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

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| **IN RE:**<br><br>ENERGY EFFICIENCY AND DEMAND RESPONSE TRANSITION PERIOD PLAN | **CASE NO.:** NEPR-MI-2022-0001<br><br>**SUBJECT:** Motion in Compliance with Resolution and Order of June 21, 2024 |

**MOTION IN COMPLIANCE WITH RESOLUTION AND ORDER OF JUNE 21, 2024**

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

**COME** now LUMA Energy, LLC and LUMA Energy ServCo, LLC (jointly referred to as "LUMA") and respectfully state and request the following:

## I. Introduction

LUMA respectfully submits with this motion LUMA's responses to the Requirements of Information from this Energy Bureau of the Public Service Regulatory Board ("Energy Bureau") in the Energy Bureau's Resolution and Order of June 21, 2024 pertaining to the Fiscal Years ("FY") 2024 ("24") and 2025 ("25") budgets for the Energy Efficiency programs and status of the progress of some these programs. With this motion, LUMA provides, for each EE program, detailed updates of FY24 expenditures by quarter and to date, projections for FY24 Q4 and annual expenditures, and updated FY25 program budgets, all in accordance with the revised Transition Period Plan and the mandates of this Energy Bureau. LUMA also provides updated timelines for the Business Rebates and In-Store Discount programs (which are to be implemented in FY25) and information on the rate of FY24 spending on EE programs and proposed approach relating to any unspent FY24 funds, as required by the Energy Bureau.

## II. Relevant Procedural History and Background

1. On February 16, 2023, the Energy Bureau issued a Resolution and Order (the "February 16th Order") in which it considered, amended and approved the proposed Energy Efficiency ("EE") and Demand Response ("DR") Transition Period Plan submitted by LUMA on June 21, 2022 ("TPP"),[1] containing the EE and DR Programs to be implemented by LUMA during a transition period and associated budgets for FY 2023 and FY2024, among others. In the February 16th Order, the Energy Bureau ordered LUMA to file an EE Rider to fund the TPP and imposed other requirements related to various TPP program-related tasks and associated deadlines (*see* February 16th Order on pages 20-21 and Table 2), as well as reporting requirements and deadlines (*see id.* at page 18 and Table 1). The Energy Bureau also ordered LUMA to administer a budget of $4.57 million for FY 2023 EE and DR programs and fund the FY2024 of the TPP (for which LUMA had proposed $20.5 million) using the EE Rider or funding obtained by other means. *See id.* at page 27.

2. With respect to reporting, in the February 16th Order, the Energy Bureau ordered LUMA to deliver quarterly and annual reports on a fiscal year schedule in accordance with the updated reporting schedule set forth in the February 16th Order. *See id.* at page 18. The Energy Bureau also ordered LUMA to report on all indicators identified in Section 6 of the TPP until such time a reporting template is established by the Energy Bureau. *See id.* at page 19.

3. On April 11, 2023, LUMA submitted a petition for approval of the EE Rider ("EE Rider Petition"). *See Motion to Submit EE Rider* filed on that date. In the EE Rider Petition, LUMA provided a budget for the EE and DR Programs for FY2024 for a total budget of $20,534,875. *See id*. Exhibit 1 at page 7.

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[1] *See Motion Submitting Proposed EE/DR Transition Period Plan* and its *Exhibit 1* filed on June 21, 2022 in Case No. NEPR-MI-2021-0006, *In Re: Demand Response Plan Review, Implementation, and Monitoring.*

4. On May 19, 2023, LUMA filed a revised EE Rider Petition addressing certain program changes but in which the total budget remained the same. *See Motion to Submit Revised Exhibit 1 to EE Rider Petition and Translation Thereof, in Compliance with Bench Order of May 5, 2023*.

5. On June 30, 2023, the Energy Bureau issued a Resolution and Order in Case No. NEPR-MI-2020-0001, *In Re: Permanent Rate of the Puerto Rico Electric Power Authority* ("Permanent Rate Case") ("June 30th Order") in which it determined, among others, to suspend the EE Charge for the month of July 2023 given the "great probability that the costs associated with [EE] programs [would] be paid with funds not associated with the [EE Rider]." *See* June 30th Order on page 11.

6. On July 31, 2023, the Energy Bureau issued a Resolution and Order in the Permanent Rate Case ("July 31st Order"), in which it determined, among others, that the cost of DR programs would not be part of the EE rider and ordered LUMA to contemplate the DR programs as part of the proposal of factors corresponding to the purchase power charge adjustment ("PPCA") mechanism. *See* July 31st Order on pages 8 and 10.

7. On August 11, 2023, the Energy Bureau issued a Resolution and Order ("August 11th Order") ordering LUMA to file on or before August 23, 2023, for the Energy Bureau's approval, the associated cost related to the compensation to be offered to the DR aggregators and/or ratepayers that participate in the Battery Emergency DR Program of the TPP (now referred to as the Customer Battery Energy Sharing Initiative or "CBES") to be recovered through the PPCA mechanism. *See* August 11th Order on page 3.

8. On August 23, 2023, LUMA submitted to the Energy Bureau the proposed estimated costs associated with the CBES, including the cost related to the compensation to be

offered to the DR Aggregators that participate in the CBES to be recovered through the PPCA. *See Motion to Submit Costs Associated with Emergency DR Program In Compliance with Resolution and Order of August 11, 2023, and Request for Confidential Treatment* filed August 23, 2023 ("August 23rd Motion"). LUMA indicated that the costs of the CBES to be recovered through the PPCA would be approximately $5,060,938. *See* August 23rd Motion on page 10.

9. On August 29, 2023, the Energy Bureau issued a Resolution and Order ("August 29th Order") approving the compensation level proposed by LUMA in the August 23rd Motion and determining that the CBES budget proposed by LUMA was reasonable to launch the program. *See* August 29th Order on page 2. The Energy Bureau also determined that the administrative costs for DR Programs would be recovered through the PPCA. *See id.* at page 3. To ensure that expenditures are "reasonable and strictly related" to the DR Program, the Energy Bureau required LUMA to submit reports quarterly, within forty-five (45) days after each quarter of a fiscal year closes (each a "DR Administrative Costs Quarterly Report" and, collectively, "DR Administrative Costs Quarterly Reports"). *Id.* The Energy Bureau also indicated that the Q4 report would include the year-end report ("DR Administrative Costs Year-End Report"). *See id*. footnote 8.

10. Regarding the quarterly reports, the Energy Bureau directed LUMA to "conform to the quarterly and annual (year-end) financial reporting requirements in line with the requirements listed in NEPR-MI-2021-0004 (Re: LUMA Initial Budgets and Related Terms of Service)" with quarterly reports including an explanation for material variances (greater than 10%). *Id.* The Energy Bureau also required: (1) detailed quarterly and fiscal year-to-date fund actuals receipt as compared to budgeted in-flows from the PPCA and the to-date fund balance; (2) summarized quarterly and fiscal-year-to-date program information in line with and compared to the assumptions used to develop the cost estimate in the August 23rd Motion, detailing any variances;

and (3) quarterly and fiscal-year-to-date spending amounts for the program, detailing any variances and other details to allow the Energy Bureau to assess funding, withdrawals, and outstanding balances. *See id.* Finally, the Energy Bureau required that the reports include a breakdown of program administrative costs under the categories of program management, system operations, customer service, professional services, program evaluation, and other expenses, as well as a summary of the primary purposes for which funds have been spent and how the funds have been attributed and allocated to the CBES. *See id.* at page 4.

11. On August 29, 2023, LUMA submitted the FY2023 Q4 Quarterly TPP Report. *See Motion to Submit FY 2023 Q4 TPP Report* of that date.

12. On September 22, 2023, this Energy Bureau issued a Resolution and Order in Case *In re LUMA's Initial Budgets*, Case No. NEPR-MI-2021-0004 in which, in pertinent part, it decided that the costs of the EE programs that are a part of the TPP, would be recovered through base rate revenues, rather than through the EE Rider.

13. On October 30, 2023, LUMA submitted to the Energy Bureau a request to extend the TPP for an additional fiscal year (2024-2025). *See Request to Extend by One Additional Year the Deadline to File the Three-Year Plan, Concomitant Deadlines and Extend the Term of the Transition Period Plan for an Additional Fiscal Year*, filed on October 30, 2023.

14. On November 29, 2023, the Energy Bureau issued a Resolution and Order ("November 29th Order") granting LUMA's request to extend the TPP by one year. In addition, the Energy Bureau ordered LUMA to file by December 8, 2023 a revised TPP and submit certain information specified therein, including information on program plans, program schedules, and the expenditures and costs for FY2024 and FY2025, among others.

15. On November 29, 2023, LUMA submitted the FY2024 Q1 Quarterly TPP Report. *See Motion to Submit FY2024 Q1 TPP Report* of that date.

16. On December 20, 2023, LUMA submitted to the Energy Bureau the revised version of the TPP ("Revised TPP") and the information requested under the November 29th Order.[2] *See Motion to Submit Revised TPP and Other Information Requested Under the Resolution and Order of November 29, 2023* filed on December 20, 2023 ("November 20th Motion"). Given that TPP programs were launched during the second year of the original TPP, the Revised TPP redefined Year 1 as the period from August 9, 2023 to June 30, 2024, and Year 2 as the period from July 1, 2024 to June 30, 2025 (FY2025). *See* November 20th Motion, Exhibit 1, Section 1.2.

17. The Revised TPP estimated a budget of $5,032,813 for the Year 2 (FY2025) CBES and contemplated that funding for the CBES would continue to be recovered through the PPCA as approved by the Energy Bureau. *See id*. Sections 8.4 and 8.4.1. In addition, the Revised TPP set forth an estimated budget of $13.7 million for Year 2 (FY2025) EE Programs. *See id*. Section 8.3. The Revised TPP maintained the same requirements pertaining to the TPP Quarterly Reports and TPP Annual Reports for FY2024, while extending these to FY2025, and added the DR Administrative Costs Quarterly Reports. *See id*. Section 6.0.

18. On February 14, 2024, LUMA submitted the FY2024 Q2 DR Administrative Costs Quarterly Report and requested the Energy Bureau to consolidate the DR Administrative Costs Quarterly Reports and the TPP Quarterly Reports into a single quarterly report to be filed within forty-five (45) days of the end of each fiscal quarter, commencing with the reports for Q3 FY2024 and to consolidate the DR Administrative Costs Year-end Reports and the TPP Annual Reports

[2] The deadline to submit the revised TPP and other information required under the November 29th Order was extended by the Energy Bureau by Resolution and Order of December 12, 2023 in attention to a request for extension filed by LUMA on December 7, 2023 (*see Request for Extension to Comply with the Order for LUMA to Provide Information Under the Resolution and Order of November 29, 2023* filed by LUMA on December 7, 2023).

into a single annual report to be filed within one hundred and twenty (120) days following the end of the fiscal year, commencing with the annual report for FY2024. See *Motion to Submit Second Quarterly Report on Administrative Costs and Expenditures of TPP DR Programs and Request to Consolidate Reporting Requirements*.

19. On February 29, 2024, LUMA filed the FY2024 Q2 TPP Quarterly Report. *See Motion to Submit FY2024 Q1*[3] *TPP Report* filed on February 29, 2024.

20. On March 21, 2024, the Energy Bureau issued a Resolution and Order granting LUMA's request to consolidate the TPP and DR Administrative Cost Quarterly Reports into a single filing to be filed within forty-five (45) days of the end of each quarter, beginning with FY2024 Q3 and file its annual DR Administrative Costs reports as part of its annual TPP reports one hundred and twenty (120) days following the end of the fiscal year, following the end of FY2024 and FY2025.

21. On May 15, 2024, LUMA filed the FY2024 Q3 Consolidated TPP and DR Administrative Cost Quarterly Report. *See Motion to Submit FY2024 Q3 Consolidated TPP and DR Administrative Cost Quarterly Report, Inform on Processing of EE Rebates, and Request Confidential Treatment* filed on May 15, 2024.

## III. Resolution and Order of June 21, 2024

22. On June 21, 2024, the Energy Bureau issued a Resolution and Order ("June 21st Order") discussing the FY2024 TPP Q1 Quarterly Report, the FY2024 DR Administrative Costs Q2 Quarterly Report and the FY2024 Q3 Consolidated TPP and DR Administrative Cost Quarterly Report. Regarding the FY2024 DR Administrative Costs Q2 Quarterly Report, the Energy Bureau indicated that "[t]his report included no information about the EE programs and provided only an

[3] Please note that the title refers to Q1 instead of Q2 due to inadvertent error.

update on administrative costs for the Emergency DR Program." *See* June 21st Order on page 1. As for the FY2024 Q3 Consolidated TPP and DR Administrative Cost Quarterly Report, the Energy Bureau indicated that "LUMA's EE program costs through the third quarter were not consistent with the rate of expenditure that would exhaust the approved EE budget for FY24". *See id*. at page 2. The Energy Bureau further added that the foregoing "raises the question of whether LUMA's proposed FY25 budget of $13,745,450, filed in late 2023, accurately reflects the cost that LUMA will incur in FY25 in order to run a prudent and reasonable EE program consistent with the objectives of the TPP". *Id*.

23. In order to clarify LUMA's Q3 report, the Energy Bureau then ordered LUMA to submit, no later than seven (7) days from notification of the June 21st Order, a response to the Requirements of Information set forth in an Attachment A to that order ("June 21st ROIs"). *See id*. at page 3. Attachment A contains the following 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?

*Id*. Attachment A

## IV. Compliance with Resolution and Order of June 21, 2024

24. LUMA hereby submits, as Exhibit 1, its responses to the June 21st ROIs, in compliance with the June 21st Order. In Exhibit 1, LUMA provides for each EE program, detailed

updates of FY24 expenditures by quarter and to date, projections for FY24 Q4 and annual expenditures, and updated FY25 program budgets, updated timelines for the Business Rebates and In-Store Discount programs, responds to the Energy Bureau's questions relating to the rate of FY24 spending on EE programs and proposed approach relating to any unspent FY24 funds.

25. Based on the discussion in Exhibit 1, LUMA acknowledges that it will not fully exhaust the approved EE budget for FY24 despite effective utilization, particularly in FY24 Q4 where programs like residential rebates and energy efficiency kits have shown significant increase on participation. In the Revised Transition Period Plan submitted on December 20, 2024, LUMA acknowledged a high degree of uncertainty regarding the expected expenditures for the remainder of FY24. Specifically noted was the potential for slow program participation, particularly as rebate programs had not yet fully launched. This uncertainty suggested that it was unlikely LUMA would exhaust the entire allocated amount of $11.3 million for FY24 if current participation rates did not increase significantly. Moreover, additional uncertainty stemmed from the consultant's late onboarding during the fiscal year, impacting the pace and initial rollout of certain programs, such as rebate initiatives, which had not reached full launch. However, LUMA expected that once the programs were launched, they would ramp up significantly. Regarding the proposed FY25 budget of $13,745,450 filed in late 2023, LUMA asserts that this budget accurately anticipates the costs for FY25 based on current program performance and market conditions, ensuring alignment with regulatory expectations and strategic objectives.

26. For correction of the record, LUMA would also like to clarify that the FY2024 DR Administrative Costs Q2 Quarterly Report filed by LUMA on February 14, 2024, did not include information about the EE programs because the scope of that report was at that time limited to reporting on the administrative costs of the CBES, as required by the August 29th Order. The

quarterly report discussing the EE programs for the second quarter is the FY2024 Q2 TPP Quarterly Report, which was filed by LUMA on February 29, 2024 (*see Motion to Submit FY2024 Q1*[4] *TPP Report* filed on February 29, 2024) but was not discussed in the June 21st Order.

**WHEREFORE**, LUMA respectfully requests this Honorable Energy Bureau to **take notice** of the above, **accept** LUMA's responses to the Requirements of Information in the Energy Bureau's Resolution and Order of June 21, 2024 in *Exhibit 1* herein and **deem** LUMA in compliance with such Resolution and Order.

**RESPECTFULLY SUBMITTED.**

In San Juan, Puerto Rico, this 28th day of June 2024.

We hereby certify that we filed this Motion using the electronic filing system of this Energy Bureau and that we will send an electronic copy of this Motion the Independent Office for Consumer Protection at hrivera@jrsp.pr.gov; PREPA at arivera@gmlex.net; and mvalle@gmlex.net; and agraitfe@agraitlawpr.com, info@sesapr.org, bfrench@veic.org, shanson@veic.org, evand@sunrun.com, jordgraham@tesla.com, forest@cleanenergy.org, customerservice@sunnova.com, javrua@sesapr.org, pjcleanenergy@gmail.com, and mrios@arroyorioslaw.com.

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[4] Please note that the title refers to Q1 instead of Q2 due to inadvertent error.

*Exhibit 1*

*LUMA's Response to June 21st ROI*

# Response to June 21 Transition Period Plan Requirements of Information

NEPR-MI-2022-0001

JUNE 28, 2024

# June 21 Transition Period Plan ROI

# NEPR-MI-2022-0001

## Response: RFI-LUMA-MI-2022-0001-20240621-PREB-0001

## INTRODUCTION

LUMA Energy, LLC ("LUMA") respectfully submits this Response to the Requirements of Information (ROIs) outlined in Attachment A of the Energy Bureau's Resolution and Order dated June 21, 2024, pertaining to the Fiscal Year 2024 Energy Efficiency Budget and Program Status under Case No: NEPR-MI-2022-0001. This submission addresses the Energy Bureau's directives following LUMA's previous filings, including the Motion to Submit Revised Transition Period Plan and Quarterly Reports for FY24.

In compliance with the Energy Bureau's mandates and pursuant to regulatory proceedings, LUMA provides detailed updates on FY24 expenditures, projections for FY24 Q4 and annual expenditures, and revised FY25 program budgets as outlined in the Revised Transition Period Plan (TPP). This document outlines LUMA's commitment to transparency, efficiency, and strategic planning in advancing energy efficiency initiatives across Puerto Rico.

This response is structured to elucidate LUMA's progress, challenges, and proactive measures in managing EE programs, aiming to foster sustainable energy practices while meeting regulatory expectations and enhancing customer energy management.

Additionally, LUMA provides clarification regarding the Energy Efficiency and Demand Response Programs FY24 Q3 report. Slide 24 accurately reflects the estimated costs totaling $1,582,605 for the third quarter. The discrepancy observed in Slide 31, where costs were erroneously categorized as FY24 Q3 expenses instead of FY24 Year-to-Date (YTD) expenses, resulted in inconsistencies between reported figures. This misclassification affected the Residential Rebates program expenditures, contributing to the apparent variance between the Q3 estimated costs reported on Slide 31 and the Q3 spending detailed on Slide 24.

# June 21 Transition Period Plan ROI

Moreover, LUMA is committed to enhancing its reporting standards to ensure transparency and accuracy. To date, LUMA has submitted the following reports for FY24:

| FILING NAME | SUMMARY | Programs Reported |
|---|---|---|
| **Customer Battery Energy Sharing (CBES) Initiative Administrative Costs Q1** | Covers July to September 2023. Includes key milestones achieved during the administration and launch of the Customer Battery Energy Sharing (CBES) Initiative, including the launch of the CBES Initiative website, the publication of CBES Initiative guidelines, the execution of five Master Aggregation Agreements, and the enrollment of customers. | • Customer Battery Energy Sharing (CBES) |
| **Energy Efficiency and Demand Response Transition Period Plan: 2024 Q1** | Covers July to September 2023. Includes progress updates on consumer education, stakeholder outreach, grant fund identification, a work order to launch a quick-start rebate program and street lighting conversion. | • Energy Efficiency<br>• Customer Battery Energy Sharing (CBES) |
| **Customer Battery Energy Sharing (CBES) Initiative Administrative Costs Q2** | Covers October to December 2023. Includes details for the program parameters. The actual customer enrollment was 1,952, events held were 3, capacity per event was 6,488 kW, energy per event was 12,976 kWh, and total energy delivered was 17,214 kWh. Financially, the actual incentive payments were $21,517, administrative costs were $260,877, and total program costs were $282,394. Variances from forecasts were significant across all metrics. | • Customer Battery Energy Sharing (CBES) |
| **Energy Efficiency and Demand Response Transition Period Plan: FY2024 Q2 Report** | Covers October to December 2023. It highlighted achievements such as launching the Home Efficiency Rebate Program for Solar Water Heaters, requesting a work order for 10,000 Energy Efficiency Kits, and installing 90,000 streetlights under the Community Streetlight Initiative, saving 4,110 MWh and 392 MWh respectively. | • Energy Efficiency<br>• Customer Battery Energy Sharing (CBES) |
| **Energy Efficiency and Demand Response Programs FY24 Q3 Report** | Consolidated report covering January to March 2024. Includes significant impacts across several key programs. The Residential Rebates program enrolled 155 participants, saving 144.7 MWh and reducing peak demand by 0.02 MW, with expenditures of $42,930. The EE Kits initiative engaged 10,000 participants, saving 4,812 MWh and reducing peak demand by 0.78 MW, with spending of $619,931. Other initiatives include incentives for businesses, in-store discounts on energy-efficient products, free energy kits for residents, LED streetlight installations, and a battery energy sharing program to reduce service interruptions and compensate participants. | • Energy Efficiency<br>• Customer Battery Energy Sharing (CBES) |

# June 21 Transition Period Plan ROI

## 1.QUARTERLY EXPENDITURES FOR FY24 EE PROGRAMS

### REQUEST

Provide quarterly expenditures for Q1, Q2, and Q3 of FY24 for each EE program, as well as total YTD EE expenditure.

### RESPONSE

Below are the quarterly expenditures and total year-to-date (YTD) spending for each energy efficiency (EE) program. The FY24Q4 spending is actuals up to May 31, 2024, and final expenditures are subject to verification and adjustment based on reconciliation activities for the previous quarter. Additionally, please note:

- For EE rebates, expenditures are recorded as of the date the rebate application is approved.
- For EE kits, expenditures are recorded as of the date the kit is ordered.
- Program Planning and Administration (PP&A) covers all operational costs related to program delivery, including staffing (FTEs), internal labor, employee expenses, materials, overhead, vendor expenses, and legal fees, excluding funds for incentives to defray the costs of measures.[1]

**Table 1: FY24 Quarterly Energy Efficiency Spend, by Program**

| PROGRAM | Q1 EE SPEND | Q2 EE SPEND | Q3 EE SPEND | Q4 EE SPEND | TOTAL YTD SPEND |
|---|---|---|---|---|---|
| Residential Rebates Incentives | - | - | $42,930 | $630,891 | $673,821[2] |
| Residential Kits Incentives | - | - | $619,931 | $1,876,416 | $2,496,347 |
| In-Store Discount Incentives | - | - | - | - | - |
| **Residential Incentives Subtotal** | **$0** | **$0** | **$662,861** | **$2,507,307** | **$3,170,168** |
| Business Incentive Rebates | - | - | - | $1,055,801.50 | $1,055,801.50[3] |
| Business Kits Incentives | - | - | - | - | - |
| **Business Incentives Subtotal** | **$0** | **$0** | **$0** | **$1,055,801.50** | **$1,055,801.50** |
| Education & Outreach | $5,328 | $20,000 | $407,322 | - | $432,650 |
| Cross-Cutting Planning, Administration & Startup costs[4] | $61,281 | $119,109 | ($38,511) | - | $141,879 |
| Other PP&A | - | - | $550,933 | $445,620 | $996,553 |
| **Total EE Expenditure** | **$66,609** | **$139,109** | **$1,582,605** | **$4,008,728.50** | **$5,797,051.50** |

[1] See *Sec. 3.2 of the Revised Transition Period Plan* submitted on December 20, 2023.

[2] The increase in spending is attributed to the launch of the Residential Rebates Program in mid-March, which processed 77 rebates. Consequently, Q3 spending was low compared to the significant increase in Q4 spending, which processed 798 rebates.

[3] This value represents the amount to use for the forecasted payment of measures implemented during FY24 that are not yet processed.

[4] The Cross-Cutting Planning, Administration, and Startup costs listed in Table 1 need to be reconciled with Other PP&A Costs to ensure consistency and accuracy. This adjustment will be made to enhance future reporting practices and improve transparency.

## 2. FY24 Q4 AND ANNUAL EXPENDITURE ESTIMATES FOR EE PROGRAMS

### REQUEST

What is LUMA's best current estimate of FY24 Q4 and annual expenditure for each EE program, as well as total EE expenditure.

### RESPONSE

This table outlines LUMA's anticipated expenditures for FY24 Q4 and the entire fiscal year across various Energy Efficiency programs.

**Table 2: Estimated FY24 Q4 and Annual FY24 EE Spend**

| PROGRAM | Q4 ESTIMATED SPEND | FY24 ANNUAL ESTIMATED SPEND |
|---|---|---|
| Residential Rebates Incentives | $867,070 | $910,000 |
| Residential Kits Incentives | $1,880,139 | $2,500,000 |
| In-Store Discount Incentives | - | - |
| **Residential Incentives Subtotal** | **$2,747,209** | **$3,410,000** |
| Business Incentive Rebates | $1,055,801.50 | $1,055,801.50 |
| Business Kits Incentives | $0 | $0 |
| **Business Incentives Subtotal** | **$1,055,801.50** | **$1,055,801.50** |
| Education & Outreach | - | $432,581 |
| Cross-Cutting Planning, Administration & Startup costs | - | $141,879 |
| Other PP&A | $1,107,281.59[5] | $1,658,214.59 |
| **Total EE Expenditure** | **$4,910,292.09** | **$6,698,476.09** |

[5] For the purposes of reporting estimated expenditures, Other PP&A includes costs from Education & Outreach and Cross Cutting Planning, and Administration & Startup.

# June 21 Transition Period Plan ROI

## 3. UPDATED FY25 PROGRAM BUDGETS

### REQUEST

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.

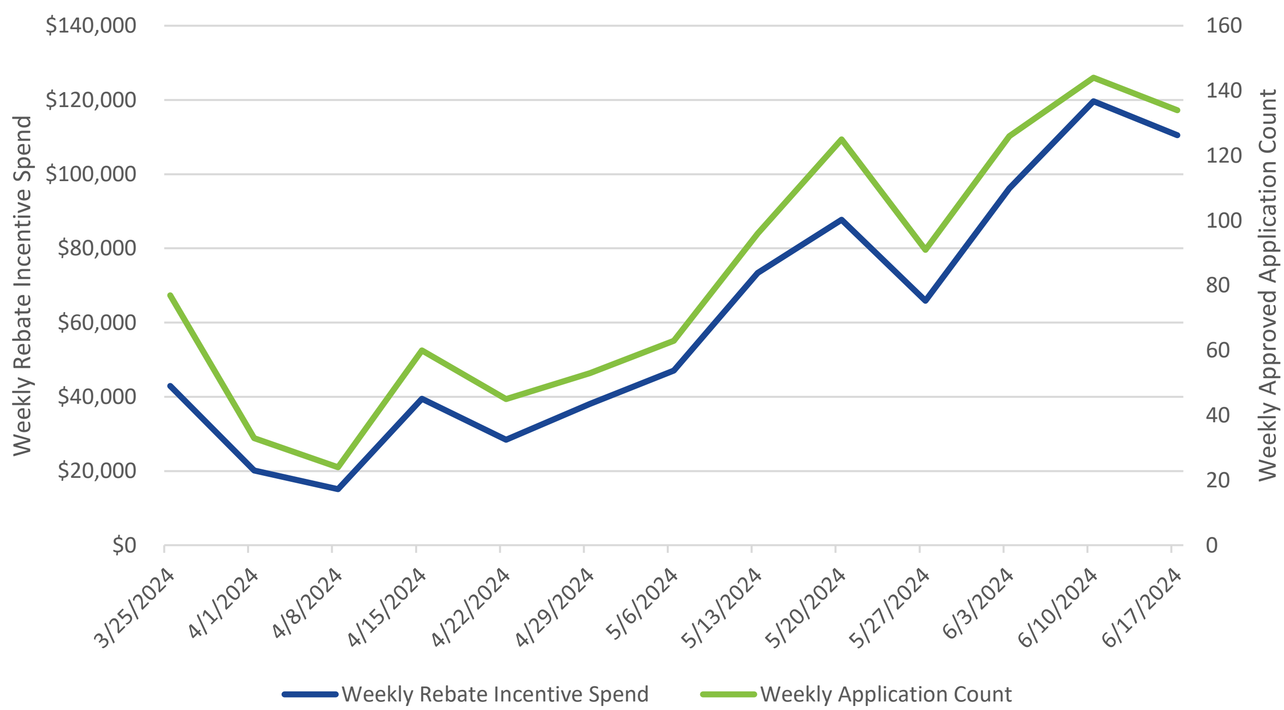
### RESPONSE

LUMA's residential programs have been active for less than two full quarters and have already achieved significant success. Figure 1 illustrates the weekly progression of residential rebate spending and weekly application approvals. Conservative estimates predict a steady-state rebate incentive spend of $100,000 per week in FY25, resulting in an estimated quarterly expenditure of approximately $1.3 million. This forecast suggests that LUMA's residential programs will not only reach the FY25 budgets outlined in the Updated TPP, but potentially exceed them. If current trends continue, an expected sharp increase could create an opportunity to surpass the TPP budget by an even greater margin.

For the business programs, LUMA anticipates similar increasing trends beginning in FY25. Marketing efforts initiated in late FY24 Q4 will continue into FY25 Q1 to increase program awareness. These efforts are expected to significantly impact business rebates spending in FY25.

In light of the above and in response to Question 4, LUMA will expend the remaining FY24 funds for rebates that will be processed in FY25. It's a standard utility practice to accrue funds expected for rebates ahead of time to prevent delays in processing once the rebate requests are received. This proactive approach ensures that LUMA can promptly fulfill rebate commitments, enhancing customer satisfaction and program effectiveness.

**Figure 1: FY24 Weekly Residential Rebate Trends**



# June 21 Transition Period Plan ROI

Forecasts for FY25 are shown in Table 3 across the EE portfolio. LUMA, in addition used the following assumptions for these forecasts:

- Residential Rebates Incentives assumes a steady state is reached of approximately $100,000 in rebate applications per week (LUMA has seen numbers beyond this, as noted above).
- Forecasted FY24 Q4 Residential Kits Incentives will be disbursed to customers in FY25 Q1 and Q2. Residential Kits Incentives assumes the $550,000 budget will be used to promote kits mainly through community-based organizations.
- The In-Store Discount Incentives program launches in July 2025. As the program expands to more retailers and more measures, LUMA expects to see a sharp increase in participation each quarter, especially as measures are added with higher incentive amounts.
- Business Rebate Incentives marketing and outreach is expected to affect program participation beginning in Q1, with a steady increase throughout FY25.
- Business Kit Incentives launched in May 2024, and it is expected that they will continue to be processed steadily in the first three quarters.

Please find the forecast for FY25 below:

**Table 3: Estimated FY25 Program Budgets and Estimated Costs**

| PROGRAM | FY25 Q1 SPEND | FY25 Q2 SPEND | FY25 Q3 SPEND | FY25 Q4 SPEND | TOTAL FY25 MODELED SPEND |
|---|---|---|---|---|---|
| Residential Rebates Incentives[6] | $1,300,000 | $1,300,000 | $1,300,000 | $1,300,000 | $5,200,000 |
| Residential Kits Incentives | $275,000 | $275,000 | -[7] | - | $550,000 |
| In-Store Discount Incentives | $50,000 | $100,000 | $230,000 | $350,000 | $730,000 |
| **Residential Incentives Subtotal** | **$1,625,000** | **$1,675,000** | **$1,530,000** | **$1,650,000** | **$6,480,000** |
| Business Incentive Rebates | $400,000 | $700,000 | $850,000 | $950,000 | $2,900,000 |
| Business Kits Incentives[8] | $100,000 | $100,000 | $100,000 | -[9] | 300,000 |
| **Business Incentives Subtotal** | **$500,000** | **$800,000** | **$950,000** | **$950,000** | **$3,200,000** |
| Education & Outreach | $375,000 | $375,000 | $375,000 | $375,000 | $1,500,000 |
| Cross-Cutting Planning, Administration & Startup costs | $375,000 | $375,000 | $375,000 | $375,000 | $1,500,000 |
| Other PP&A | $984,278 | $984,278 | $882,578 | $926,328 | $3,777,462 |
| **Total EE Expenditure** | **$3,859,278** | **$4,209,278** | **$4,112,578** | **$4,276,328** | **$16,457,462** |

[6] This figure includes anticipated incentive dollars that correspond to unprocessed rebates at the end of FY24. Currently, these funds are allocated to residential rebates, but they may be redistributed based on a smaller amount of projected rebate requests and market uptake in specific measures or sectors.

[7] In FY25 Q3 and Q4, LUMA plans to transition from distributing residential kits to other energy efficiency measures that are projected to achieve deeper and more substantial lifetime savings.

[8] This figure includes incentive dollars that remain unspent at the end of FY24. Currently, these funds are allocated to residential rebates in FY25, but they may be redistributed based on market uptake in specific measures or sectors based.

[9] In FY2024 Q4, LUMA plans to transition from distributing business kits to other energy efficiency measures that are projected to achieve deeper and more substantial lifetime savings. It should also be noted that the costs for this program was not contemplated in the Revised Transition Period Plan.

# June 21 Transition Period Plan ROI

## 4. UPDATED LAUNCH TIMELINES FOR PROGRAMS

### REQUEST

Provide updated launch timelines for the Business Rebates and In-Store Discount programs.

### RESPONSE

The Business Efficiency Rebate Program launched on April 15, 2024, with a total of 17 measures. See **Table** for a list of current program measures and their incentives. In FY25, additional measures will be evaluated and added based on market feedback.

In FY25 much of LUMA's focus will be on raising program awareness within the business sector. Unlike the residential sector, businesses approach investments in premises and efficiency improvements much differently and is known to be more difficult to gain adoption. However, LUMA remains confident that its initial Q4 FY24 marketing and education efforts will convert successfully, resulting in increasing rates of incentives processed in FY25.

The In-Store Discount program is set to launch in July 2024. To fast-track program implementation, the program will initially be launched at 10 retailer locations in Puerto Rico and include several lighting measures. At this time, memorandums of understanding (MOUs) are being executed with retailers and manufacturers, and target dates for point-of-sale system updates are set for July 2024. LUMA's implementation team will spend the month of July visiting each retail location to ensure sales systems are in place, proper signage is applied, and retail staff are trained on the program.

Beginning in August 2025, the In-Store Discount program will work on adding additional retailers and measures to the In-Store Discount program. Retailer additions will prioritize independently owned stores in urban and low-income areas, enhancing accessibility to energy efficiency initiatives. In-store measures will expand to potentially include window air conditioners, tankless or on-demand water heaters, refrigerators, freezers, and other measures determined appropriate for the program and budget.

Additionally, it is worth nothing that based on the success of the Residential EE Kit Incentive program, LUMA also launched a Business Kit Incentives program in May 2024. The goal of this program is to raise awareness of EE for business customers and cross-promote the Business Efficiency Rebate Program. The Business Kit program includes four types of kits for business customers to choose from to best fit their EE needs.

# June 21 Transition Period Plan ROI

**Table 4: Current Business Rebate Measures**

| ELIGIBLE EQUIPMENT | EQUIPMENT REBATE | EQUIPMENT INFORMATION |
|---|---|---|
| Exit Sign | $10 | An LED exit sign uses less energy and requires less maintenance. |
| Omni Directional LED Replacement | $10 | An LED replacement bulb that provides a large volume of consistent lighting and uses less energy than a traditional incandescent bulb. |
| LED Troffer Replacement | $25 -$30 | An LED Troffer uses less energy than its fluorescent troffer and features a sleeker profile. Rebate amount will depend on the Troffer size:<br>$25 for 1'x4' and 2'x2'<br>$30 for 2'x4' |
| Linear Fluorescent LED Replacement | $5-10 | A direct LED substitute for a traditional fluorescent troffer using energy-efficient technology. Rebate amount will depend on the size:<br>$5 for Linear 2' and 4' and U-bend 2'<br>$10 for Linear 8' |
| Occupancy Sensor | $20 per sensor | A device designed to detect the presence of people in a specific space to ensure lighting is only activated when needed. |
| Fryer | $350 | ENERGY STAR electric commercial fryers offer shorter cook times and higher production rates by using a heat exchanger. |
| Convection Oven | $350 | Heat food more efficiently with a convection oven that uses rapidly moving hot air to strip away the cold air layer. |
| Combination Oven | $800 | Combination ovens offer three cooking modes: hot air convection, steam heating, and a mode that combines both. |
| Ice Machine | $500 | ENERGY STAR ice machines are energy efficient, air-cooled, and are available in both batch and continuous types. |
| Commercial Refrigerator and Commercial Freezer | $100 each | ENERGY STAR refrigerators and freezers use less energy by using the latest in energy-efficient technology such as efficient energy compressors and anti-sweat heaters. |
| Commercial Air Conditioner | Tier 1: $100 per ton<br>Tier 2: $175 per ton | At least 25% of rooftop HVAC units are oversized, resulting in increased energy costs and equipment wear. A properly sized HVAC unit can cut energy costs and increase the life of the equipment. |
| Ductless Split Air Conditioner | $750 | ENERGY STAR certified ductless air conditioning is energy efficient and does not require the expense of adding ductwork. |

# June 21 Transition Period Plan ROI

| ELIGIBLE EQUIPMENT | EQUIPMENT REBATE | EQUIPMENT INFORMATION |
|---|---|---|
| Window Air Conditioner | $130 | ENERGY STAR certified window AC units can save energy due to better sealing and insulation materials. |
| Chillers | Tier 1: $50 per ton<br>Tier 2: $100 per ton | Chilled water can be used to remove heat from the air and typically have a longer lifespan than packaged cooling units. |
| Solar Water Heater | $550 | ENERGY STAR certified solar water heating systems can cut your annual hot water costs by as much as half. |
| Window Film | $1 per sqft | Window film can cut up to 80% of the sun's heat, helping cool during the summer. |
| Pool Pump VFD | $200 per HP | Variable frequency drive pool pumps adjust based on the energy needed to move the designated volume of water. |

## 5. FY24 BUDGET UTILIZATION AND PLANS FOR UNSPENT FUNDS

### REQUEST

Does LUMA anticipate spending all of its approved FY24 budget? If not, what does LUMA intend to do with the unspent funds?

### RESPONSE

LUMA Energy's delayed quick start EE programs are starting to hit their stride. As part of supporting the market transformation for this critical work, LUMA anticipates accrual of the estimated remaining incentive dollars for FY24 in advance of direct delivery into customers (checks cut and delivered). FY25 savings targets set in the Revised Transition Period Plan[10] indicated anticipated growth in both total annual savings and peak demand reductions compared to FY24. In preparation, LUMA is proactively accruing estimated FY24 incentive dollars in advance of direct customer delivery, ensuring readiness to meet escalating demand and ensure smooth program continuation into FY25. This can be done as a means for covering an expected increase in demand for FY25 as program awareness and adoption continues even as LUMA bridges the fiscal years.

To sustain momentum, it is crucial to ensure that sufficient funds are readily available to avoid delays in processing. As LUMA aims to maximize every dollar invested in its EE programs, it is imperative that the delayed start of programs does not impact the availability of these intended funds. Given strong initial market demand indicators in Q3 & Q4, the allocated funds will be fully spent and accounted for without unnecessary limitations imposed by fiscal year constraints, which provide a shorter runway for program launch and benefits realization from those initial efforts. At this point, LUMA does not have a clear picture as to whether all funding for the FY24 will be spent at the end of FY24 Q4.

[10] See *Sec 1.2 & 2.4 of the Revised Transition Period Plan* submitted on December 20, 2023.