

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

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IN RE:

INTERCONNECTION REGULATIONS

CASE NO. NEPR-MI-2019-0009

SUBJECT: Motion to Submit LUMA’s Position regarding Modification of Threshold to Require Supplemental Studies under Regulation 8915 in Compliance with Energy Bureau’s Bench Order of August 26, 2024, in Case NEPR-MI-2019-0016

MOTION TO SUBMIT LUMA’S POSITION REGARDING MODIFICATION OF THRESHOLD TO REQUIRE SUPPLEMENTAL STUDIES UNDER REGULATION 8915 IN COMPLIANCE WITH ENERGY BUREAU’S BENCH ORDER OF AUGUST 26, 2024, IN CASE NEPR-MI-2019-0016

TO THE PUERTO RICO ENERGY BUREAU:

COME NOW LUMA Energy ServCo, LLC and LUMA Energy, LLC (collectively “LUMA”), through the undersigned legal counsel, and respectfully state and request the following:

I. Introduction

LUMA respectfully submits this motion to express its position regarding the possibility of increasing the feeder annual peak load threshold for when a supplemental study is required for the interconnection to the grid of a distributed generator with a capacity of up to 1 MW (“DG”), under the Regulation for the Interconnection of Generators with the Distribution System of the Puerto Rico Electric Power Authority, Regulation No. 8915 (“Regulation 8915”). Under Regulation 8915, a supplemental study is required for the interconnection of DGs when the aggregate capacity of all DGs interconnected to the same feeder, including the proposed new interconnection, exceed 15% of the annual peak load of the feeder. Consideration is being given to increasing this threshold to 30%.

As further discussed in this Motion, although changing the mentioned threshold from 15% to 30% is technically possible, LUMA does not favor such change unless the determination issued by the Puerto Rico Energy Bureau (“Energy Bureau”) on the matter includes provisions to establish a clear and binding mechanism to ensure the recovery of the costs of supplemental studies and associated network upgrades from distributed generators with a capacity of up to 25 kW connecting to the system (“Small DGs”) including past incurred costs. LUMA emphasizes that, although the increase in the mentioned threshold may result in reducing the instances when a supplemental study is needed, it does not resolve the issues described in this Motion associated with the considerable backlog in past due payments for supplemental studies and resulting network upgrades associated with the interconnection of Small DGs. In order to ensure an orderly regulatory framework, a holistic approach must be taken, which includes resolving the method of financing of the supplemental studies, as well as the network upgrades.

II. Relevant Background/Procedural History

1. On April 15, 2024, the Energy Bureau issued a Resolution and Order (“April 15th Order”) in which, among others, it scheduled a Technical Conference for May 16, 2024, at 10:00 a.m. (the “May 16th Technical Conference”) to discuss the suitability of the requirement that a supplemental study be required for DGs interconnecting to a feeder exceeding 15% of its annual peak load under Regulation 8915¹ “or in the alternative any other less onerous but safe criteria, to require a supplemental study to DG proponents and the measures proposed by LUMA, in the [Manual of Technical Requirements for Interconnection submitted by LUMA in this proceeding²]

¹ See Regulation 8915, Section IV, Art. A, Parr. 4 and Art. D, Parr. 3(g). This requirement also appears in Section 1.28(B) of the proposed *Generating Facility and Microgrid Interconnection Regulation* issued by the Energy Bureau by Resolution of June 15, 2021.

² This refers to a manual proposed by LUMA in this proceeding, the most recent version of which was submitted on May 19, 2022. See LUMA’s *Motion Submitting Complete Version of Technical Interconnection Requirements Document* filed on that date.

and/or the [Technical Bulletin titled “Smart Inverter Settings Sheets- Technical Bulletin” (the “Technical Bulletin”)³], to reduce or manage the operational challenges of the high penetration of DGs and avoid or postpone having to make improvements in the distribution network”. See April 15th Order on pages 2-3 (footnotes added; translation ours).

2. On May 13, 2024, the Energy Bureau issued a Resolution and Order rescheduling the May 16th Technical Conference to June 18, 2024.⁴

3. On June 12, 2024, the Energy Bureau issued a Resolution (“June 12th Resolution”) establishing an agenda for the “Technical Conference/Stakeholder Workshop” scheduled for June 18, 2024, to include a discussion of the Technical Bulletin in addition to the reasonableness of the mentioned 15% feeder annual peak load threshold under Regulation 8915.

4. On June 17, 2024, LUMA filed a motion submitting as *Exhibit 1* thereto the presentation prepared by LUMA to be provided during the Technical Conference/Stakeholder Workshop scheduled by the Energy Bureau for June 18, 2024 (the “June 18th Presentation”). See *Motion to Submit Presentation for Technical Conference/Stakeholder Workshop Scheduled for June 18, 2024*, filed on June 17, 2024.

5. On June 18, 2024, the Energy Bureau held a Technical Conference/Stakeholder Workshop (“June 18th TC/Workshop”). Among other things and as pertinent to this Motion, during the June 18th TC/Workshop, LUMA representatives discussed the reasonableness of the

³ This refers to a Technical Bulletin appearing originally in LUMA’s website on April 1, 2024 (but not currently posted) copy of which was submitted by the Puerto Rico Solar Energy Industries Association Corp. to the Energy Bureau by letter dated April 3, 2024, re: Urgent Request Regarding LUMA’s Publication of a “Smart Inverter Settings Sheets – Technical Bulletin”. An updated version of this Technical Bulletin was subsequently submitted by LUMA to the Energy Bureau on June 21, 2024. See *Motion to Submit Presentation Shown at Technical Conference/Stakeholder Workshop Held on June 18, 2024, with Correction and Revised Technical Bulletin*.

⁴ This was in response to a *Motion to Request the Rescheduling of the Technical Conference Set for May 16, 2024*, filed by LUMA on April 29, 2024.

requirement for a supplemental study under Regulation 8915 when the aggregate capacity of all DGs interconnected to the same feeder, including the proposed one, exceed 15% of the annual peak load of the feeder. Regarding the 15% threshold, LUMA representatives discussed technical considerations to increase the 15% threshold and indicated that it was possible to increase this threshold to 30% based on technical considerations.

6. On June 21, 2024, LUMA submitted a corrected version of the June 18th Presentation (“Revised June 18th Presentation”). *See Motion to Submit Presentation Shown at Technical Conference/Stakeholder Workshop Held on June 18, 2024, with Correction and Revised Technical Bulletin* filed on June 21, 2024.

7. On August 20, 2024, the Puerto Rico Solar Energy Industries Association Corp. doing business as Solar and Energy Storage Association of Puerto Rico (“SESA”) filed a *Motion Requesting Modification of Supplemental Studies Threshold* (“SESA’s August 20th Motion”), in which they requested the Energy Bureau to issue a resolution to increase from 15% to 30% the feeder annual peak load threshold under Regulation 8915 that triggers a supplemental study for the interconnection of DGs. *See SESA’s August 20th Motion* on page 5. Among others, SESA argued that Regulation 8915 was promulgated before Act 17-2019 and therefore does not reflect the requirements under Act 17 to streamline the interconnection of small-scale renewable energy systems, and that the requirement to conduct a supplemental study when the 15% threshold is exceeded under Regulation 8915 conflicts with the statutory provisions that allow the automatic interconnection of Small DGs. *See id.* at page 2. SESA also argued that (i) LUMA proposed the increase of this threshold to 30% during the June 18th TC/Workshop and (ii) the supplemental studies in the case of feeders with penetration levels between 15% and 30% are not essential and conducting them results in unnecessary expenditures and delays, while eliminating the requirement

for a study for DG's within this range will reduce administrative burdens and accelerate integration of new systems into the grid. *See id.* at page 4.

8. On August 26, 2024, during a Compliance Hearing in Case No. NEPR-MI-2019-0016, In Re: *Informes de Progreso de Interconexión de la Autoridad de Energía Eléctrica de Puerto Rico* (“DG Interconnections Docket”), the Energy Bureau issued a bench order (“August 26th Bench Order”) directing LUMA to inform the Energy Bureau in this proceeding of LUMA’s position regarding the potential increase from 15% to 30% of the feeder annual peak load threshold triggering the requirement to conduct a supplemental study under Regulation 8915.

III. Compliance with August 26th Bench Order

9. As LUMA informed during the June 18th TC/Workshop, based on technical considerations, it is possible to increase the feeder annual peak load threshold triggering the requirement to conduct a supplemental study for DGs interconnecting to the grid under Regulation 8915, from 15% to 30% without overlooking network violations (such as thermal and/or voltage violations) or impeding the detection of system violations in a timely manner, before they become significant system issues. *See June 18th Presentation* on page 8. However, as penetration levels increase, these levels would need to be revised based on operational conditions and reliability considerations. *See id.*

10. In addition to what was included in the text of Revised June 18th Presentation, LUMA explained during the June 18th TC/Workshop that some jurisdictions in the United States have moved away from the 15% screening to the feeder’s minimum load- that is, if the generation of the DG is less than the feeder’s minimum load, there is no need to conduct a supplemental

study.⁵ LUMA further explained that, it is a common practice in the industry that, if there is insufficient data on minimum load, it is deemed to be 33% of the feeder's peak load, and if there is insufficient data on peak load, field visits are made to conduct sample measurements during a 12-month period and the maximum measurement is selected as the peak load.⁶ In Puerto Rico this data is not available.⁷ However, once the real-time system information (daily load profiles) ("RTs") is updated and advanced metering infrastructure ("AMI") metering is installed, there will be more granular data, and this threshold may be revisited.⁸

11. The foregoing notwithstanding, LUMA informs herein that it does not favor increasing the mentioned feeder annual peak load threshold, unless, in conjunction with such a revision, the Energy Bureau also issues a determination establishing clear and binding cost recovery mechanisms for the supplemental studies and associated network upgrades for Small DGs, covering costs incurred to date and moving forward. LUMA respectfully requests that the Energy Bureau issue such a determination. In this regard, LUMA emphasizes that, although the increase in the mentioned 15% threshold may result in reducing the instances when a supplemental study is needed, it does not resolve the issues associated with Small DGs reluctance to pay for these studies, when required, and the resulting network upgrades.

12. More specifically, as this Energy Bureau has been informed in the DG Interconnections Docket, in compliance with its obligations under existing regulations, LUMA has been conducting supplemental studies for DG systems exceeding the mentioned 15% threshold and has been seeking payment from DG customers for these studies, as required by Regulation

⁵ https://www.youtube.com/live/MoX9M--O4M8?si=MXvFgX6UtW_2Etj1, timestamp (2:43:30 - 2:47:30).

⁶ See *id.*

⁷ See *id.*

⁸ See *id.*

8915. In addition, when a supplemental study has raised the need for network upgrades, LUMA has also sought payment of the network upgrades from DGs creating the need for such upgrades, also as required by Regulation 8915. However, LUMA has had difficulties collecting these payments from some Small DGs seemingly in part due to the requirement that these systems be connected on an expedited basis in accordance with Act 114-2007, known as the Puerto Rico Net Metering Program Act, as amended, including by Act 17-2019, known as the Puerto Rico Public Energy Policy Act (“Act 114”). LUMA has raised the need to identify a predictable and reliable source of funding for these supplemental studies and network upgrades and has provided this Energy Bureau with options to address these costs to ensure equitable cost distribution among all Net Energy Metering program customers, addressing both immediate and long-term financial considerations. *See Motion Submitting Outstanding Responses in Further Compliance with Bench Orders Issued at the Compliance Hearing Held on May 6, 2024*, filed by LUMA in the DG Interconnections Docket on June 11, 2024 (“June 11th Motion”) and its Exhibit 1.

13. It is important to note that contrary to what is argued in SESA’s August 20th Motion, the requirement of a supplemental study under Regulation 8915 does not conflict with the statutory provisions (under Act 114) that require the automatic interconnection of Small DGs. Act 114 provides for automatic interconnection of Small DGs (*see* Act 114, Section 9) but does not expressly address the need for a supplemental study prior to or after interconnection of these types of DGs. However, Act 114, does expressly provide that the necessary improvements and/or changes to a feeder will be at the expense of the requesting Small DGs. *See id.* Section 9(c). Such improvements or changes cannot be determined unless a supplemental study is conducted. Hence, the practice has been with respect to Small DGs to conduct these studies, if technically required under Act 8915, after the interconnection takes place, thereby not conflicting with the automatic

interconnection requirements of Act 114. This supplemental study will then inform on whether there are any required network upgrades, which are contemplated in both Regulation 8915 and Act 114, among other considerations. The only inconsistency between Act 114 and Regulation 8915 is not relating to the need for a supplemental study, but rather the timing for it, as Regulation 8915 requires these be conducted before interconnection and Act 114 requires the interconnection to occur automatically thereby not allowing sufficient time to conduct the supplemental study prior to the interconnection, which also creates potential uncertainties on the implementation of the associated payment mechanisms established under Regulation 8915. In sum, supplemental studies and resulting network upgrades can be required of Small DGs and these have an obligation to pay for them.

14. Given the considerable amount of accumulated and unpaid supplemental study fees and no clear recovery mechanism is currently in place, LUMA cannot support the increase in the mentioned threshold without it being accompanied by a solution to this financial situation, as LUMA cannot favor a piecemeal approach. LUMA respectfully submits that, in order to ensure an orderly regulatory framework, a holistic approach must be taken, which includes resolving the method of financing of the supplemental studies, as well as network upgrades.

15. In light of the above, LUMA respectfully requests the Energy Bureau to issue a determination in this proceeding establishing a clear and binding mechanism to recover costs associated with supplemental studies and required network upgrades incurred to date associated with the interconnection of Small DGs, as well as the mechanism to address such costs going forward, as per the options discussed in LUMA's June 11th Motion in the DG Interconnections Docket. If the Energy Bureau determines to do so, then LUMA would favor including in such

determination provisions for the increase in the feeder annual peak load threshold triggering a supplemental study under Regulation 8915 from 15% to 30%.

16. In addition, and without waiving LUMA's position discussed above, if the Energy Bureau were to issue a determination to increase the mentioned feeder annual peak load threshold, LUMA respectfully submits that such increase should be prospective in nature, so as to not affect the studies and cost recovery efforts conducted to date by LUMA in compliance with Regulation 8915, and such a determination should provide for this threshold to be revised from time to time upon LUMA's request based on operational conditions and reliability considerations. The latter would be necessary because, as LUMA explained during the June 18th TC/Workshop, this threshold may need revisiting based on operational conditions and reliability considerations as penetration levels increase and/or in light of more granular data obtained once the system's RTs are updated and AMI metering is installed.

17. LUMA strongly urges this honorable Energy Bureau to find a holistic solution to the situation described in this Motion. LUMA has consistently supported the growth of DG and encourages the development of a sound policy that looks at both technical and financial considerations simultaneously.

WHEREFORE, LUMA respectfully requests this Honorable Energy Bureau to **take notice** of all of the aforementioned; **issue** a determination establishing a clear and binding mechanism to recover costs associated with supplemental studies and required network upgrades incurred to date associated with the interconnection of Small DGs, as well as the mechanism to address such costs going forward, as per the options discussed in LUMA's June 11th Motion in the DG Interconnections Docket; **take notice** that if the Energy Bureau determines to issue the foregoing determination, LUMA would favor that such determination include increasing the feeder

annual peak load threshold for requiring a supplemental study for DG's interconnecting to the grid under Regulation 8915 from 15% to 30%; and, without waiving LUMA's foregoing position, if such a resolution were issued, that the Energy Bureau **provide** in it that the threshold increase be prospective in nature and that the threshold may be revised from time to time as requested by LUMA to address operational conditions and reliability considerations.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 5th day of September 2024.

We hereby certify that we filed this motion using the electronic filing system of this Puerto Rico Energy Bureau and that copy of this motion was notified to hrivera@jrsp.pr.gov; arivera@gmlex.net; mvalle@gmlex.net; agustin.irizarry@upr.edu; javrua@sesapr.org; contratistas@jrsp.pr.gov; aconer.pr@gmail.com; john.jordan@nationalpfg.com; cfl@mcvpr.com; and mqs@mcvpr.com.



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