

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

IN RE: LUMA'S ACCELERATED STORAGE
ADDITION PROGRAM

CASE NO.: NEPR-MI-2024-0002

SUBJECT: Resolution and Order regarding
*Motion to Submit ASAP Structure and
Concept in Compliance with Resolution and
Order issued on April 19, 2024 and Request
for Determination of Consistency with
Energy Public Policy and IRP, filed by LUMA
Energy, LLC and LUMA Energy ServCo, LLC.*

RESOLUTION AND ORDER

On November 9, 2023, LUMA¹ informally presented to the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") a concept labeled as *Accelerated Storage Addition Program* ("ASAP"). LUMA stated that such program may 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 ("Tranches"). LUMA expressed to the Energy Bureau that they would present such concept to other stakeholders to obtain further input of the relevant parties to ensure the success of the ASAP.

On November 30, 2023, the Energy Bureau issued a Resolution and Order ("November 30 Resolution") under Case No.: NEPR-MI-2021-0002,² ("PREPA's 10-Year Plan Proceeding"), through which it ordered LUMA to present within five (5) business days a filing including certain information requirements:

- i. A detailed description and discussion of the concept of the Accelerated BESS Program, including its benefits (*e.g.*, economic, operational, etc.);
- ii. The status of the efforts towards formalizing the Accelerated BESS Program;
- iii. A discussion on any barriers identified that may affect the implementation of the Accelerated BESS Program, including any input from the stakeholders;
- iv. A discussion on the impacts of the Accelerated BESS Program on the Genera PR, LLC ("GENERA") BESS Project conditionally approved by the Energy Bureau through the November 8 Resolution; and
- v. The status of LUMA's due diligence to allow the GENERA BESS Projects to interconnect at the sites.

On December 4, 2023, LUMA filed before the Energy Bureau a document titled *LUMA's Motion Requesting Extension to Submit Information on Accelerated Storage Addition Program Requested in Resolution and Order of November 30, 2023* ("December 4 Motion"). In the December 4 Motion, LUMA stated that given the need to complete several tasks before finalizing the program's design and framework it had set a deadline of December 21, 2023 to file the ASAP.³ LUMA indicated that it was holding meetings with potential BESS developers to obtain additional input on the term sheet.⁴ Furthermore, LUMA informed it was scheduling meetings with government stakeholders to discuss the ASAP.⁵ According to

¹ LUMA Energy, LLC and LUMA Energy ServCo, LLC (jointly referred to as, "LUMA").

² *In Re: Review of the Puerto Rico Electric Power Authority's 10-Year Infrastructure Plan-December 2020*, Case No.: NEPR-MI-2021-0002.

³ December 4 Motion, p. 3, ¶ 4.

⁴ *Id.*, ¶ 5.

⁵ *Id.*



LUMA, to prepare a filing for the deadline originally set by the Energy Bureau (“December 7”) would result in having to suspend or postpone those meetings, so the LUMA personnel working on the program could instead spend their time in the December 7 update.⁶ LUMA requested an extension until December 21, 2023 to file the ASAP before the Energy Bureau, date by which it expects to complete important tasks and submit a more informative program description and key the uncertainties and next steps to the Energy Bureau.⁷

On December 7, 2023, LUMA filed a document titled *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* under PREPA’s 10-Year Plan Proceeding (“December 7 Motion”), thereby proving the information requested in item (v) of the November 30 Resolution.

On December 11, 2023, the Energy Bureau granted LUMA until Thursday, December 21, 2023 to submit the ASAP and comply with the November 30 Resolution (“December 11 Resolution”).

On December 21, 2023, LUMA filed a document titled *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* (“December 21 Motion”) under PREPA’s 10-Year Plan Proceeding. Through the December 21 Motion, LUMA submitted the remaining information requested in the November 30 Resolution (items i-iv), including the information regarding the ASAP concept.⁸ LUMA further requested that the Energy Bureau open a separate docket to consider the ASAP concept where additional more detailed information would be submitted, as it is developed, for the consideration of the Energy Bureau.⁹ LUMA said the ASAP program would propose to have 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.¹⁰ It contemplated that a standard offer would be made to the IPPs to amend their PPOAs to add BESS capacity at their facilities.¹¹ LUMA further stated that it would dispatch this additional BESS capacity to provide voltage and frequency support and ancillary services, thus providing improved system reliability and reduction of load shedding events.¹²

LUMA highlighted that the ASAP was not a PREPA/LUMA capital project; rather, the development of the BESS under ASAP would be responsibility of the IPPs.¹³ In addition, LUMA asserted the ASAP, as proposed, does not require federal funding.¹⁴ Hence, LUMA maintained that the ASAP is not the type of project subject of evaluation in PREPA’s 10-Year Plan Proceeding.¹⁵ However, LUMA highlighted the need for the Energy Bureau to open a separate non-adjudicative docket for such purposes to prevent confusion regarding the

⁶ *Id.*

⁷ *Id.*, ¶ 6.

⁸ Exhibit 1 of the December 21 Motion.

⁹ December 21 Motion, p. 6, ¶ 15.

¹⁰ *Id.*, ¶ 17.

¹¹ *Id.*

¹² *Id.*

¹³ *Id.*, ¶ 18.

¹⁴ *Id.*

¹⁵ *Id.*



project and to allow a more efficient process to consider regulatory and practical implementation aspects of the ASAP.¹⁶

On April 19, 2024, the Energy Bureau initiated this proceeding for evaluating LUMA's ASAP concept and determined that LUMA complied with the November 30 and December 11 Resolutions.

Further, the Energy Bureau ordered LUMA to file the final version of the ASAP for the consideration of the Energy Bureau within five (5) business days.

The Energy Bureau also highlighted that within two (2) weeks of its review of the final version of the ASAP, it would set the schedule for informal comments and public participation.

On April 26, 2024, LUMA filed a document titled *Motion to Submit ASAP Structure and Concept in Compliance with Resolution and Order issued on April 19, 2024 and Request for Determination of Consistency with Energy Public Policy and IRP* ("April 26 Motion"). Through the April 26 Motion, LUMA submitted its ASAP concept. According to LUMA, the ASAP concept provides the opportunity to add BESS at existing IPP locations on an accelerated basis, the benefits of which include:¹⁷

- Timeline to bring BESS online can be shortened significantly
- Development risk and regulatory uncertainty can be reduced/minimized
- BESS can improve system reliability and reduce load shed
- ASAP can lower costs significantly

LUMA stated that ASAP may add up to 360MW (preliminary estimate based on interested IPPs; LUMA indicated this number can change as the program develops)¹⁸ of BESS capacity (4-hour storage)¹⁹ at the 13²⁰ existing IPP facilities through a "Standard Offer" amendment to their existing PPOAs ("SO Agreement"), resulting in improved reliability and reduced load shed for the system at an accelerated pace and reduced costs.²¹ ASAP will be implemented in 2 phases:²²

- Phase 1 (185MW) can begin immediately, does not require network upgrades or interconnection costs, with some IPP facilities claiming they could be commercial in less than 12 months.
- Phase 2 (175MW) will begin after Phase 1 with minor interconnection work.

LUMA asserted that the Standard Offer model proposes several advantages to the traditional RFP solicitations.²³ Through such a model, the utility determines the cost of service for BESS using real-world assumptions, validates targeted costs are less than what RFP cycle is

¹⁶ *Id.* pp. 6 – 7.

¹⁷ ASAP Report, p. 5.

¹⁸ April 26 Motion, p. 6, footnote 3.

¹⁹ *Id.*, p. 6, ¶ 12.

²⁰ ASAP Report, p. 7.

²¹ *Id.*, p. 5.

²² *Id.*, p. 6.

²³ April 26 Motion, p. 6, ¶ 13.



imposing and offers to sign at this targeted price.²⁴ Any interested generators willing to meet such target price can sign up.²⁵

Regarding next steps, LUMA argued that, upon confirmation by the Energy Bureau of the ASAP concept, LUMA and participating IPPs will move ahead with the commercial agreement development process.²⁶ LUMA expressed that it had taken initial steps to support the commercial agreement process by completing technical, financial, and commercial analyses, as well as holding multiple discussions with IPPs.²⁷ LUMA maintained that the commercial agreement process should conclude with the development of an SO Agreement which would then be submitted to the Energy Bureau for approval.²⁸ LUMA emphasized that the ASAP has generated considerable interest among IPPs and they are willing to move forward.²⁹ The IPPs will complete the commissioning of the batteries following all applicable standards and regulations; each IPP generator will be responsible for the engineering, procurement, and construction of the new BESS facility.³⁰ Assuming the approvals are expeditiously obtained and barring unexpected delays or delays beyond the control of the parties, LUMA contemplates these SO Agreements could be executed sometime near the third quarter of 2024, which could enable the deployment of the new BESS by the end of 2025.³¹ LUMA requested that the Energy Bureau approve its ASAP concept, as proposed, and authorize LUMA and the IPPs to proceed with the development of the Standard Offer and SO Agreements.³²

Upon evaluation of the ASAP concept, the Energy Bureau **DETERMINES** that it is aligned with Puerto Rico’s energy public policy which aims, among others, to promote the changes to transform the Electric Power System into one that satisfies the energy needs of the 21st century Puerto Rico; ensure the security and reliability of our electric power infrastructure by using modern technologies that promote inexpensive and efficient operations and allow for the integration and dissemination of renewable sources; and guarantee every consumer’s right to receive a reliable, stable, and excellent electric power service at a cost that is accessible, just, and reasonable.³³ The Energy Bureau further **DETERMINES** that the ASAP concept is consistent with the current Integrated Resources Plan and Modified Action Plan (“IRP”), which considers 1,500MW of BESS as part of the renewable procurement efforts (Tranches).

The Energy Bureau **APPROVES** LUMA’s ASAP concept and **AUTHORIZES** LUMA and the IPPs to proceed with the development of the Standard Offer and SO Agreements.

The stakeholders and the general public will have the opportunity to submit written comments and suggestions regarding LUMA’s ASAP concept. The Energy Bureau **GRANTS** stakeholders and the general public **fifteen (15) days**, from the notification of this Resolution and Order, to submit written comments. The written comments to be filed with the Energy Bureau shall be addressed to the attention of Edison Avilés Deliz, Chairman and include in their title the following: “Comments on LUMA’s ASAP Concept — Case No. NEPR-MI-2024-0002”. The written comments shall be filed:

²⁴ *Id.*

²⁵ *Id.*

²⁶ *Id.* p. 8, ¶ 18.

²⁷ *Id.*

²⁸ *Id.*, ¶ 19.

²⁹ *Id.*, p. 11, ¶ 25.

³⁰ ASAP Report, p. 2.

³¹ April 26 Motion, p. 11, ¶ 25.

³² *Id.*, ¶ 26.

³³ See Section 1.5(2)(a); (9)(a); (10)(a) of Act 17-2019, known as the *Puerto Rico Energy Public Policy Act*.



- (i) by electronic mail at: comentarios@jrsp.pr.gov; through the Energy Bureau's electronic filing tool at: <https://radicacion.energia.pr.gov/>;
- (ii) by postal mail addressed to the Puerto Rico Energy Bureau's Clerk's Office at World Plaza Building, 268 Muñoz Rivera Ave., Plaza Level Suite 202, San Juan, PR 00918; or
- (iii) in person at the Energy Bureau's Clerk's Office, at the referenced address. The hours of operation of the Clerk's Office are Monday through Friday from 8:30 a.m. to 5:00 p.m., excluding holidays.

Be it notified and published.



Edison Avilés Deliz
Chairman



Ferdinand A. Ramos Soegaard
Associate Commissioner



Sylvia B. Ugarte Araujo
Associate Commissioner



Antonio Torres Miranda
Associate Commissioner

CERTIFICATION

I certify that the majority of the members of the Puerto Rico Energy Bureau have agreed on May 8, 2024. Associate Commissioner Lillian Mateo Santos was not available for signature. I also certify that on May 8, 2024 a copy of this Resolution and Order was notified by electronic mail to margarita.mercado@us.dlapiper.com; laura.rozas@us.dlapiper.com; valeria.belvis@us.dlapiper.com and I have moved forward with filing the Resolution and Order issued by the Puerto Rico Energy Bureau.

I sign this in San Juan, Puerto Rico, today May 8, 2024.



Sonia Seda Gaztambide
Clerk

