

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

NEPR

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IN RE:

**IN RE: REVIEW OF THE PUERTO RICO
ELECTRIC POWER AUTHORITY'S 10-
YEAR INFRASTRUCTURE PLAN-
DECEMBER 2020**

CASE NO. NEPR-MI-2021-0002

**SUBJECT: LUMA's Motion to Submit
Information on Accelerated Storage Addition
Program In Compliance with Resolution and
Order of November 30, 2023 and of December 11,
2023 and Request that the Energy Bureau Open a
Separate Docket for the Evaluation of this
Program**

**LUMA'S MOTION TO SUBMIT INFORMATION ON ACCELERATED
STORAGE ADDITION PROGRAM IN COMPLIANCE WITH RESOLUTION AND
ORDER OF NOVEMBER 30, 2023 AND OF DECEMBER 11, 2023 AND REQUEST FOR
ENERGY BUREAU TO OPEN A SEPARATE DOCKET FOR THE EVALUATION OF
THIS PROGRAM**

TO THE PUERTO RICO ENERGY BUREAU:

COME NOW LUMA Energy, LLC¹, and LUMA Energy ServCo, LLC², (jointly referred to as "LUMA"), through the undersigned legal counsel and respectfully submit and request the following:

I. Relevant Procedural History and Background

1. On December 30, 2020, the Puerto Rico Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") issued a Resolution and Order, under Case No. NEPR-MI-2020-0016, requiring, among others, that the Puerto Rico Electric Power Authority ("PREPA") file a copy of a 10-Year Plan that PREPA had submitted to the Federal Emergency Management Agency ("FEMA") titled PREPA 10-Year Infrastructure Plan December 2020 ("10-Year Plan").

¹ Register No. 439372.

² Register No. 439373.

2. On December 31, 2020, PREPA filed with Energy Bureau, in Case No. NEPR-MI-2020-0016, the 10-Year Plan, among others. *See Motion in Compliance with Order Entered on December 30, 2020* filed by PREPA in Case No. NEPR-MI-2020-0016 on that date.

3. On January 25, 2021, the Energy Bureau issued a Resolution and Order (“January 25th Order”), in the instant proceeding, indicating that the 10-Year Plan must be aligned with the approved Integrated Resource Plan and Modified Action Plan in Case No. CEPR-AP-2018-0001³ (“Approved IRP and Modified Action Plan”) (*see* January 25th Order on page 7) and ordering PREPA to revise the 10-Year Plan to correct its noncompliance with the approved IRP and Modified Action Plan (*see id.* at page 11). Through the January 25th Order (being the first document in the docket of this proceeding), the Energy Bureau in essence opened the instant docket for the review of the 10-Year Plan.

4. On March 19, 2021, PREPA submitted a revised 10-Year Plan (“Revised 10-Year Plan”). *See Motion Submitting March 2021 Revised 10-Year Infrastructure Plan* filed by PREPA on that date.

5. On March 26, 2021, the Energy Bureau issued a Resolution and Order (“March 26th Resolution and Order”) making certain determinations regarding the alignment of the Revised 10-Year Plan with the Approved IRP and Modified Action Plan. *See* March 26th Resolution and Order on pages 6 to 16. In this Resolution and Order, the Energy Bureau indicated that “[a]s PREPA’s instrument to coordinate/delineate its capital investments, the Energy Bureau had the unequivocal duty to ensure that the Revised 10-Year Plan is fully aligned with the Approved

³ Both as approved by Final Resolution and Order issued by the Energy Bureau on August 24, 2020 in Case No. CEPR-AP-2018-0001, *In Re: Review of the Integrated Resources Plan of the Puerto Rico Electric Power Authority*.

IRP and Modified Action Plan in order to discharge its mandates under Act 57-2014 and Act 12-2019” (*see id.* at page 6) and that pursuant to these laws, “the Energy Bureau, as regulator, has the mandate to determine which capital investments PREPA may move forward with” (*see id.* at pages 16-17).

6. In the March 26th Resolution and Order, the Energy Bureau also ordered PREPA “to submit to the Energy Bureau each new capital investment project” and “for projects to be funded with FEMA funds and/or any other federal funds, [...] submit the specific projects to the Energy Bureau at least thirty (30) calendar days prior to its submittal to [the Puerto Rico Central Office for Recovery, Reconstruction and Resiliency (“COR-3”)], FEMA and/or any other federal agency”. *See id.* at pages 18-19.

7. On August 20, 2021, the Energy Bureau issued a Resolution and Order (“August 20th Order”) in which it determined, among other things, that the directive in the March 26th Resolution and Order for PREPA to submit specific projects to the Energy Bureau before submittal to COR-3, FEMA and/or any other federal agency also applied to LUMA. *See* August 20th Order on page 3.

8. On October 27, 2023, Genera PR, LLC (“Genera”) filed with the Energy Bureau an *Amended Motion for Leave to Submit Amendment to Project and 406 BESS Initial Scope of Work* (“Genera October 27th Motion”) in which Genera presented to the Energy Bureau a proposal to “use existing points of interconnection (“POI”) in PREPA’s legacy generation facilities to install utility-scale batteries”, an approach which Genera indicates will “provide flexibility and resiliency to the operation of the generation fleet” (as described in the Genera October 27th Motion, the “Genera BESS Projects”). *See* Genera October 27th Motion on pages 5-6. Genera also requested

the Energy Bureau to grant Genera leave to present to COR-3 and FEMA a Project Amendment⁴ and a Section 406 Initial SOW for the Genera BESS Projects and “to continue with all activities required to complete the essential documentation and analysis to complete the [Genera BESS Projects]”. *See id.* at pages 8 and 9.

9. On November 8, 2023, the Energy Bureau issued a Resolution and Order conditionally approving the Genera BESS Projects.

10. On November 30, 2023, the Energy Bureau issued a Resolution and Order (“November 30th Resolution and Order”) in which it made reference to an informal presentation conducted by LUMA to the Commissioners of the Energy Bureau of a concept developed by LUMA known as Accelerated Storage Addition Program (“ASAP”) which “would allow the integration of much needed Battery Energy Storage Systems (“BESS”) to the Puerto Rico Electrical System in a significantly reduced amount of time than the time expected through the ongoing renewable energy and storage procurement process”, which concept LUMA “would present [...] to other stakeholders to obtain the input of the relevant parties to ensure the success of the [ASAP]”. *See* November 30th Resolution and Order on page 2. *See id.* The Energy Bureau then ordered LUMA to present, within five (5) business days from the notification of the November 30th Resolution and Order, a filing including the following:

- i. A detailed description and discussion of the concept of the [ASAP], including its benefits (e.g., economic, operational, etc.);
- ii. The status of the efforts towards formalizing the [ASAP];
- iii. A discussion on any barriers identified that may impact the implementation of the [ASAP], including any input from the stakeholders; [...]

⁴ This term refers to an amendment to an existing project submitted to FEMA that is already obligated (described as Long Lead Items (Equipment) Project # 6763691) to disburse up to 50% in advance for equipment purchase.

- iv. A discussion on the impacts of the [ASAP], if any, on the GENERA BESS Project conditionally approved by the Energy Bureau through the [Resolution and Order issued on November 8, 2023 in this proceeding] [...]; [and]
- v. The status of LUMA's due diligence to allow the GENERA BESS Projects to interconnect at the various sites.

See id.

11. On December 4, 2023, LUMA requested the Energy Bureau an extension, until December 21, 2023, to submit the information to respond to the requests for information number (i) through (iv) above ("RFIs (i) through (iv)"), which pertain to the ASAP concept. *See LUMA's Motion Requesting Extension to Submit Information on Accelerated Storage Addition Program Requested in Resolution and Order of November 30, 2023* filed on December 4, 2023.

12. On December 7, 2023, LUMA submitted to the Energy Bureau the information regarding the status of LUMA's due diligence to allow the Genera BESS Projects to interconnect at various sites, in response to the request for information number (v) above and in compliance with the November 30th Resolution and Order. *See LUMA's Motion to Submit Information on Status of Due Diligence to Allow Genera BESS Projects to Interconnect, in Compliance with Resolution and Order of November 30, 2023* filed on December 7, 2023.

13. On December 11, 2023, this Energy Bureau issued a Resolution and Order ("December 11th Resolution and Order") granting LUMA's extension to submit the information on the ASAP concept until December 21, 2023.

II. Submittal of Information and Request to Open Separate Docket

14. In compliance with the November 30th Resolution and Order and the December 11th Resolution and Order, LUMA hereby submits the information regarding the ASAP concept in the RFIs (i) and (iv) of the November 30th Resolution and Order. *See Exhibit 1.*

15. LUMA respectfully requests that this honorable Energy Bureau open a separate docket to consider the ASAP concept where additional more detailed information is submitted, as it is developed, for the consideration of this Energy Bureau.

16. As documented in the procedural history herein, this docket was established for the Energy Bureau to evaluate the 10-Year Plan submitted by PREPA to FEMA to ensure it was aligned with the Approved IRP and Modified Action Plan. *See* January 25th Order and March 26th Resolution and Order. The scope of this proceeding was thereafter expanded to other federally funded capital projects when the Energy Bureau also ordered PREPA to submit all specific projects to the Energy Bureau before submittal to COR-3, FEMA and/or any other federal agency. *See* March 26th Resolution and Order at pages 18-19

17. As explained in more detail in Exhibit 1, ASAP is a program that would propose to have existing Independent Power Producers (“IPP”) with current Power Purchase and Operating Agreements (“PPOAs”) with the Puerto Rico Electric Power Authority (“PREPA”) to add BESS at their locations on an accelerated basis. It is contemplated that a standard offer (applicable to all equally) would be made to these IPPs to amend their PPOAs to add BESS capacity at their facilities. This additional BESS capacity would be dispatched by LUMA to provide voltage and frequency support and ancillary services, thereby providing improved system reliability and reduction of load shedding events.

18. As can be noted, the ASAP is not a PREPA/LUMA capital project. Rather, the development of the BESS under the ASAP would be the responsibility of the IPPs. In addition, as proposed, the ASAP, does not require federal funding. Therefore, LUMA respectfully submits that the ASAP is not the type of project that is the subject of evaluation in the instant docket. However,

LUMA recognizes the need to have this honorable Energy Bureau to review the ASAP concept prior to its implementation and therefore respectfully requests that this Energy Bureau open a separate non-adjudicative docket for such purposes. This approach would also prevent confusion regarding the nature of the project and would allow more efficient process to consider the different regulatory and practical implementation aspects of the ASAP.

WHEREFORE, LUMA respectfully requests that the Energy Bureau **take notice** of the aforementioned, **accept** Exhibit 1 herein in response to RFIs (i) and (iv) of the November 30th Resolution and Order; **deem** LUMA in Compliance with the November 30th Resolution and Order; and **grant** LUMA's request for the Energy Bureau to open a separate docket for the consideration of LUMA's proposed Accelerated Storage Addition Program.

RESPECTFULLY SUBMITTED.

We hereby certify that we filed this motion using the electronic filing system of this Energy Bureau and we will send an electronic copy of this motion to lionel.santa@prepa.com; alopez@sbgblaw.com; jfr@sbgblaw.com; and jlago@sbgblaw.com.

In San Juan, Puerto Rico, on this 21st day of December 2023.



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Exhibit 1

Responses to RFIs (i) through (iv)



LUMA's Accelerated Storage Addition Program

NEPR-MI-2021-0002

Responses to November 30, 2023, Requests

December 21, 2023

Executive Summary

The Accelerated Storage Addition Program (ASAP) proposes to have existing Independent Power Producers (“IPP”) with current Power Purchase and Operating Agreements (“PPOAs”) with the Puerto Rico Electric Power Authority (“PREPA”) to add Battery Energy Storage Systems (BESS) at their locations on an accelerated basis. It is contemplated that a standard offer (applicable to all equally) would be made to these IPPs to amend their PPOAs to add BESS capacity at their facilities.

This additional BESS capacity would be dispatched by LUMA to provide voltage and frequency support and ancillary services, thereby providing improved system reliability and reduction of load shedding events. ASAP is a cost-effective implementation of storage by maximizing the use of existing infrastructure while providing system reliability benefits.

Through this response, LUMA proposes to open a separate docket for the Bureau’s consideration of the Accelerated Storage Addition Program. Additional and more detailed information will be submitted as ASAP is developed through this separate docket.

List of Responses and Attachments

Response ID	Document Type	Response Subject
ROI-LUMA-MI-2021-0002-20231207-PREB-0001	Response in PDF	Accelerated BESS Program Concept
ROI-LUMA-MI-2021-0002-20231207-PREB-0002	Response in PDF	Program Status
ROI-LUMA-MI-2021-0002-20231207-PREB-0003	Response in PDF	Discussion of Identified Obstacles
ROI-LUMA-MI-2021-0002-20231207-PREB-0004	Response in PDF	ASAP’s Impact on GENERA’s BESS Project

*Note: *Denotes attachments that have been provided in Microsoft Excel format.*

LUMA's Accelerated Storage Addition Program

NEPR-MI-2021-0002

Response: ROI-LUMA-MI-2021-0002-20231207-PREB-0001

SUBJECT

Accelerated BESS Program Concept

REQUEST

A detailed description and discussion of the concept of the Accelerated BESS Program, including its benefits (e.g., economic, operational, etc.)

RESPONSE

The Accelerated Storage Addition Program (ASAP) aims to expedite the addition of Battery Energy Storage Systems (BESS) at existing Independent Power Provider (IPP) locations. This involves a Standard Offer Amendment to Power Purchase Operating Agreements (PPOAs), offering the following benefits:

- ASAP is a cost-effective implementation of storage by maximizing the use of existing infrastructure while providing system reliability benefits.
- The timeline to bring BESS online can be shortened – IPPs have existing Points of Interconnection (POI) so there is no need for interconnection construction and minimal studies required. The existing generators do not currently utilize the full interconnection limit for many hours during a 24-hour period, so ASAP is intended to utilize more of this capacity that is otherwise unused.
- There is an existing PPOA in place for these locations so commercial arrangements can be defined relatively quickly and incorporated into the existing PPOA via an amendment. The same draft Standard Offer Agreement has been made available on an informal basis to all existing generators. While most generators have reacted positively to the opportunity, several have not yet shown an enthusiastic response. This is an indication that the opportunity is competitive and is in the ratepayers' interest.
- Development risk and regulatory uncertainty can be reduced compared to greenfield projects because IPPs already have existing land and point of interconnection. Consequently, ASAP projects have significantly reduced capital costs compared to other BESS projects.

- ASAP can also lower costs significantly since there are reduced needs related to: engineering studies, legal and permitting processes. This reduces the costs and uncertainty for the generators. This reduced risk translates into lower costs for ratepayers.
- BESS can improve system reliability and reduce load sheds by dispatching energy during peak times and providing grid ancillary services to increase system hourly reserves. Most of the under-frequency load shed events (UFLS) in CY 2023 have been less than 200 MW. This means that if the System had had more than 200 MW, most load shed events could have been avoided. The UFLS events that might still have occurred would be smaller in magnitude and duration.
- ASAP has been configured to add as much capacity as the POI can transmit into the system, without requiring network upgrades or major interconnection work at the 12 existing IPP facilities through a “Standard Offer” amendment to their existing PPOA, resulting in improved reliability for the system at an accelerated pace and reduced cost.

LUMA's Accelerated Storage Addition Program

NEPR-MI-2021-0002

Response: ROI-LUMA-MI-2021-0002-20231207-PREB-0002

SUBJECT

Program Status

REQUEST

The status of the efforts towards formalizing the Accelerated BESS Program.

RESPONSE

There are several milestones over the near-term period that must be achieved before ASAP could be formalized. At a high level, the status of the most important milestones is listed below:

- **Energy Bureau** - LUMA is planning to request that PREB open a docket to inform of such concept in detail and provide information. LUMA is actively requesting meetings with P3A and FOMB to inform them of this program as well.
- **P3A** - After meeting with the Energy Bureau, a high-level informal meeting was held with the P3A to describe the broad concept of the ASAP program.
- **FOMB** – A meeting has been requested but has not yet occurred.
- **Term Sheet Development** - An initial term sheet is being drafted and is undergoing review. This term sheet along with any attachments needed will be adapted for each existing generator to identify major topics and to make sure the parties are in agreement about concepts and principles. An initial draft of this term sheet was sent to interested generators the week of December 4th, and LUMA has been having informal conversations with them since that time to ensure all parties are generally aligned.
- **Standard Offer Amendment** - Once all the parties agree on a term sheet some time in January, the details will need to be converted into a Standard Offer amendment to the existing PPOAs.
- **Technical Feasibility** - Several site visits were performed to all interested generator sites and preliminary steady-state studies were completed. No operational restrictions or adverse effects on the existing transmission system have been identified. The site visit report is currently under final evaluation with Engineering.
- **Financial Analysis** - Preliminary cost assumptions have been defined. Next steps will be to identify any site-specific issue that should be included in the cost assumptions and to confirm final numbers with generators.

RESPONSES TO NOVEMBER 30, 2023, REQUESTS

- **Investment Tax Credit** – The eligibility for Puerto Rico based businesses to take advantage of the ITC remains a significant uncertainty. With or without full ITC credit, ASAP is judged to be the most attractive option to expand private-owned generation and storage capacity,
- **Operational Flexibility** – There are several aspects of ASAP that offer significant ratepayer benefits from the ability for LUMA to operate the batteries in the way that they need. Some of this operational flexibility could create additional costs. LUMA and the generators need to discuss the costs and benefits of each of these variables to determine which ones are cost effective.

LUMA's Accelerated Storage Addition Program

NEPR-MI-2021-0002

Response: ROI-LUMA-MI-2021-0002-20231207-PREB-0003

SUBJECT

Discussion of Identified Obstacles

REQUEST

Discussion on any barriers identified that may impact the implementation of the Accelerated BESS Program, including any input from the stakeholders.

RESPONSE

ROI response NEPR-MI-2021-0002 discussed the major milestone topics that would affect schedule progress. So far, there have been no major barriers identified from a technical, economic, or commercial basis. We have had several discussions with the generators and all parties agree this project creates significant opportunities and we do not see any major barriers.

While there are no barriers identified to date that are considered insurmountable, there are uncertainties that have a significant impact on the generator's interest in ASAP.

- There have been several questions raised by generators about the regulatory approval process, including review and approval timelines as well as potential regulator considerations. These questions related to broad areas such as the role of the Energy Bureau and FOMB in the approval cycle. Many of the generators' comments related to their need for greater specificity in these issues before they can take the idea to their financing partners.
- Generators do have issues about obtaining financing for the ASAP projects. Once again, these should not be identified as barriers to ASAP, but they more reflect the financing challenge of getting any contracts financed in Puerto Rico while PREPA is in Title III bankruptcy protection.
- The issue of how to obtain Investment Tax Credits (ITC) is the largest uncertainty. Different generators have provided different responses about how much ITC is available for projects in Puerto Rico. This is a general concern, not specific to ASAP since it applies to different degrees to all renewable energy projects in Puerto Rico
- While supply chain issues are not as severe as 12 months ago, the order backlog around the world does create concerns that need to be addressed.

LUMA's Accelerated Storage Addition Program

NEPR-MI-2021-0002

Response: ROI-LUMA-MI-2021-0002-20231207-PREB-0004

SUBJECT

ASAP's impact on GENERA's BESS Project

REQUEST

Discussion on the impacts of the Accelerated BESS Program, if any, on the GENERA BESS Project conditionally approved by the Energy Bureau through the November 8 Resolution.

RESPONSE

There are currently multiple BESS projects under development in Puerto Rico. These include:

- Utility-scale storage procured via the renewable energy RFP overseen by PREB (Tranches I, III and III)
- Virtual Power Plant ("VPP")
- Vieques and Culebra Microgrid
- 4x25 MW BESS Interconnections to LUMA 38 kV System
- Genera BESS

All of these are being developed in parallel and should not be impacted by ASAP.

Luma has not held any specific conversations with Genera about any potential impact between the ASAP project and the Genera BESS project. The two projects have no meaningful overlap with each other. It is LUMA's understanding that the ASAP program will not have any impact on the Genera BESS Project conditionally approved by the Energy Bureau through the November 8 Resolution.

- There is no expected negative Resource Adequacy impact of ASAP on the Genera BESS project, nor will the Genera BESS project have a negative impact on ASAP that can be seen at this time. The entire bulk power system would benefit from additional BESS projects and would benefit from both projects being added to the system. Given the need for significantly more new BESS additions, pursuing one opportunity is not expected to reduce the needs and benefits of the other opportunity since the combined total MW of BESS is still well below what will be needed in Puerto Rico.
- There is no operational impact. ASAP and the Genera BESS projects can proceed in parallel since they have different interconnection points, and they will have not affect Systems Operations ability to dispatch each other. Nothing that one project contemplates is expected to have a meaningful reaction on the other from a technical or operational perspective.

RESPONSES TO NOVEMBER 30, 2023, REQUESTS

- There is no financial impact of the two projects on each other since they will be funded and paid for from different sources. ASAP will be funded by each specific generator at their site. They will be reimbursed through their existing PPOA agreement and those costs are recovered through the Purchased Power Cost Adjustment rider to the Base Rate. Genera Bess will be funded from federal funds that Genera will be responsible for obtaining for reimbursement.