

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

NEPR

Received:

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IN RE:
LUMA'S RESPONSE TO HURRICANE
FIONA

CASE NO. NEPR-MI-2022-0003

**SUBJECT: Third Report on Demobilization of
FEMA Generation**

**MOTION SUBMITTING THIRD REPORT ON DEMOBILIZATION OF FEMA
GENERATION**

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 the following:

1. In a Resolution and Order of October 7, 2022 ("October 7th Order") with the subject "Baseload Generation Dispatch Status-Post Hurricane Fiona," this Honorable Puerto Rico Energy Bureau ("Energy Bureau") convened a Technical Conference to discuss concerns raised by LUMA in a letter dated October 6, 2022, regarding Resource Adequacy and potential Generation resource deficiencies following Hurricane Fiona.¹

2. On October 12, 2022, the Energy Bureau entered a Resolution and Order whereby it ordered LUMA to develop a stabilization plan as a direct response to Hurricane Fiona, in coordination with the Federal Emergency Management Agency ("FEMA") and the Puerto Rico Electric Power Authority ("PREPA") "to address any baseload generation inadequacy or shortfall that affects the dispatch availability and has the potential to cause load shedding or a blackout event of the electric system ("Stabilization Plan")" ("October 12th Order").

¹ The Technical Conference was held as scheduled on October 11, 2022. During the Technical Conference, the Energy Bureau and consultants for the Energy Bureau posed questions to LUMA's representatives.

3. Per the October 12th Order, LUMA was directed to submit the 1st and the 15th day of each month from the notice of the Order, an updated report addressing the efforts conducted by LUMA to assure the completion of the Stabilization Plan.

4. On October 31st, 2022, LUMA submitted the First Update on the Stabilization Plan.

5. On November 1, 2022, this Energy Bureau held a technical conference for November 1, 2022 (“October 27th Order”) in connection with the first update on the Stabilization Plan. LUMA representatives appeared to discuss the Stabilization Plan and answered questions from this Energy Bureau.

6. On November 15, 2022, LUMA submitted a Second Update on the Stabilization Plan (“Second Update”). In addition, LUMA submitted supplemental information to the Second Update arising from a joint press conference of November 15th, 2022, where the Governor of Puerto Rico, the Hon. Pedro Pierluisi, and the Federal Coordinator for the Federal Emergency Management Agency (“FEMA”), Nancy Casper, announced that FEMA’s power stabilization initiative aims to install between 600 to 700 MW of temporary emergency generation capacity through the mobilization of power generation maritime barges and temporary land-based generators. *See Supplemental Submission to Second Update on Stabilization Plan to Inform of Announcement by the Puerto Rico Government and FEMA on Temporary Emergency Generation Capacity*, filed on November 15, 2022.

7. LUMA thereafter submitted bi-weekly updates on the progress of the Generation Stabilization Plan. The most recent of these updates was submitted on November 1st, 2023, and constituted the final update in compliance with the Energy Bureau’s October 12th Order. Specifically, updates to the Stabilization Plan were filed on December 1st, 2022 (Third Update), December 15, 2022 (Fourth Update), January 17, 2023 (Fifth Update); January 31, 2023 (Sixth

Update); February 15, 2023 (Seventh Update); March 1, 2023 (Eight Update); March 15th (Ninth Update); April 3rd (Tenth Update); April 17th (Eleventh Update); May 1, 2023 (Twelfth Update); May 15, 2023 (Thirteenth Update); June 1st, 2023 (Fourteenth Update); June 15, 2023 (Fifteenth Update); July 3rd, 2023 (Sixteenth Update); July 17th, 2023 (Seventeenth Update); August 1st, 2023 (Eighteenth Update); August 15th, 2023 (Nineteenth Update); September 1st, 2023 (Twentieth Update), September 15, 2023 (Twenty-First Update), October 2nd, 2023 (Twenty-Second Update), October 16, 2023 (Twenty-Third Update) and November 1, 2023 (Twenty-Fourth Update).

8. As informed in its Seventh Update, FEMA reduced the target emergency generation capacity of the Stabilization Plan from 750MW to 350MW. According to LUMA's resource adequate analysis, the new target emergency generation capacity would still significantly reduce the Loss of Load Expectation ("LOLE"). *See*, Seventh Update dated February 15th, 2023.

9. As per the Twenty-Third Update on the Stabilization Plan ("Twenty-Third Update"), the emergency generation resources installed at the San Juan and Palo Seco sites reached the Commercial Operation Date with a total combined baseload capacity of 350 MW. Specifically, the seven gensets installed at the Palo Seco Site reached the Commercial Operation Date on June 7, 2023. The 10 gensets installed at the San Juan site reached the Commercial Operation Date on September 27, 2023.

10. In light of the completion of the construction activities and the achievement of the Commercial Operation Date at both sites, through the Twenty-Third Update, LUMA informed that it would continue to monitor the operation of the installed emergency generation equipment for an additional 15-day cycle, at the conclusion of which LUMA would request that the Energy Bureau deem that it had fully complied with the October 12th Order and to release it from the requirement to file further updates to the Stabilization Plan.

11. Consistent with the foregoing, on November 1, 2023, LUMA submitted its Twenty-Fourth and final update to the Generation Stabilization Plan. As informed in that submission, the emergency generation resources installed at the San Juan and Palo Seco sites maintained a regular operation and averaged a total combined baseload capacity of 355 MW during the period of 15 days following the Twenty-Third Update.

12. Consequently, LUMA requested that the Energy Bureau release it from the requirement to file bi-weekly updates on the Generation Stabilization Report.

13. On November 14th, 2023, the Energy Bureau entered a Resolution and Order that, in its pertinent part, releases LUMA from filing additional bi-weekly reports to the Stabilization Plan. The Energy Bureau nonetheless required LUMA to inform of “any work conducting to the decommission of the 350MW emergency generation resources which shall trigger LUMA to resume the Bi-Weekly reporting requirement.” *See* November 14th Order on page 1.

14. On December 15, 2023, LUMA submitted the First Demobilization Report. *See, Motion Submitting First Decommissioning Report in Compliance with Resolution and Order Dated November 14, 2023, and Request for Extension to File Update to the Report.* LUMA also requested that this Energy Bureau release it from the requirement of filing the Demobilization Report on January 2, 2024, and allow LUMA to file the same by January 15, 2024. *Id.*

15. On December 20, 2023, this Honorable Energy Bureau entered a Resolution and Order granting LUMA leave to file the update on the Demobilization Request on or before January 15, 2024.²

² Pursuant Section 1.09 of the *Regulation on Adjudicative, Notice of Noncompliance, Rate Review and Investigation Proceedings*, Regulation 8543, if a period ends on a legal holiday, said period shall be extended until the next day. Given that on January 15th, the Martin Luther King legal holiday was observed, the time to file the Second Demobilization Plan moved to January 16, 2024.

16. On January 16, 2024, LUMA submitted its Second Report on Demobilization of FEMA Generations (“Second Demobilization Report”), which included a summary of the FEMA Demobilization Plan as well as the impact of said Plan.

17. On January 14, 2024, PREPA filed a document titled *Urgent Motion Submitting for Review and Approval of the Scope of Work for the Transfer/Ownership to PREPA of the Temporary Generation Unit* (“January 14th PREPA Motion”) before this Energy Bureau in Case No. NEPR-MI-2021-0002. Through the January 14th PREPA Motion, PREPA informed that on January 5, 2024, the Federal Emergency Management Agency (“FEMA”) sent a letter to the Puerto Rico Central Office for Recovery, Reconstruction, and Resiliency (“COR3”) approving negotiations for the acquisition of the temporary generation units installed in the Palo Seco Steam Plant and the San Juan Plant (hereby, “Temporary Units”). PREPA also indicated that FEMA would provide funding for the acquisition of the Temporary Units.

18. In the January 14th PREPA Motion, PREPA requested the Energy Bureau’s approval of the initial Scope of Work for the acquisition and ownership by PREPA of the Temporary Units. Particularly, PREPA requested that the Energy Bureau (1) evaluate and grant it leave to conduct all tasks necessary to transfer ownership of the Temporary Units to PREPA; (2) grant it leave to continue working with all of the associated permitting activities to continue dispatching the Temporary Units until the Integrated Resource Plan revision process makes a different determination; and (3) grant it leave to continue supporting COR3 with the federal processes available to have the cost of the Temporary Units reimbursed with federal funds.

19. On January 19, 2024, this Honorable Energy Bureau entered a Resolution and Order in Case No. NEPR-MI-2021-0002 (“January 19th Order”), whereby it ordered LUMA to submit, within five (5) business days, an updated version of the Second Demobilization Report,

addressing the potential transfer and ownership of the Temporary Units in the San Juan and Palo Seco Power Plants to PREPA.

20. In compliance with the January 19th Order, on January 26, 2024, LUMA submitted in this proceeding an Updated Version of the Second Report on Demobilization. On that same date, LUMA submitted in Case No. NEPR-MI-2021-0002, an *Informative Motion on Updated Version of the Second Report on Demobilization of FEMA Generation in Compliance with Resolution and Order dated January 19, 2024*, attesting to having filed in the captioned proceeding, the Updated Version of the Second Report on Demobilization.

21. In further compliance with the November 14th Order, LUMA hereby submits as *Exhibit 1*, the Third Report on Demobilization.

WHEREFORE, LUMA respectfully requests that this Energy Bureau **take notice** of the aforementioned, **accept** the Third Demobilization Report submitted as *Exhibit 1* to this Motion, and **deem** that LUMA complied with the November 14th Order.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 1st day of February 2024.

We hereby certify that this motion was filed using the electronic filing system of this Energy Bureau. We also certify that a copy of this motion will be notified to the Puerto Rico Electric Power Authority, through attorneys Lionel Santa, Lionel.santa@prepa.pr.gov and Alexis G. Rivera Medina, arivera@gmlex.net.



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/ Valeria Belvis Aquino

Valeria Belvis Aquino

Núm. RUA 22584

valeria.belvis@us.dlapiper.com

Exhibit 1
Third Demobilization Report



Generation Stabilization Plan: Demobilization of FEMA Generation Discussion

February 1, 2024

Agenda:

- I. FEMA Generation Demobilization Planning – Summary**
- II. Current Situation**

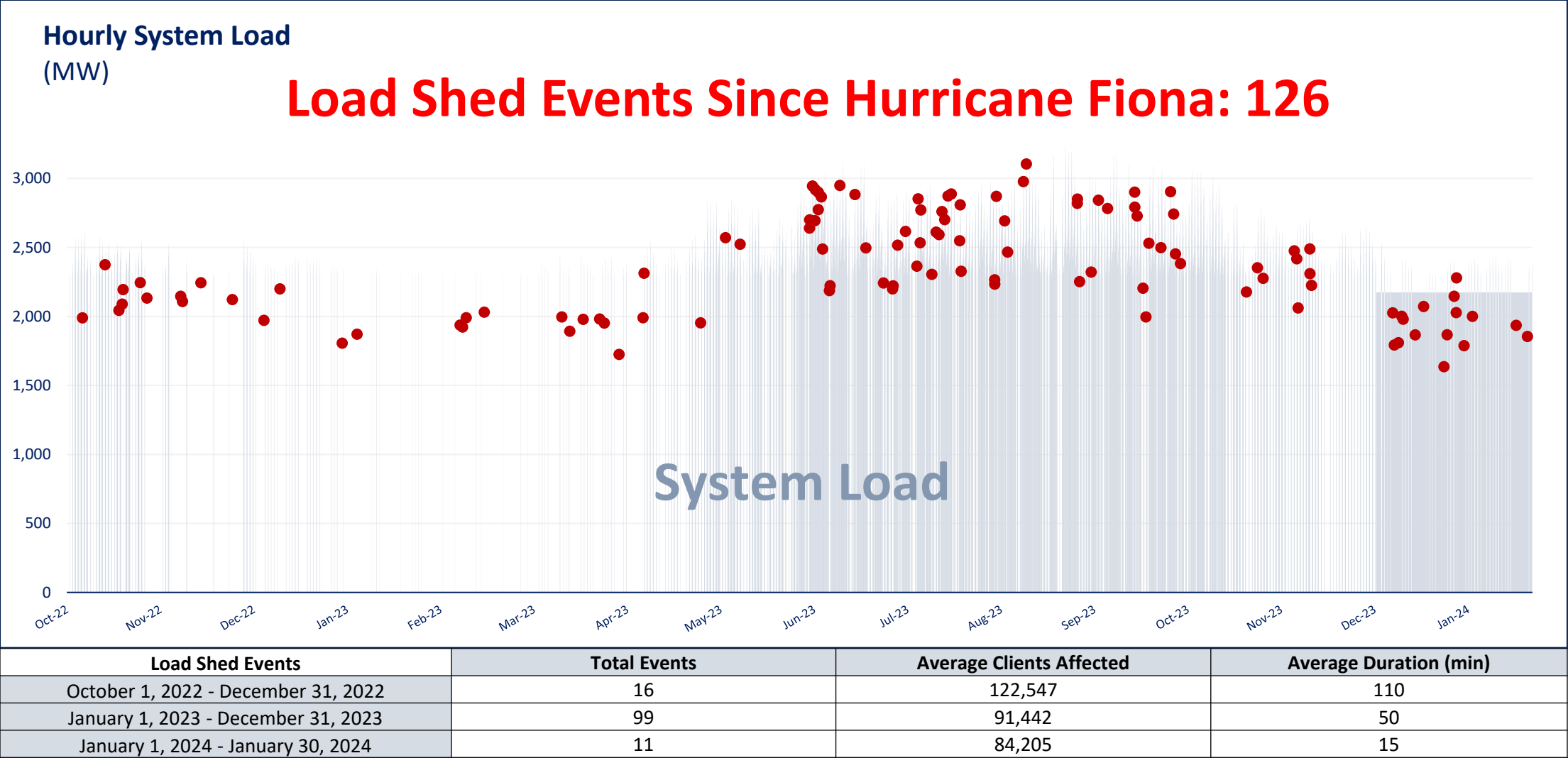
FEMA Demobilization Planning - Summary

- **LUMA met with FEMA this week with minimal changes since last report. March 15, 2024 remains the demobilization target date.**
 - FEMA is beginning the closeout of the Direct Federal Assistance mission which includes complying with FEMA's specific close procedures (including audit and financial settlement requirements)
- **LUMA understand that FEMA and COR3 are engaging in discussions about generation transition**
 - In compliance with the PREB order of January 19th, LUMA has had conversations with PREPA and Genera.
 - As of 01.31.2024, funding sources for a potential transition of the FEMA generation was not decided
 - Once source is determined, potential impacts of the use of currently allocated funding can be identified
- **Puerto Rico power system is still at very high risk of insufficient generation supply and currently relies heavily on the 350 MW of FEMA generation**
 - Please see LUMA's Report of January 26, 2024 for analysis of impact of removal of the FEMA generation on resource adequacy



Current Situation – 11 Load Shed Events during January

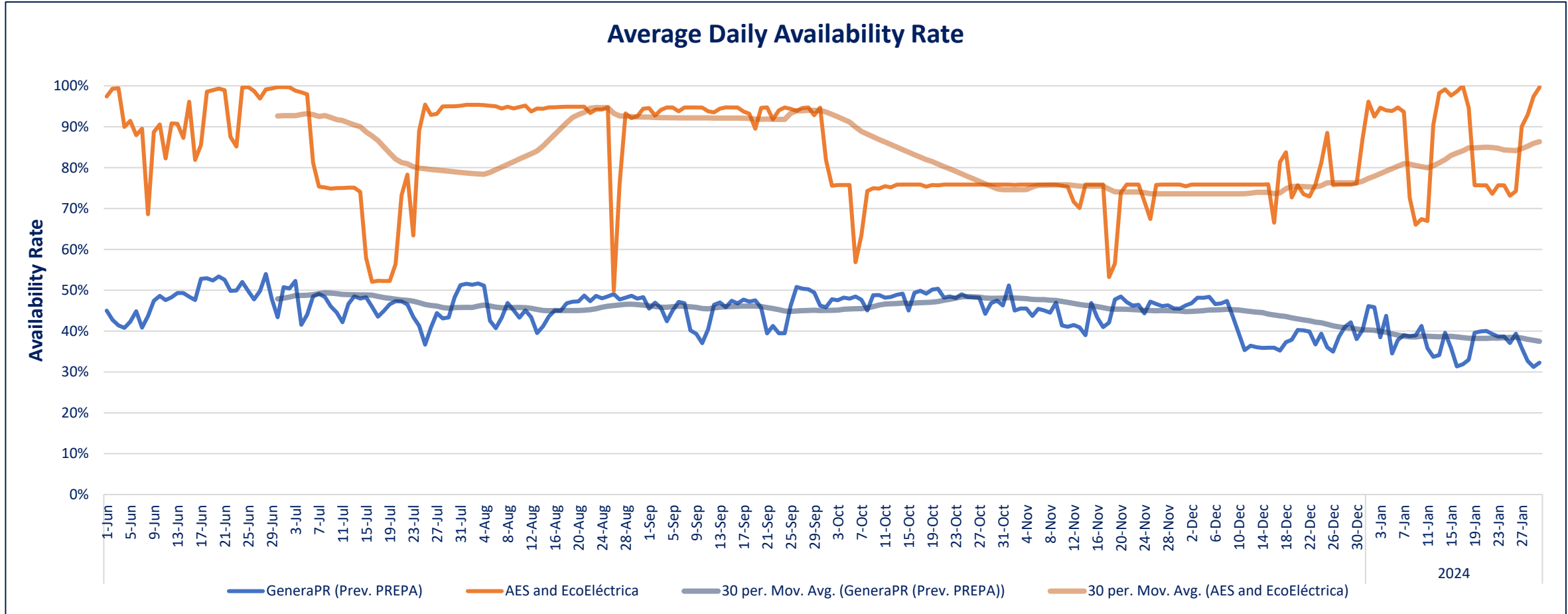
As of: 1/30/2024



Current Situation – Average Daily Availability

30-Day Moving Average Trendline

Updated until 01/30/2024





LUMA

Thank you!