

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

IN RE: ENERGY EFFICIENCY AND DEMAND
RESPONSE TRANSITION PERIOD PLAN

CASE NO: NEPR-MI-2022-0001

SUBJECT: Fiscal Year 2025 Energy Efficiency
Budget and Program Status

RESOLUTION AND ORDER

I. Introduction and Procedural Background

A. Revised Transition Period Plan

On December 20, 2023, LUMA submitted a document titled *Motion to Submit Revised TPP and Other Information Requested Under the Resolution and Order of November 29, 2023* ("December 20 Motion"), in which LUMA included a revised Transition Period Plan ("Revised TPP"). The Revised TPP redefines Year 1 as the period between August 9, 2023 and June 30, 2024, and Year 2 as the period between July 1, 2024 to June 30, 2025. Additionally, the Revised TPP adds an Energy Efficiency ("EE") Kit program to the list of quick-start programs. The Revised TPP's portfolio of EE programs for Year 2 (FY25) consists of: Residential Rebates (\$4.5 million), In-Store Discount (\$1.1 million), EE Kits (\$0.7 million), Business Rebates (\$4.5 million), and Education and Outreach (\$1.5 million). LUMA further projects Cross-Cutting Planning, Administrative & Evaluation Costs of \$1.5 million. LUMA estimates a total revised Year 2 EE budget of \$13.7 million.

In the Revised TPP, LUMA stated it plans to launch the all programs in Year 1 (FY24) except for the In-store Discount program, which it expects to launch in Year 2 (FY25).

B. First Quarter FY24 Report

On November 29, 2023 LUMA submitted a document titled *Motion to Submit FY2024 Q1 TPP Report* ("November 29 Motion") in which LUMA presented its FY24 Q1 Quarterly TPP Report ("Q1 Report"). The report covers the period from July 1, 2023 through September 30, 2023. LUMA reported progress in several areas, including: launching and enrolling customers in the Customer Battery Energy Sharing (CBES) Initiative pilot program; selection and onboarding of an EE implementation contractor; customer education via energy bills, bill inserts, and social media; continued stakeholder engagement; and continued installation of LED streetlights through the federally-funded Community Streetlight Initiative.

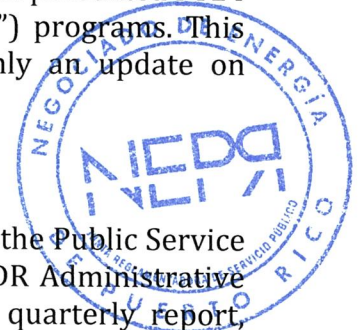
LUMA reported spending \$192,548 on the Emergency DR program, \$5,328 on education and outreach, and \$61,281 on cross cutting administrative costs, for total Q1 FY24 spending of \$259,157.

C. Second Quarter FY24 Report

On February 14, 2024, LUMA submitted a document titled *Motion to Submit Second Quarterly Report on Administrative Costs and Expenditures of TPP DR Programs and Request to Consolidate Reporting Requirements* ("February 14 Motion") in which LUMA presented FY24 Q2 quarterly report on administrative costs of demand response ("DR") programs. This report included no information about EE programs and provided only an update on administrative costs for the Emergency DR program.

D. Third Quarter FY24 Report

Through the February 14 Motion, LUMA requested the Energy Bureau of the Public Service Regulatory Board of Puerto Rico ("Energy Bureau") to consolidate the DR Administrative Costs Quarterly Reports and the TPP Quarterly Reports into a single quarterly report, commencing with the Q3 2024 reports, and similarly requested the Energy Bureau consolidate the DR Administrative Costs Year-End Reports and TPP Annual Report into a



single annual report, starting with the annual report for FY2024. On March 21, 2024, the Energy Bureau issued a Resolution and Order (“March 21 Order”) granting LUMA’s request.

Accordingly, on May 15, 2024, LUMA submitted a document titled *Motion to Submit FY2024 Q3 Consolidated Transition Period Plan and Demand Response Administrative Cost Quarterly Report, Inform on Processing of Energy Efficiency Rebates, and Request Confidential Treatment* (“May 15 Motion”) in which LUMA presented its Q3 FY2024 Consolidated TPP and DR Administrative Costs Quarterly Report (“Q3 Report”). The report covers the period from January 1, 2024 through March 31, 2024.

1 LUMA launched its Home Efficiency Rebate Program in January and started receiving applications for solar hot water heaters. In February, LUMA added five new eligible measures, including efficient tankless water heaters, refrigerators, freezers, mini-split air conditioners, and window air conditioners. LUMA reports it has received a total of 155 applications for solar hot water heaters and has issued rebate checks for 77 of them, with an associated cost of \$42,930. On page 24 of the Q3 Report, LUMA reports year to date spending on Residential Rebates of \$593,515. This value is not supported in the Q3 report and does not reflect costs in any other LUMA EE filing.

LUMA launched its Energy Efficiency Kits Program in February and in March shipped 8,211 kits to customers. LUMA reports costs of \$619,931 for this program in Q3 and year to date.

2 LUMA made progress in the Education and Outreach program, such as the development of a Home Efficiency Rebates Brochure and a new landing page for the Customer Incentive Programs. LUMA reports \$407,322 in both Q3 and YTD expenditures on the Education and Outreach program.

3 The Q3 Report is internally inconsistent regarding the Q3 EE expenditure and the YTD expenditure. The values for the Q3 estimated costs reported on page 31 (totaling \$1.6 million) do not align with the Q3 spending reported on page 24 (totaling \$1.1 million). The difference appears to result from the reported values for the Residential Rebates program.

II. Discussion

4 LUMA’s EE program costs through the third quarter are not consistent with a rate of expenditure that would exhaust the approved EE budget for FY24. Specifically, LUMA’s Q3 Report variously states that LUMA’s EE program costs through the end of Q3 are \$1,582,605,¹ \$1,070,183,² or 1,620,768,³ while the annual EE program budget for FY24 is \$11,464,200.⁴ Regardless of which of LUMA’s Q3 and year-to-date numbers are correct, the pace of expenditure is not sufficient to expend the entire annual budget by the end of FY24.

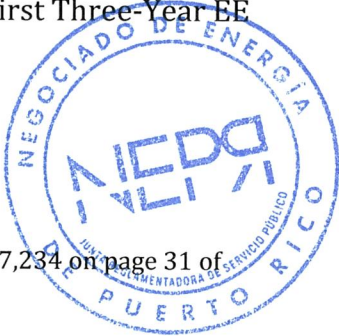
This raises the question of whether LUMA’s proposed FY25 EE budget of \$13,745,450, filed in late 2023, accurately reflects the costs that LUMA will incur in FY25 in order to run a prudent and reasonable EE program consistent with the objectives of the TPP. These objectives include achieving energy savings, scaling up programs, and engaging customers, while learning from program activities to inform the development of the first Three-Year EE and DR Plan.

¹ Calculated by removing \$4,629 of Emergency DR program costs from the total of \$1,587,234 on page 31 of the Q3 Report.

² Calculated by removing \$4,629 of Emergency DR program costs from the total of \$1,074,812 on page 24 of the Q3 Report.

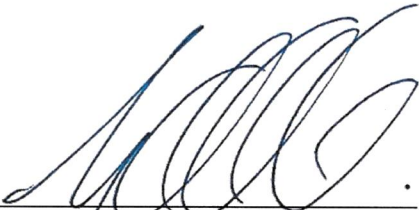
³ Calculated by removing \$460,753 of Emergency DR program costs from the total of \$2,081,521 on page 24 of the Q3 Report.


⁴ Calculated by removing \$5,032,813 of Emergency DR program budget from the total of \$16,497,013 on page 31 of the Q3 Report.




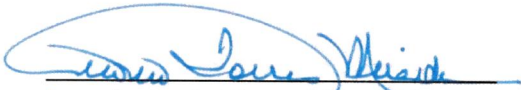
In order to further clarify LUMA’s Q3 Report and elucidate the expected and required funds for FY25, the Energy Bureau **ORDERS** LUMA to respond to the Requirements of Information (ROIs) in Attachment A to this Resolution and Order no later than seven (7) days from notification of this Resolution and Order.

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 agreed on June 21, 2024. Associate Commissioner Lillian Mateo Santos did not intervene. Also certify that on June 21, 2024, I have proceeded with the filing of this Resolution and Order and was notified by email to agraitfe@agraitlawpr.com, info@sesapr.org; shanson@veic.org; margarita.mercado@us.dlapiper.com; laura.rozas@us.dlapiper.com; lionel.santa@prepa.pr.gov, hriviera@jrsp.pr.gov; javrua@sesapr.org; mrios@arroyorioslaw.com; jordgraham@tesla.com; forest@cleanenergy.org; customerservice@sunnova.com; pjcleanenergy@gmail.com.

I sign in San Juan, Puerto Rico, today, June 21, 2024.



Sonia Seda Gaztambide
Clerk


Attachment A
Requirements of Information

1. Provide quarterly expenditures for Q1, Q2, and Q3 of FY24 for each EE program, as well as total YTD EE expenditure.
2. What is LUMA's best current estimate of FY24 Q4 and annual expenditure for each EE program, as well as total EE expenditure.
3. Provide updated FY25 program budgets, by quarter, for each program listed in Section 4 of the Revised TPP. These estimates should reflect LUMA's best current estimate of program costs to be incurred in each quarter of FY25, informed by EE program experience to date.
4. Provide updated launch timelines for the Business Rebates and In-Store Discount programs.
5. Does LUMA anticipate spending all of its approved FY24 budget? If LUMA does not expect to spend all of the approved FY24 budget, what does LUMA intend to do with the unspent funds?

