

**GOVERNMENT OF PUERTO RICO
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: Informative Motion Regarding the Status of the Final Standard Offer Agreement for Participation in Accelerated Storage Addition Program

NEPR

Received:

Sep 30, 2024

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**INFORMATIVE MOTION REGARDING THE STATUS OF THE FINAL STANDARD
OFFER AGREEMENT FOR PARTICIPATION IN ACCELERATED STORAGE
ADDITION PROGRAM**

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

COME NOW LUMA Energy, LLC (“ManagementCo”), and **LUMA Energy Servco, LLC** (“ServCo”) (jointly referred to as “LUMA”), through the undersigned counsel, and respectfully states and requests the following:

I. Introduction

LUMA is providing in this Motion an update on the development of a final version of the Standard Offer Agreement for participation in the Accelerated Storage Addition Program (“ASAP”). ASAP is a program that proposes the integration of much needed Battery Energy Storage Systems (“BESS”) to the Puerto Rico Electrical System by adding BESS capacity at existing qualified power generating facilities on an accelerated basis; it provides for a standard offer to be made to these power producers to add BESS capacity at their facilities, which would be dispatched by LUMA to provide time shift services, voltage and frequency support and other ancillary services, thereby providing improved system reliability and reduction of load shedding events, as well as reducing costs to consumers.

The ASAP concept was submitted to the Puerto Rico Energy Bureau of the Public Service Regulatory Board (“Energy Bureau”) in this proceeding on April 26, 2024, and, on May 8, 2024, the Energy Bureau determined that the ASAP was aligned with Puerto Rico’s energy public policy and consistent with the Integrated Resource Plan and Modified Action Plan, authorizing LUMA to proceed with it.

After other procedural events, on September 16, 2024, LUMA submitted to the Energy Bureau a draft of the Standard Offer Agreement for the ASAP, for the Energy Bureau’s evaluation and feedback so that LUMA could continue with the subsequent steps toward the finalization of the Standard Offer Agreement.

LUMA informs herein that it has actively engaged the involved power producers seeking to resolve pending issues relating to the draft Standard Offer Agreement and has received comments from some of them. Even though it was LUMA’s planning target, referenced in its submittal of April 26, 2024, to have the final Standard Offer Agreement by the end of September, LUMA is still awaiting comments from some involved power producers, which LUMA expects to receive and be able to resolve in the next several weeks. Therefore, LUMA informs in this motion, as detailed further below, that it will be prioritizing the resolution of any open items that are raised by the generators to have the final Standard Offer Agreement before the end of October and anticipates being able to submit the final Standard Offer Agreement to the Energy Bureau before October 31, 2024, and.

II. Relevant Background and Procedural History

1. On April 19, 2024, the Energy Bureau issued a Resolution and Order (“April 19th Order”) opening the instant docket for the evaluation of the ASAP and ordering LUMA to submit

a final version of the ASAP concept within five (5) business days from the notification of the Resolution and Order. *See* April 19th Order on pages 1-2.

2. On April 26, 2024, LUMA filed a *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 26th Motion”) in which it submitted the final version of the ASAP concept. *See* April 26th Motion, Exhibit 1. LUMA explained that ASAP is a program that proposes the integration of much needed BESS to the Puerto Rico Electrical System by adding BESS capacity at existing qualified power generating facilities on an accelerated basis; it contemplates a Standard Offer (applicable to all qualified IPP generators who are currently injecting into the grid) would be made to these power producers (“IPPs”) to add BESS capacity at their facilities; this additional BESS capacity would be dispatched by LUMA to provide voltage and frequency support and ancillary services, thereby providing improved system reliability; and, as such, it is a cost-effective implementation of storage by maximizing the use of existing infrastructure while providing system reliability benefits. *See id.* Executive Summary. LUMA also indicated that the ASAP had generated considerable interest among IPPs and they had expressed their willingness to move forward with LUMA providing a Standard Offer to add BESS capacity at their facility; that LUMA contemplated having meetings during the month of May 2024 to discuss the Standard Offer; and that, assuming the necessary approvals were expeditiously obtained, LUMA contemplated the Standard Offer Agreement could be executed with IPPs sometime near the end of the third quarter of 2024, which could put potentially new BESS in the system by the end of 2025. *See id.* at page 11.

3. On August 8, 2024, the Energy Bureau issued a Resolution and Order (“August 8th Order”) ordering LUMA to, within five (5) business days from the notification thereof, file with

the Energy Bureau the proposed Standard Offer Agreements with IPPs for participation in LUMA's ASAP or provide a detailed status update.

4. On August 20, 2024, LUMA filed a *Motion Submitting Status Report in Compliance with Resolution and Order Issued on August 8, 2024*, submitting as *Exhibit 1* ("August 20th Exhibit 1" or "ASAP Status Update") a detailed status update report in connection with the development of the Standard Offer Agreements and requested the Energy Bureau a Confidential Conference to discuss this status update.¹ The ASAP Status Update included a discussion of key learnings to date, the evolving issues and their potential resolutions, discussion of regulatory policies to be considered and next steps. LUMA also explained that it anticipated that by the end of this third-quarter – which ends on September 30, 2024 – it would be able to present to this Honorable Energy Bureau the Standard Offer Agreements for review and approval. LUMA also requested the Energy Bureau to maintain the August 20th Exhibit 1 confidential, noting that it would be submitting within the next ten (10) days a Memorandum of Law in support of such request.

5. On August 22, 2024, the Energy Bureau issued a Resolution and Order taking notice of LUMA's August 20th Motion, scheduling, for August 29, 2024, a Confidential Conference to discuss the ASAP Status Update, and indicating that it would keep the August 20th Exhibit 1 confidential, noting that LUMA would submit a supporting Memorandum of Law.

6. On August 29, 2024, LUMA submitted a *Memorandum of Law in Support of Request for Confidential Treatment of Exhibit 1 Submitted on August 20, 2024 and Submitting*

¹ LUMA had requested an extension to file this motion, and the Energy Bureau had granted an extension until August 20, 2024. See LUMA's *Request for Extension of Time to Comply with Resolution and Order Issued on August 8, 2024* filed on August 13, 2024 and the Energy Bureau's Resolution and Order of August 16, 2024.

Redacted Version of Exhibit stating the legal basis for the request to treat the August 20th Exhibit 1 as confidential and providing a redacted and public version of that exhibit.

7. On August 29, 2024, the Energy Bureau held the Confidential Conference with LUMA. During the Confidential Conference, LUMA provided a presentation on the ASAP Status Update (“August 29th Presentation”). LUMA agreed to provide to the Energy Bureau an interim draft of the Standard Offer Agreement that existed as of that date to provide the Energy Bureau with a preview of the form and contents of the Standard Offer Agreement and as a preliminary step towards eventual full review and approval of this document by the Energy Bureau. In addition, the Energy Bureau directed that LUMA submit a copy of the August 29th Presentation with the appropriate confidentiality claim.

8. On September 6, 2024, LUMA filed a *Motion to Submit Presentation Provided by LUMA during Confidential Conference of August 29, 2024, and Associated Information, and Request for Confidential Treatment of Presentation*, in which LUMA filed, as Exhibit 1, the presentation provided during the Confidential Conference and information regarding the criteria for participation in ASAP; requested confidential treatment thereof supported by a memorandum of law; and provided a redacted public version of Exhibit 1.

9. On September 16, 2024, LUMA filed a *Motion Submitting Draft of Standard Offer Agreement for Participation in Accelerated Storage Addition Program and Associated Information, Response to Comments Regarding Eligibility to Participate in the Program, and Request for Confidential Treatment* (“September 16th Motion”), submitting as *Exhibit 1* the draft of the Standard Offer Agreement developed to date, for the Energy Bureau’s review. In addition, LUMA submitted as *Exhibit 2*, a background and description of the Standard Offer Agreement, wherein LUMA discussed the process to date to develop it and the major features of the Standard

Offer Agreement. LUMA also submitted, as Exhibit 3, a discussion of the eligibility requirements to participate in ASAP, in attention to comments submitted to the Energy Bureau by third parties regarding this subject.²

10. With respect to the Standard Offer Agreement, LUMA described the iterative process conducted to obtain and address comments from IPPs used to develop the draft Standard Offer Agreement being submitted and explained that: this version of the draft Standard Offer Agreement was still subject to a final round of internal LUMA review and discussion and final agreement had not yet been obtained from every IPP involved in the process; and that, while LUMA did not anticipate there would be significant areas of disagreement with the IPPs in connection with the draft, the precise wording and some final numbers may change. *See* September 16th Motion on page 11.

III. Status of the Final Draft of the Standard Offer Agreement

11. LUMA informs herein that it has continued to actively engage with the qualified and involved IPPs in the discussion of the terms of the Standard Offer to be able to present to this Honorable Energy Bureau a final version of the Standard Offer Agreement.

12. Specifically, since the August 29, 2024 Confidential Conference, LUMA has been exchanging communications with these IPPs on a weekly basis regarding resolution of open items in the draft Standard Offer Agreements.

13. While some of these IPPs indicated they would send the final comments for the week of September 23, 2024, most said they would require at least an additional week to have their legal teams submit their comments. As a result, the final version of the Standard Offer Agreement

² See Motion submitted by Windmar Renewable Energy, Inc. on September 4, 2024 and *Infigen's Comments to LUMA's ASAP Concept and Request for Inclusion of YFN Yabucoa Solar, LLC into ASAP's Phase I* submitted by Infigen Renewables LLC on September 9, 2024.

is not ready at this time to be submitted before this Honorable Energy Bureau for review and approval. At this point, the comments already received and reviewed by LUMA have not raised any significant issues.

14. Taking the aforementioned into consideration, LUMA will be prioritizing the resolution of any open items that are raised by the generators during the coming weeks and expects to review and resolve any differences with the IPPs regarding the draft Standard Offer Agreements before the end of the month of October. Accordingly, LUMA anticipates it will be able to submit the final Standard Offer Agreement to the Energy Bureau on or before October 31, 2024. In the meantime, LUMA will keep the Energy Bureau informed of any significant developments that could impact this timeline.

WHEREFORE, LUMA respectfully requests that this Energy Bureau **take notice** of the aforementioned.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 30th day of September 2024.

We hereby certify that this motion was filed using the electronic filing system of this Energy Bureau.



DLA Piper (Puerto Rico) LLC
500 Calle de la Tanca, Suite 401
San Juan, PR 00901-1969
Tel. 787-945-9147 / 9145
Fax 939-697-6141 / 6145

/s/ Laura T. Rozas
Laura T. Rosas
RUA No. 10,398

laura.rozas@us.dlapiper.com

/s/ Valeria Belvis

Valeria Belvis

RUA No. 22584

valeria.belvis@us.dlapiper.com