TPP, and performance incentives indicators for various activities, including for achieving a specified deadline for processing of EE incentive applications. *See* February 16th Resolution and Order on pages 20, 21 and 23.

2. On March 8, 2023, LUMA filed a motion requesting reconsideration of certain requirements and determinations in the February 16th Resolution and Order. *See Motion for Reconsideration of Resolution and Order of February 16, 2023, and Request to Vacate Deadlines* of that date (“March 8th Motion”).

3. On April 3, 2023, the Energy Bureau issued a Resolution and Order (“April 3rd Resolution and Order”) in which it made several determinations regarding LUMA’s March 8th Motion. Among others, the Energy Bureau vacated certain dates tied to the Performance Incentives Metrics (*see* April 3rd Resolution and Order on page 3) and ordered LUMA to file the EE Rider petition on or before April 11, 2023 (*see id.* at page 5). In addition, the Energy Bureau ordered LUMA to complete certain activities by specified deadlines, including, among others, to “file, on or before 75 calendar days following the EE Rider Approval Date, documentation showing that LUMA is processing energy efficiency incentive/rebate applications”. *See id.* at page 6). The “EE Rider Approval Date” was defined as “the date on which the Energy Bureau issues an order establishing the value and implementation date for the EE Rider.” *See id.* at page 5.

4. On April 11, 2023, LUMA submitted the EE Rider petition (“EE Rider Petition”).

5. On May 19, 2023, in compliance with a Bench Order issued during a Technical Conference held on May 5, 2023, LUMA filed revised Exhibits 1 and 2 of the EE Rider Petition (these, along with the April 11th Motion, the “Revised EE Rider Petition”). *See Motion to Submit Revised Exhibit 1 to EE Rider Petition and Translation Thereof, in Compliance with Bench Order of May 5, 2023* (“May 19th Motion”).

6. On June 29, 2023, LUMA filed with the Energy Bureau a motion expressing concerns regarding the lack of funding to implement the Approved TPP and requesting the Energy Bureau urgently issue a determination regarding the Revised EE Rider Petition. *See Urgent Motion Requesting Determination Regarding the Revised EE Rider Petition and Clarifying the Calculated Factor in the Revised EE Rider Petition and Clarifying the Calculated Factor in the Revised EE Rider Petition Submitted on May 19, 2023.*

7. On June 31, 2023, the Energy Bureau issued a Resolution and Order in Case No NEPR-MI-2020-0001, *In Re: Permanent Rate of the Puerto Rico Electric Power Authority* (“Permanent Rate Case”) (“June 30th Resolution and Order”) wherein it determined, among others, to suspend the EE Charge [EE Rider] for the month of July 2023 given the “great probability that the costs associated with [EE] programs will be paid with funds not associated with the EE Charge [EE Rider].” *See June 30th Resolution and Order on page 11.*

8. On July 1, 2023, the Energy Bureau issued a Resolution and Order in the Permanent Rate Case (“July 1st Resolution and Order”) wherein it clarified that it did not suspend the EE and DR programs as a result of the suspension of the EE Charge [EE Rider] and ordered LUMA to continue with the implementation of the TPP and the EE/DR programs. *See July 1st Resolution and Order on page 2.*

9. On July 31, 2023, the Energy Bureau issued a Resolution and Order in Case No. NEPR-MI-2020-0001, *In Re: Permanent Rate of the Puerto Rico Electric Power Authority*, (“July 31st Order”), in which it determined, among others, that the cost of DR programs will not be part of the EE rider and ordered LUMA to contemplate the DR programs as part of the proposal of factors corresponding to the purchase power charge adjustment (“PPCA”) mechanism. *See July 31st Order on pages 8 and 10.*

10. On August 11, 2023, the Energy Bureau issued a Resolution and Order (“August 11th Order”) including certain orders related to the Emergency DR Program and, with respect to EE, ordering LUMA to file “documentation showing that LUMA is processing energy efficiency incentive/rebate applications on or before 60 days following the earlier of two dates: 1) the date on which the EE Rider is implemented with a value greater than zero, or 2) the date on which LUMA or the Energy Bureau secure a funding commitment from an external source (such as the government of Puerto Rico or Federal funds) sufficient to implement approved EE programs”. *See* August 11th Order on page 3.

11. On September 22, 2023, the Energy Bureau issued a Resolution and Order in Case *In re LUMA’s Initial Budgets*, Case No. NEPR-MI-2021-0004 (“September 22nd Budgets Order”) whereby, in pertinent part, it decided that the costs of the EE programs of the Approved TPP would be recovered through base rate revenues, rather than through the EE Rider. *See* September 22nd Budgets Order on page 9.

12. On September 29, 2023, the Energy Bureau issued a Resolution and Order in Case *In re Tarifa Permanente de la Autoridad de Energía Eléctrica*, Case No. NEPR-MI-2020-0001, (the “September 29th Rate Order”) in which it indicated, based on the September 22nd Budgets Order, that the charge for the EE Rider for FY 2023 was eliminated (*See* September 29th Rate Order on pages 2-3) and ordered LUMA to include in the customer invoices an EE Rider charge equal to zero (0) (*see id.* at page 8).

13. On October 30, 2023, LUMA filed a motion requesting the Energy Bureau to extend by one year the deadline to file the EE and DR Three-Year Plan, as well as extend the Approved TPP for an additional fiscal year. *See Request to Extend by One Additional Year the Deadline to File the Three-Year Plan, Concomitant Deadlines and Extend the Term of the*

Transition Period Plan for An Additional Fiscal Year of that date. Among others, in this motion LUMA informed that it was undertaking an ambitious timeline to begin offering rebates to customers.

II. Status of Processing of EE Incentive/Rebate Applications and Request for Extension

14. LUMA respectfully submits that following the September 22nd Budgets Order and the September 29th Rate Order, which establish a source of funding for the EE programs (albeit not among those contemplated under the August 11th Order), it has been hard at work implementing the EE programs. LUMA herein provides, as Exhibit 1, a document discussing the current EE Program timeline, including LUMA's progress on the incentive/rebate application processing.

15. As explained in *Exhibit 1*, LUMA is working with its Implementation Contractor on launching the Residential Rebate Program. LUMA and its Implementation Contractor are working on the integration of their respective systems, including the required finance, accounting, and contractual components. Complete system integration is necessary in order to issue rebate checks to customers, and as LUMA and the Implementation Contractor continue to work through this process, they have found that the integration takes longer than anticipated. For this reason, LUMA is requesting this Energy Bureau additional time to complete these and the remaining pre-launch activities to begin rebate application processing and fulfillment. These additional pre-launch activities are described in Exhibit 1 and include finalizing the measure selection and incentive design, developing a website and a web app allowing customers to initiate the rebate application process, and establishing and deploying customer service. LUMA provides in Exhibit 1 its current best estimate of the timeline to begin rebate application processing and fulfillment, taking into account these pre-launch activities. LUMA anticipates commencing rebate application

processing and fulfillment by mid-January 2024. LUMA respectfully emphasizes that this request is reasonable given all the milestones accomplished and underway and in view that the EE Program is the first of its kind in Puerto Rico.

WHEREFORE, LUMA respectfully requests that the Energy Bureau **take notice** of the aforementioned and grant LUMA's request to extend the deadline to submit documentation showing that LUMA is processing energy efficiency incentive/rebate applications until mid-January 2024.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 21st day of November 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 attorneys for PREPA jmarrero@diazvaz.law and lionel.santa@prepa.pr.gov; the Independent Consumer Protection Office, hrivera@jrsp.pr.gov, and agraitfe@agraitlawpr.com, info@sesapr.org, bfrench@veic.org, shanson@veic.org, evand@sunrun.com, jordgraham@tesla.com, forest@cleanenergy.org, forest@cleanenergy.org, customerservice@sunnova.com, javrua@sesapr.org, pjcleanenergy@gmail.com.



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

Exhibit 1



Residential Rebate Program

Energy Efficiency Program Progress

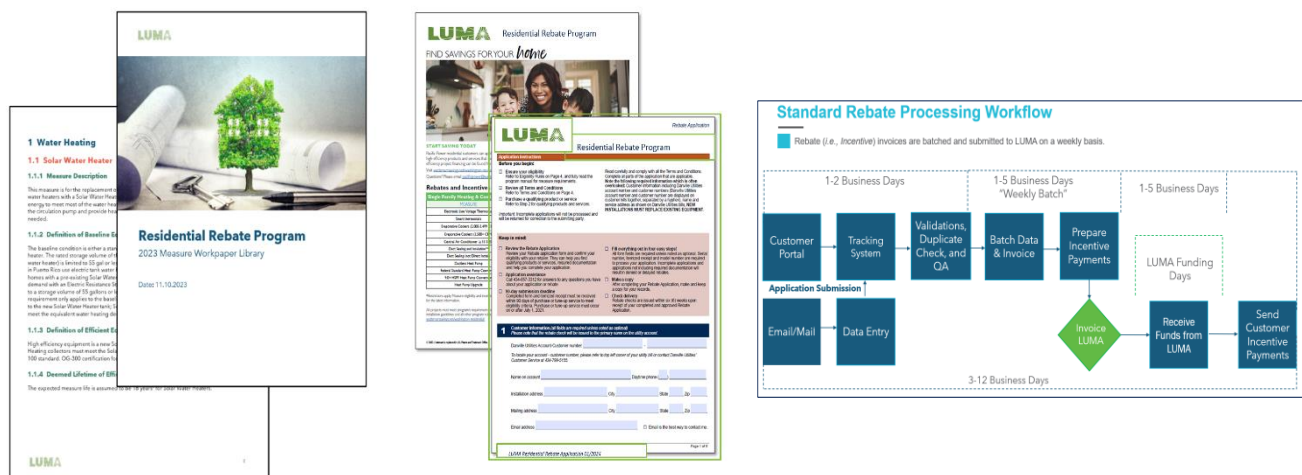
November 21, 2023

1.0 Energy Efficiency Program Progress

An important component of the transition to a sustainable energy system in Puerto Rico and better use of distributed resources is growing a portfolio of Energy Efficiency (EE) programs. EE Programs also support customer service, reliability, and community safety. Investments in EE Programs can provide benefits to Puerto Rico by reducing electricity bills and business operating costs, creating local jobs, reducing dependence on imported fuel, bolstering grid resiliency, reducing emissions, and eventually contributing to lower utility infrastructure costs. In its Resolution and Order issued August 11, 2023, the Puerto Rico Energy Bureau (PREB or Energy Bureau) ordered LUMA to provide documentation that it has processed EE rebate applications on or before 60 days following the date on which LUMA or the Energy Bureau secure funding commitment sufficient to implement approved EE programs. LUMA has been hard at work developing EE programs to comply with the milestones established by the Energy Bureau. LUMA's goal with Quick-Launch programs is to swiftly provide LUMA's customers with an initial solution for accessing energy efficiency rebates while LUMA develops additional, more robust energy efficiency programs and offerings based on lessons learned from the Quick-Launch programs.

As part of the activities required to effectively launch the first EE Program and as established in the approved Transition Period Plan, LUMA has engaged the support of a professional Implementation Contractor. LUMA has been working closely with the Implementation Contractor to conduct the final design of the Quick Launch Programs and prepare for program launch. LUMA's Implementation Contractor will leverage tools and marketing materials that have proven successful in similar initiatives implemented in other regions and ensure a streamlined and effective implementation. LUMA is currently developing rebate applications, rebate processing workflows, and saving measures documentation. These are illustrated in Figure 1 below.

Figure 1. EE Program Materials: Draft Rebate Applications, Rebate Processing Workflows, and Saving Measures Documentation.



2.0 Residential Rebate Program

LUMA is working to quickly launch the Residential Rebate Program, which will promote and encourage customers to implement energy-saving measures, such as upgrading to energy-efficient appliances, water heating, and LED lighting. LUMA will provide financial incentives (rebates) to incentivize customers to make these energy-efficient upgrades. The Rebate Program will also provide educational material that will help customers identify additional ways to reduce energy consumption and lower energy bills. Over time, the rebate programs will also stimulate the market for energy-efficient products and services and increase the availability of trained service providers.

The first phase of the Residential Rebate Program will provide rebate payments to customers who install high-efficiency equipment. Customers will submit an application and receive a rebate check via mail. LUMA and its Implementation Contractor are working on the integration of their respective systems, including the required finance, accounting, and contractual components. Complete system integration is necessary in order to issue rebate checks to customers, and as LUMA and the Implementation Contractor continue to work through this process, they have found that the integration required takes longer than anticipated. For this reason, LUMA requests additional time to file proof of executed rebates in order to complete the remaining steps for integration and other pre-launch activities. LUMA has prepared an updated weekly timeline, as illustrated below, that reflects a reasonable estimate of when the milestone will be achieved. These dates represent LUMA's current best estimate.

Table 1. EE Program Timeline Update

Task	Description	November				December			January			
		13	20	27	4	11	18	25	1	8	15	22
1	Final Measure/Incentive Selection and Design											
2	Develop and Deploy Customer Marketing Efforts (Web App)											
3	Develop Website Content for Quick-Launch Initiative											
4	Establish and Deploy Customer Service											
5	Begin Rebate Application Processing and Fulfillment											

LUMA's Implementation Contractor anticipates it will begin rebate application processing and fulfillment in mid-January 2024. As illustrated in Table 1, there are several activities LUMA must complete before it can begin processing applications. These activities include finalizing the measure selection and incentive design and developing a website and a web application allowing customers to initiate the rebate application process. The web app will offer a user-friendly bi-lingual customer interface for submitting rebate applications, along with flexible email and mail-in options. The design and implementation of customer service will occur in parallel with other project activities and will extend throughout the processing and fulfillment phases. Most of these tasks are already underway, having been initiated in parallel to the resolution of the rebate fulfillment process.