

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

<b>NEPR</b>
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**IN RE:**  
IN RE: PUERTO RICO ELECTRIC POWER  
AUTHORITY PERMANENT RATE

**CASE NO. NEPR-MI-2020-0001**

**SUBJECT: Motion To Submit Estimate of  
Portion of Tranche 1 Interconnection Costs to  
be Recovered through PPCA in Compliance  
with Resolution and Order of February 5, 2024  
in Case No. NEPR-MI-2020-0012**

**MOTION TO SUBMIT ESTIMATE OF PORTION OF TRANCHE 1  
INTERCONNECTIN COSTS TO BE RECOVERED THROUGH PPCA IN  
COMPLIANCE WITH RESOLUTION AND ORDER OF FEBRUARY 5, 2024 IN CASE  
NEPR-MI-2020-0012**

**TO THE HONORABLE PUERTO RICO ENERGY BUREAU:**

COME NOW LUMA Energy, LLC, and LUMA Energy Servco, LLC (jointly referred to as “LUMA”), through the undersigned counsel, and respectfully state and request the following:

**I. Relevant Procedural History and Background**

1. On April 4, 2023, the Energy Bureau issued a Resolution and Order (“April 4<sup>th</sup> Order”) in Case No. NEPR-MI-2020-0012, *In Re: Implementation of the Puerto Rico Electric Power Authority Integrated Resource Plan and Modified Action Plan* (“IRP Implementation Case”) regarding LUMA’s procurement for the point of interconnection works (“Interconnection RFP”) for the renewable energy and energy storage resources procured in the Tranche 1 request for proposals process<sup>1</sup>. Through the April 4<sup>th</sup> Order, the Energy Bureau ordered PREPA to require

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<sup>1</sup> The Tranche 1 is the first of six tranches for the acquisition of renewable resources and energy storage resources that the Integrated Resource Plan (“IRP”) requires that PREPA undertake through request of proposal processes. *See* Final Resolution and Order on PREPA’s IRP issued on August 24, 2020 in Case No. CEPR-AP-2018-0001, *In Re: Review of the Puerto Rico Electric Power Authority Integrated Resource Plan*.

Tranche 1 proponents “to utilize the most recent interconnection cost estimates, provided by LUMA, to present their Best and Final Offers” (“BFO”) under their Power Purchase and Operating Agreements (“PPOAs”). *See* April 4<sup>th</sup> Order on page 1. The Energy Bureau also determined that “any price discrepancy between the interconnection costs used for the BFO [(for purposes of this Motion, the “Original Estimated Costs”)] and the interconnection cost (established by LUMA through the [I]nterconnection RFP) [(for purposes of this Motion, the Final Estimated Costs”)] would not be assumed by the Tranche 1 proponents (for purposes of this motion, this “price discrepancy” is referred to as the “Interconnection Costs Differences”). *See id.*

2. On September 15, 2023, the Energy Bureau issued a Resolution and Order in the IRP Implementation Case (“September 15<sup>th</sup> Order”) ordering LUMA to (i) submit information to confirm that the interconnection costs for each Tranche 1 project only include the costs of the works necessary for the interconnection and reasonable oversight costs; (ii) provide a detailed explanation for any Interconnection Costs Differences; (iii) inform the estimated date in which LUMA would need funding for the Interconnection Costs Differences to ensure the timely development and construction of the points of interconnection and the timely availability of the funds; (iv) present a proposal to obtain the funds required to offset the Interconnection Costs Differences, such as for example to include these in the Purchased Power Charge Adjustment (“PPCA”) Rider reconciliation “to be recuperated during the 24 months after achieving subsequent closing date”; and (v) modify the terms of any Tranche 1 interconnection agreements to be aligned with the April 4<sup>th</sup> Order”. *See* September 15<sup>th</sup> Order on page 3.

3. On September 22, 2023, LUMA filed in the IRP Implementation Case the information required in the September 15<sup>th</sup> Order<sup>2</sup>, including, among others, a proposal to obtain funds to offset the Interconnection Costs Discrepancies via the PPCA, information on the Original Estimated Costs (which comprises the estimated costs for the point of interconnection works plus the estimated cost of LUMA’s project management, the latter referred to as the “LUMA Interconnection Works”); the Final Estimated Costs (comprised of the lump sum of selected proponent in the Interconnection RFP plus the costs of the associated LUMA Interconnection Works); and the Interconnection Costs Discrepancies (that is, the Final Estimated Costs minus Original Estimated Costs). *See Motion to Comply with Resolution and Order of September 15, 2023, as Modified by Resolution and Order of September 20, 2023* of that date in the IRP Implementation Case (“September 22 Motion”) and its Exhibit 1.

4. On September 26, 2023, the Energy Bureau issued a Resolution and Order in the IRP Implementation Case determining that LUMA complied with the September 15<sup>th</sup> Order.

5. On October 25, 2023, LUMA submitted to the Energy Bureau in the IRP Implementation Case a *Memorandum of Law in Support of Confidential Treatment of Attachments to Response submitted by LUMA on October 25, 2023 to Energy Bureau’s Informal Request for Information of October 10, 2023*, in which, among others, LUMA requested confidential treatment of a Bid Evaluation and Award Approval (“BEAA”) document prepared by LUMA as a result of the Interconnection RFP containing the costs of the selected engineering, procurement and construction (“EPC”) provider.

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<sup>2</sup> As modified by Resolution and Order of September 20, 2023, which extended the deadline to comply.

6. On December 6, 2023, LUMA informed the Energy Bureau in the IRP Implementation Case that it had executed thirteen Interconnection Agreements with Tranche 1 proponents and one Interconnection Agreement with a non-Tranche 1 proponent and requesting approval to (a) proceed with the negotiations with the EPC provider selected in the Interconnection RFP and (b) use the PPCA to cover the Interconnection Costs Differences. *See Informative Motion on Execution of Tranche 1 Interconnection Agreements, Request for Determination Regarding Interconnection Costs and Request for Confidential Treatment* filed on December 6, 2023, in the IRP Implementation Case.

7. On February 5, 2024, the Energy Bureau issued a Resolution and Order in the IRP Implementation Case (“February 5<sup>th</sup> Order”) ordering LUMA to submit information relating to the current estimate of the EPC provider’s costs, the interconnection costs considered in the PPOAs or ESSAs, the Original Estimated Costs, and the calculation of the values (\$/kWh) provided by LUMA to recover the incremental interconnection costs (for purposes of this motion, “Requests for Information (“RFIs”) No. 1 to 4”). *See* February 5<sup>th</sup> Resolution and Order on pages 3-4. In addition, the Energy Bureau approved the use of the PPCA to cover Interconnection Costs Differences and ordered LUMA to “prepare an estimate of the portion of the expenditures, to be recovered through the PPCA, for interconnection costs for Q2 of 2024 based on existing construction schedules for the development of all Tranche 1 interconnection projects and submit its proposal [in the instant docket (Case No. NEPR-MI-2020-0001)] by February 15, 2024”. *See id.* at page 4.

8. On February 12, 2024, LUMA submitted a motion in the IRP Implementation Case to respond to RFIs No. 1 to 4. *See Motion to Submit Information in Compliance with Resolution and Order of February 5, 2023 and Request for Confidential Treatment* of that date.

## II. Submittal of Estimate of Interconnection Costs to be Recovered through PPCA

9. In compliance with the February 5<sup>th</sup> Order, LUMA is filing in this docket the estimated projected expenditures, to be recovered through the PPCA, for interconnection costs for second quarter of Fiscal Year 2024 based on existing construction schedules for the development of all Tranche 1 interconnection projects. *See Exhibit 1.*

**WHEREFORE**, LUMA respectfully requests that the Energy Bureau **take notice** of the aforementioned and **accept** *Exhibit 1* in compliance with the February 5<sup>th</sup> Resolution and Order.

### **RESPECTFULLY SUBMITTED.**

In San Juan, Puerto Rico, this 15<sup>th</sup> day of February 2024.

I hereby certify that I filed this Motion using the electronic filing system of this Energy Bureau and that I will send an electronic copy of this Motion to counsel for PREPA Lionel Santa Crispin, [Lionel.santa@prepa.pr.gov](mailto:Lionel.santa@prepa.pr.gov), and Alexis G. Rivera Medina, [arivera@gmlex.net](mailto:arivera@gmlex.net), counsels for Genera PR LLC, Jorge Fernandez-Reboredo, [jfr@sbgllaw.com](mailto:jfr@sbgllaw.com), Alejandro López Rodríguez, [alopez@sbgllaw.com](mailto:alopez@sbgllaw.com), and Joaquin M. Lago González, [jlago@sbgllaw.com](mailto:jlago@sbgllaw.com), and the Independent Consumer Protection Office, through Director Hannia Rivera, [hrivera@oipc.pr.com](mailto:hrivera@oipc.pr.com).



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*Exhibit 1*

## Exhibit 1

# Projected Interconnection Costs

On February 5, 2024, this Energy Bureau issued a Resolution and Order in Docket No. NEPR-MI-2020-0012 in which it ordered LUMA to provide, via this Permanent Rate Docket (NEPR-MI-2020-0001), the estimated interconnection costs to be recovered through the Purchased Power Charge Adjustment (PPCA).<sup>1</sup>

Based on existing construction scheduled for the development of Tranche 1, LUMA projects a total interconnection cost of approximately \$100.8 million will be recovered through the PPCA. As reported in LUMA's February 12<sup>th</sup> filing<sup>2</sup> in Docket No. NEPR-MI-2020-0012, LUMA proposes the total sum be recovered over 15 months beginning on April 1, 2024, to June 30, 2025, for a monthly average expense between \$6-\$7 million. Based on these estimates, LUMA projects that the costs pertaining to the second quarter of Fiscal Year 2024 that will be recovered through the PPCA will total between \$18-\$21 million.

LUMA notes that these cost estimates are based on a cost by kWh that was derived from a Load Forecast using last year's inputs and is subject to change once the Federal Oversight Management Board (FOMB) provides updated macros. The projected interconnection costs will be updated and reported on every quarter through the PPCA factor calculation, starting March 15, 2024.

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<sup>1</sup> See page 4 of the Resolution and Order of February 5, 2024, Docket No. NEPR-MI-2020-00012.

<sup>2</sup> See Exhibit 1 of LUMA's Motion of February 12, 2024, Docket No. NEPR-MI-2020-00012.