

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

NEPR Received: Nov 7, 2024 11:57 PM

IN RE:

ENERGY EFFICIENCY AND DEMAND
RESPONSE TRANSITION PERIOD PLAN

CASE NO.: NEPR-MI-2022-0001

SUBJECT: Motion to Submit Responses to Requests for Information in Compliance with Resolution and Order of October 23, 2024

**MOTION TO SUBMIT RESPONSES TO REQUESTS FOR INFORMATION IN
COMPLIANCE WITH RESOLUTION AND ORDER OF OCTOBER 23, 2024**

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

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

I. Introduction

1. As the Transmission and Distribution system operator for Puerto Rico, LUMA is integral to advancing the island’s public energy goals, including the implementation of critical programs like Energy Efficiency (“EE”) and Demand Response (“DR”) as mandated by the Puerto Rico Energy Bureau (“Energy Bureau”). In response to requests for information from the Energy Bureau of the Public Service Regulatory Board (“Energy Bureau”) issued on October 23, 2024, this motion and its accompanying Exhibits 1 and 2 provide the Energy Bureau with a thorough account of LUMA’s methods, program outcomes, and fiscal management for EE and DR programs for FY2024. The responses contained herein offer clarity on key program indicators, cost allocations, and the structured use of unspent funds.

LUMA is addressing in the responses herein the Energy Bureau’s requests in a systematic manner. First, LUMA outlines LUMA’s energy savings calculation process, which uses reference jurisdiction Technical Reference Manuals (“TRMs”) to ensure consistent program evaluations in the absence of a Puerto Rico-specific TRM. Additionally, LUMA discusses LUMA’s annual process for tracking savings figures, which allows for responsive adjustments to the programs and verification practices as needed. Furthermore, LUMA provides details on the allocation and explanation of unspent funds within non-programmatic budget categories and provides a breakdown of budget methodology to account for Planning, Administration, and Evaluation (PP&A) costs. These responses underscore LUMA’s commitment to transparency, program efficacy, and alignment with Puerto Rico’s energy policy objectives.

II. Relevant Background and Procedural History

2. On August 13, 2024, LUMA submitted its fourth consolidated quarterly report for Fiscal Year (“FY”) 2024 on the implementation of the Energy Efficiency (“EE”) and Demand Response (“DR”) Transition Period Plan (“TPP”)¹ and the administrative costs of Demand Response programs (the “FY2024 Q4 Consolidated TPP and DR Administrative Cost Report”), in compliance with the Resolutions and Orders of the Energy Bureau dated February 16, 2023², August 29, 2023³ and March 21, 2024⁴. *See Motion to Submit FY2024 Q4 Consolidated Transition*

¹ The original TPP was submitted to the Energy Bureau on June 21, 2022, in Case No. NEPR-MI-2021-0006, *In Re: Demand Response Plan Review, Implementation and Monitoring* and approved and modified by the Energy Bureau by Resolution and Order of February 16, 2024. LUMA submitted a revised/updated version in the instant case on December 30, 2023 (*see* LUMA’s *Motion to Submit Revised TPP and Other Information Requested under the Resolution and Order of November 29, 2023*) in accordance with the Energy Bureau’s Resolution and Order of November 29, 2023. The term “TPP” as used herein refers to the revised version.

² On page 18 of this Resolution and Order, the Energy Bureau ordered LUMA to submit quarterly reports on the TPP within sixty (60) days of the end of each quarter.

³ On page 3 of this Resolution and Order, the Energy Bureau ordered LUMA to submit quarterly reports on specified DR program administrative costs within forty-five (45) days of the end of each quarter.

⁴ On page 2 of this Resolution and Order, the Energy Bureau approved LUMA’s request to consolidate the quarterly TPP reports with the quarterly reports on DR administrative costs and that these be submitted within forty-five (45) days of the end of each quarter.

Period Plan and Demand Response Administrative Cost Quarterly Report and Request for Approval of Template for these Quarterly Reports (“October 13th Motion”) on page 9. In addition, LUMA requested the Energy Bureau to approve the template used for the FY2024 Q4 Consolidated TPP and DR Administrative Cost Report for purposes of future quarterly reports. *See id.* at pages 9-10.

3. On October 9, 2024, LUMA filed a motion requesting the Energy Bureau to approve the rollover of unspent FY2024 EE program funds to the FY2025 budget for EE programs and provided in such motion and Exhibit 1 thereof detailed reasons to justify such rollover. *See Motion Requesting Approval for Rollover of Unspent FY 2024 Energy Efficiency Program Funds to the FY 2025 Budget for Energy Efficiency Programs* (“October 9th Motion”).

4. On October 23, 2024, the Energy Bureau issued a Resolution and Order (“October 23rd Order”), whereby, among other considerations, the Energy Bureau approved LUMA’s request in the October 9th Motion to rollover the unspent funds allocated to EE programs in FY2024 to use in FY2025. *See* October 23rd Order on page 6. In addition, the Energy Bureau approved the template submitted by LUMA in the August 13th Motion for future quarterly reports, conditioned upon LUMA supplementing the template with additional information specified in the October 23rd Order, to be applicable to future filings. *See id.* at pages 2 and 3. Relatedly, the Energy Bureau indicated that, as part of its oversight of ongoing EE and DR programs and plans, it required additional information to follow up on the information in the August 13th Motion. *See id.* at page 3. The Energy Bureau then ordered LUMA to submit responses to the requirements of information in Attachment A of the October 23rd Order within ten (10) business days after the issuance of the October 23rd Order. *Id.*

5. Attachment A of the October 23rd Order included the following Requests of Information (“October 23rd ROIs”) which pertain mostly to information in the August 13th and October 9th Motions:

1. Provide the written policy LUMA uses to assign the cost of LUMA staff time to the LUMA base budget (funded by the base rate), to the EE budget (funded by the FE Rider), or to the DR budget (funded by the PPCA).
2. See footnote 7 in the attachment to LUMA's August 13 Motion. Provide LUMA's analysis leading to its estimate of annual savings of 396 kWh per year for each kit delivered.
3. Refer to the attachment to LUMA's August 13 Motion. What is LUMA's estimate of annual savings for the Business EE Kits, broken out by Retail, Office, or Lighting-only kits? Provide LUMA's assumptions to produce its savings estimate for each kit type.
4. See Table 9 (Energy and Peak Demand Savings Performance by Market Sector and Subsegment) in the attachment to LUMA's August 13 Motion. LUMA has achieved just 16 percent of its annual target for low-income programs in the residential sector, compared with 130 percent for non-low-income programs. Provide LUMA's plans to fix this disparity by increasing participation by low-income residents.
5. See Table 10 (Energy and Peak Demand Savings Performance) in the attachment to LUMA's August 13 Motion. Confirm that the energy savings on this table, and the calculated s/kwh, are the first-year energy savings expected as a result of the implemented programs (as opposed to the lifetime energy savings). What average lifetime does LUMA assume for each program? What lifetime savings and \$/lifetime savings does LUMA expect?
6. See Table 11 (FE Budget & Costs) in the attachment to LUMA's August 13 Motion. This table shows total program budget for FY24 in the two administrative items (Education & Outreach and Cross-Cutting Planning, Administration & Evaluation Costs) of \$1,125,000 each, or \$2.25 million combined. The table shows FY24 YTD costs of \$860,812 total in these categories, leaving an unspent balance of \$1,389,188. On page 4 of the attachment to LUMA's October 9th Motion, LUMA states that the \$5.8 million in unspent FY24 funds is split between \$2.9 million of program incentive dollars and \$2.9 million of "PP&A" funds used to administer incentive programs. Provide a detailed explanation and mapping of terms to explain the difference between the \$1.389 million in unspent non-programmatic funds in the August 13th Motion and the \$2.9 million of unspent PP&A funds in the October 9th Motion.

7. Refer to Table 1 (Proposal for Revised TPP budget by Sector and Program) in LUMA's October 9th Motion. How did LUMA determine the portion of the unspent FY24 funds to allocate to each program? For the Residential and C&I Program, does LUMA intend to use the unspent funds from FY24 (after accounting for the unbilled EE Rider) on customer incentives?
8. See Table 13 (DR YTD Performance Indicators) in the attachment to LUMA's August 13th Motion. Confirm that the YTD Actual for Total program costs is \$3,897,939 (\$1,467,150 and \$2,430,789).
9. See Table 14 (DR Budget and Costs) in the attachment to LUMA's August 13th Motion. Explain the variance for Q4 FY24 in DR program professional services. The budget is \$200,000 while costs are \$1,865,482. Provide a detailed justification for professional services costs that account for nearly half of all the DR program costs in FY24. Does LUMA expect DR program professional services costs to continue at this rate, or were these one-time costs?

III. Submittal of Responses to ROIs

5. In compliance with the October 23rd Order, LUMA herein submits the responses to the October 23rd ROIs. *See* Exhibit 1. Exhibit 1 contains detailed responses regarding LUMA's policies for assigning staff costs across different budgets, analyses supporting energy savings estimates for program kits, strategies to increase participation of low-income residents in the EE programs, clarifications regarding the energy savings performance data, clarifications on budget differences and on the proposed use of unspent FY2024 EE unspent funds, and confirmation regarding year-to-date program costs. Additionally, LUMA submits in *Exhibit 2* an update to a table included in the FY2024 Q4 Consolidated TPP and DR Administrative Cost Report Q4 Report with data on energy and peak demand savings performance (Table 10) including information on lifetime energy savings of FY2024 programs.

WHEREFORE, LUMA respectfully requests that the Energy Bureau (i) **take notice** of the aforementioned; and (ii) **accept** the responses to the October 23rd ROIs included in *Exhibit 1*

and *Exhibit 2* herein and **deem** LUMA in compliance with the October 23rd Order with respect to such ROIs.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 7th day of November 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](mailto:javrúa@sesapr.org), pjcleanenergy@gmail.com, and mrios@arroyorioslaw.com.



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Exhibit 1

Responses to ROIs in Resolution and Order of October 23, 2024



Response to October
23rd, 2024, Transition
Period Plan
Requirements of
Information (ROI)

NEPR-MI-2022-0001

NOVEMBER 7, 2024

NEPR-MI-2022-0001

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

INTRODUCTION

LUMA Energy, LLC ("LUMA") is committed to working with the Puerto Rico Energy Bureau in its mission to build a more reliable and resilient energy system for all its 1.5 million customers and in a fiscally responsible manner. In line with this commitment, LUMA respectfully submits its response to the Requests of Information (ROIs) outlined in Attachment A of the Energy Bureau's Resolution and Order dated October 23, 2024, pertaining to various aspects of the Energy Efficiency (EE) and Demand Response (DR) programs under Case No: NEPR-MI-2022-0001. This submission addresses the Energy Bureau's directives for additional details or clarifications on the Consolidated Transition Period Plan and demand Response Administrative Costs FY2024 Q4 Report submitted by LUMA motion on August 13, 2024 (August 13th Motion) and the request to rollover FY2024 EE unspent funds to the FY2025 EE budget submitted by LUMA motion on October 9, 2024 (October 9th Motion), which request was approved by the Energy Bureau.

LUMA remains committed to transparency and strategic management of its EE initiatives across Puerto Rico. This document provides detailed responses to the Energy Bureau's inquiries regarding its policies for assigning staff costs across different budgets, analyses supporting energy savings estimates for program kits, strategies to increase program participation by low-income residents, and clarifications regarding energy savings performance data; clarifications on the proposed use of unspent FY2024 unspent funds; and confirmation regarding year-to-date program costs.

LUMA's response provides an overview of LUMA's operational progress, barriers encountered, and proactive measures taken to enhance EE and DR programs while adhering to regulatory requirements. Through this submission, LUMA reaffirms its dedication to fostering sustainable energy practices that benefit all customers while complying with the regulatory framework established by the Energy Bureau.

Energy Efficiency and Demand Response Transition Period Plan

1. WRITTEN POLICY FOR COST ASSIGNMENT

REQUEST

Provide the written policy LUMA uses to assign the cost of LUMA staff time to the LUMA base budget (funded by the base rate), to the EE budget (funded by the EE Rider), or to the DR budget (funded by the PPCA).

RESPONSE

LUMA uses internal processes and project codes within its financial and timekeeping systems to accurately allocate staff time costs to the appropriate budget.

For each customer energy program, there is a set of assigned “project codes” that are enabled in LUMA’s financial software platforms and allow teams to categorize all revenues and expenses associated with a particular program, as well as the projects within that program. In the case of the EE and DR programs, the codes mirror the categories outlined in the Transition Period Plan (TPP) and regulatory reporting.

Most program expenses from salaries/wages are for staff members whose time is 100% dedicated to administering the EE program, and staff members whose time is 100% dedicated to administering the DR program. LUMA also has staff who work on both programs and are responsible for allocating their time to the appropriate project code as described below.

All employees track their program hours using these project codes. These codes are also embedded in LUMA’s timekeeping and labor accounting software.

Staff supporting EE and DR programs receive annual training on current project codes, their proper use, and entry of project codes in LUMA’s timekeeping and labor accounting software.

Furthermore, employees are provided with:

- Laminated handouts for display with assigned project codes and instructions on their usage.
- On-demand training materials detailing the correct use of codes in LUMA’s timekeeping and labor accounting software.
- On-demand support for project accounting questions.

LUMA’s project accounting methods also include monthly financial performance controls that include review of staff time “coded” to EE and DR project codes.

Energy Efficiency and Demand Response Transition Period Plan

2. ANNUAL SAVINGS ESTIMATE FOR ENERGY EFFICIENCY KITS

REQUEST

See footnote 7 in the attachment to LUMA's August 13 Motion. **Provide LUMA's analysis leading to its estimate of annual savings of 396 kWh per year for each kit delivered.**

RESPONSE

Each kit's energy savings was calculated by adding up the deemed annual energy savings values per measures included in the kits. LUMA is utilizing Technical Reference Manuals (TRMs) from various jurisdictions. These TRMs provide standardized energy savings values, calculations and other input data points needed in the absence of values from a Puerto Rico TRM. Hawaii's TRM¹ serves as the primary reference given similar climate conditions. Other TRMs may provide additional inputs and calculation methods that are not covered by Hawaii's TRM, allowing for a more comprehensive evaluation of energy efficiency measures.

Using data from consumer demand for kits, LUMA continues to adjust the number and types of measures included in kits. For instance, in late FY2024, LUMA adjusted measures in kits to include only electric energy-using measures. Thus, each new round of kits distributed may have different energy savings values.

In the first round, 9,061 kits were distributed, achieving savings of 0.586 MWh per kit for a total of 5,310 MWh saved. In subsequent rounds, 32,765 kits saved 0.344 MWh per Residential EE Kit, or 11,271 MWh saved. Adding first round savings of 5,310 MWh and subsequent round savings of 11,271 MWh equals the overall total of 16,581 MWh energy saved for the program in FY2024. Taking the 41,826 kits distributed and dividing it by the 16,581 MWh saved, equals an average of 0.396 MWh saved per kit. See Tables 1-3.

Table 1: Energy Savings for First Round of Kits

MEASURE	QTY	ANNUAL ENERGY SAVINGS (MWh)
60-Watt Replacement LED	6	0.275
LED Auto On/Off Nightlight	1	0.032
1.5 GPM Multifunction Fixed Showerhead	1	0.095
1.0 GPM Bubble Spray Bathroom Aerator	2	0.009

¹ Hawaii Energy. (2019). *Technical Reference Manual for Energy Efficiency: Version 1.0.*

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MEASURE	QTY	ANNUAL ENERGY SAVINGS (MWh)
1.5 GPM Dual Spray Kitchen Aerator	1	0.027
Pipe Insulation Wrap	1	0.111
Advanced Power Strip (Tier 1)	1	0.038
Total Measures in Kits	13	0.586
Total Kits Distributed	9,061	
Total Annual Energy Savings for first round (0.586 x 9,061)		5,310

Table 2: Energy Savings for Subsequent Rounds of Kits

MEASURE	QTY	ANNUAL ENERGY SAVINGS (MWh)
60w Replacement LED	6	0.275
LED Auto On/Off Nightlight	1	0.032
Advanced Power Strip (Tier 1)	1	0.038
Total Measures in Kits	8	0.344
Total Kits Distributed	32,765	
Total Annual Energy Savings for subsequent rounds (0.344 x 32,765)		11,271.16

Energy Efficiency and Demand Response Transition Period Plan

Table 3: Total Annual Energy Savings from all Energy Efficiency Kits

FY2024 EE KITS DISTRIBUTED	ANNUAL ENERGY SAVINGS (MWh)
First Round	5,310
Subsequent Rounds	11,271
Total	16,581

Energy Efficiency and Demand Response Transition Period Plan

3. ANNUAL SAVINGS FOR BUSINESS ENERGY EFFICIENCY KITS

REQUEST

Refer to the attachment to LUMA's August 13 Motion. What is LUMA's estimate of annual savings for the Business EE Kits, broken out by Retail, Office, or Lighting-only kits? **Provide LUMA's assumptions to produce its savings estimate for each kit type.**

RESPONSE

The total Business EE Kits energy savings of 71,490 kWh was calculated by multiplying the number of energy efficiency kits distributed by the energy savings per kit. The energy savings for each kit was calculated by adding up the deemed annual energy savings per measure included in the kit. For the assumptions used to calculate the deemed energy savings per measure for newly launched programs, LUMA relies on inputs published in TRMs in reference jurisdictions, as currently there is no TRM for Puerto Rico².

See below Table 4 for details of the estimated annual energy savings for each EE Business Kit types.

Table 4: Annual Energy Savings for each EE Business Kit

TYPE OF BUSINESS KIT	KITS ORDERED FY2024 Q4	ANNUAL ENERGY SAVINGS PER KIT (kWh)	YTD ENERGY SAVINGS PER KIT (kWh)	ACTUAL PEAK DEMAND SAVINGS PER KIT (kWh)	YTD PEAK DEMAND SAVINGS PER KIT (kWh)
Restaurant	8	1,751	14,008	0.233	1.864
Lighting	8	1,151	9,208	0.134	1.072
Office	38	1,043	39,634	0.116	4.408
Retail	8	1,080	8,640	0.138	1.104
Total	62	5,025	71,490	0.621	8.448

² Supra at notes 1,2 and 3.

Energy Efficiency and Demand Response Transition Period Plan

4. LOW-INCOME PROGRAM PARTICIPATION

REQUEST

See Table 9 (Energy and Peak Demand Savings Performance by Market Sector and Subsegment) in the attachment to LUMA's August 13 Motion. LUMA has achieved just 16 percent of its annual target for low-income programs in the residential sector, compared with 130 percent for non-low-income programs.

Provide LUMA's plans to fix this disparity by increasing participation by low-income residents.

RESPONSE

LUMA works actively to identify and implement new targeted measures to address and continue to increase participation rates of low-income customers. These efforts include enhanced data tracking for low-income customer identification, focused outreach initiatives, and strategic program expansions to increase accessibility for low-income communities.

For example, as outlined in the FY2024 Q4 report, LUMA has allocated 1,400 energy efficiency kits for distribution in FY2025 through three Community-Based Organizations (CBOs), to ensure that kits reach low-income customers and promoting cost savings for this demographic. Additionally, in April 2024, LUMA developed a strategy to distribute kits at its Regional Customer Service Center offices, targeting accessibility for low-income customers. Further details are provided in the FY2024 Q4 report (page 11), as well as on page 23, footnote 12, where it specifies that LUMA has allocated 10,110 kits across seven Regional Customer Service Centers in low-income communities.

Notably, LUMA's EE rebates program has already seen promising engagement among low-income customers. The FY2024 Consolidated TPP and Administrative Costs Q4 Quarterly Report indicates that 32% of incentives in this program were paid to low-income customers, demonstrating that LUMA's targeted approach is helping to enable greater support and accessibility for this group. By offering a higher rebate amount for low-income customers, LUMA has been able to track and address participation rates effectively, with this program serving as a model for future outreach efforts.

Mechanisms to Improve Low-Income Customer Identification and Tracking

LUMA is implementing enhanced measures to improve data accuracy and track low-income customer participation more effectively. In addition to refining these identification methods, LUMA is also launching targeted initiatives to actively incentivize low-income residents to participate of energy efficiency programs.

This design outlines both the tracking mechanisms LUMA is introducing to better identify low-income customers, and the strategies focused on directly encouraging their participation. By combining improved data collection with tailored outreach and support initiatives, LUMA aims to increase program accessibility in engagement between low-income and non-low-income sectors.

- **EE Kits Program:** LUMA is currently reviewing the application process for kit distribution and other program incentives, to allow customers to voluntarily provide details such as account numbers, income, and household composition. This will help improve data requisition which can further enable LUMA to identify and track low-income customers more effectively.
- **In-Store Discounts Program:** The application for in-store discounts on eligible equipment, such as washers and dryers, will require customers to provide household income information and account numbers. This addition will allow LUMA to better identify which customers qualify as low-income, and thus provide information for a more targeted distribution of resources and incentives.

Energy Efficiency and Demand Response Transition Period Plan

Continued Efforts to Incentivize Customer Participation

- **Education Campaigns:** To enhance education and outreach for this sector, LUMA is committed to increasing its educational campaigns targeting low-income residents. This strategy includes engaging with community leaders across various areas of Puerto Rico to facilitate direct distribution of information about energy efficiency programs. It is crucial for residents in these communities to comprehend the potential savings available through the acquisition of eligible equipment.
 - An opportunity for outreach will occur on November 9, when LUMA participates in the Solar Fair in the Castañer area. At this event, LUMA will set up a booth to interact with customers and promote the energy efficiency programs. In addition, it will distribute energy efficiency kits to 100 low-income families to help them save energy. Given that over 50% of Castañer's population lives below the federal poverty level, and with a total population of around 5,500, LUMA's efforts are aimed at making a significant impact on this underserved community. Through these initiatives, LUMA hopes to empower residents with knowledge and resources that will improve energy efficiency and enhance their quality of life.
- **Outreach to Independent Retailers:** Additionally, for the In-store Discounts Program, LUMA is currently reaching out to independent retailers located in disadvantaged communities to encourage their participation. This approach aims to reach additional low-income customers.

Energy Efficiency and Demand Response Transition Period Plan

5. CONFIRMATION OF ENERGY SAVINGS ESTIMATES

REQUEST

See **Table 10** (Energy and Peak Demand Savings Performance) in the attachment to LUMA's August 13 Motion. Confirm that the energy savings on this table, and the calculated \$/kWh, are the first-year energy savings expected as a result of the implemented programs (as opposed to the lifetime energy savings). What average lifetime does LUMA assume for each program? What lifetime savings and \$/lifetime savings does LUMA expect?

RESPONSE

LUMA is providing an updated version of Table 10 in Exhibit 2 to reflect the request of lifetime energy savings from FY2024 programs, as well as corrections to this table submitted in its FY2024 Q3, Q4 and FY2024 Annual Reports.

The FY2024 Consolidated TPP and Administrative Costs Annual Report presents an opportunity to clarify and enhance LUMA's previous data reporting. With Exhibit 2, LUMA aims to provide the Energy Bureau and stakeholders with the most reliable and transparent information available.

For Business Kits, a formula error in program calculators has been corrected to provide accurate lifetime energy, GHG and \$/per kWh figures for the FY2024 program. This correction impacts FY2024 Q3, Q4 and FY2024 Annual Reports. For Residential Rebates, Annual Energy Savings reported in the FY2024 Q4 Report was revised downward with final figures included in the FY2024 Annual Report. With this updated table, LUMA confirms that the calculated \$/kWh figures are the first-year energy savings expected as a result of the programs.

The \$/kWh metric is a useful cost-effectiveness metric to monitor program health and growth. For the TPP period LUMA has seen higher \$/per kWh figures consistently, representing front-loaded administrative spending to prepare for program launch and ramp up.

For instance, expenses were incurred in FY2024 Q4 to ramp up the launch of business kits which would result in energy savings in FY2025. On the other hand, within the Residential Rebates program, the higher \$/per kWh figure represents concentrated consumer demand for HVAC rebates, specifically mini-split air conditioning units.

The FY2025 Q1 Report will report on efforts to rebalance the portfolio in response to the \$/kWh metric results of FY2024 Q4. Consistent with the purpose of the Transition Period, LUMA foresees the use of insights from the energy efficiency program experience and data from the Puerto Rican market, including data and insights from the Market Baselines and Potential studies, to advance program continual improvement and data-driven program design.

Regarding lifetime assumptions, LUMA does not assume average lifetime values per program. Rather, LUMA assumes an Effective Useful Life (EUL) for each individual measure type (e.g. window air conditioner, light bulb, refrigerator) within each program. The figures in the table reflect bottom-up calculations of energy savings based on the actual number and variety of measures adopted within a given period. As mentioned previously, LUMA uses measure EULs and other numerical inputs from

Energy Efficiency and Demand Response Transition Period Plan

measure lists within public utility TRM from reference jurisdictions to calculate energy savings because a Puerto Rico-specific TRM is not available.

As LUMA completes the Transition Period Plan, it is expected that the use of a traditional structured approach to validate the savings figures provided is ideally done on an annualized basis as a best practice to adjust up or down the appropriate evaluation and verification activities.

Energy Efficiency and Demand Response Transition Period Plan

6. EXPLANATION OF UNSPENT NON-PROGRAMMATIC FUNDS

REQUEST

See Table 11 (EE Budget & Costs) in the attachment to LUMA's August 13 Motion. This table shows total program budget for FY2024 in two administrative items (Education & Outreach and Cross-Cutting Planning, Administration & Evaluation Costs) of \$1,125,000 each, or \$2.25 million combined. The table shows FY2024 YTD costs of \$860,812 total in these categories, leaving an unspent balance of \$1,389,188. On page 4 of the attachment to LUMA's October 9th Motion, LUMA states that the \$5.8 million in unspent FY2024 funds is split between \$2.9 million of program incentive dollars and \$2.9 million of "PP&A" funds used to administer incentive programs. **Provide a detailed explanation and mapping of terms to explain the difference between the \$1.389 million in unspent non-programmatic funds in the August 13th Motion and the \$2.9 million of unspent PP&A funds in the October 9th Motion.**

RESPONSE

The calculation for the unspent balance of \$1.389 million does not encompass all Planning, Administration, and Evaluation (PP&A) costs associated with each energy efficiency program. Below is an explanation of LUMA's initial budget allocation methodology and how the unspent PP&A funds were accounted for in both motions.

Explanation of Budget Allocation Methodology for FY2024

In line with the TPP, LUMA allocated the total program budgets for EE initiatives by designating 65% of the budget to customer incentives and 35% to PP&A. This allocation reflects LUMA's objective to maintain program efficiency and effectiveness by supporting both the direct incentives and the essential administrative activities that sustain these programs. For programs without customer incentives, 100% of the budget was allocated to PP&A.

Table 3-2 of the TPP details Year 1 (FY2024) budget breakdown, including the specific allocation of PP&A funds for each EE program as well as the budget reserved for program incentives.

Overview of Reported Unspent Funds on August 13th and October 9th Motions

In the October 9th Motion, LUMA outlined that the unspent FY2024 budget totaled approximately \$5.8 million, consisting of:

- **\$2.9 million in a prepaid account designated for customer incentives:** This portion was set aside to cover customer incentive payouts across EE programs.
- **\$2.9 million in unspent PP&A funds:** These funds were initially allocated to cover various program-related administrative, planning, and evaluation costs.

Breakdown of Unspent PP&A Funds

The \$2.9 million in unspent PP&A funds includes:

- **\$1.389 million:** This amount represents unspent funds initially allocated specifically for two administrative items—Education & Outreach and Cross-Cutting Planning, Administration & Evaluation Costs—both of which are essential for EE program support and operations.
- **\$1.511 million:** This remaining PP&A balance consists of unspent funds originally allocated to support the broader administrative needs of specific EE programs. These funds support program

Energy Efficiency and Demand Response Transition Period Plan

management, data evaluation, reporting, and additional overhead necessary to deliver EE program incentives effectively.

By delineating these amounts, LUMA aims to clarify the difference between the August 13th and October 9th Motions. The August 13th Motion figure focused solely on the non-programmatic administrative categories, whereas the October 9th Motion figure included a broader view of unspent PP&A funds, encapsulating both program-specific and cross-cutting administrative support costs.

Energy Efficiency and Demand Response Transition Period Plan

7. ALLOCATION OF UNSPENT FY2024 FUNDS

REQUEST

Refer to Table 1 (Proposal for Revised TPP budget by Sector and Program) in LUMA's October 9th Motion. **How did LUMA determine the portion of unspent FY2024 funds to allocate to each program? For the Residential and C&I Program, does LUMA intend to use the unspent funds from FY2024 (after accounting for the unbilled EE Rider) on customer incentives?**

RESPONSE

LUMA's allocation of unspent FY2024 funds for each program was determined through a detailed analysis of customer demand forecasts based on recent program data. This approach aimed to enable that the projected demand for energy efficiency programs could be adequately met through the end of FY2025.

LUMA utilized program data from the latter part of FY2024, specifically from July and August 2025, to forecast customer demand for each program. This data-driven approach allowed LUMA to assess the effectiveness and popularity of existing programs and identify areas where additional funding would be necessary.

Table 5: *Proposed Budget of FY2024 Unspent Funds* below shows the proposed budget for the utilization of FY2024 unspent funds, including details on how much will be apportioned to customer incentives. This budget reflects the subtraction of uncollected FY2025 EE Rider Funds for July 2024 totaling \$445,238.92.

Exhibit 1 to the October 9th motion also included a narrative describing how the FY2024 program results would inform the use of the FY2024 unspent funds.

- For instance, the last few months of FY2024 demonstrated strong growth in customer demand for residential energy efficiency programs. The unspent funds from this period were strategically allocated to ramp up the program and achieve the regulatory targets established by law and regulations. FY2024 rollover dollars for these programs will ensure that LUMA can keep up with consumer demand during FY2025.
- For the commercial and industrial sectors, the program has already approved rebates and pre-approvals for several businesses, some of which hit the \$75,000 annual program cap for each business, as outlined in the customer applications. LUMA expects these efforts will continue to significantly increase awareness of the program as it continues moving further into Program Year 2.

Table 5: Proposed Budget of FY2024 Unspent Funds

PROGRAM	PP&A (\$)	INCENTIVES (\$)	TOTAL BUDGET FROM FY2024 ROLLOVER (\$)
Residential Rebates	\$449,461	\$832,335	\$1,281,796
In-Store Discount	\$449,461	\$832,335	\$1,281,796
EE Kits - Residential	\$134,006	\$582,635	\$716,641
EE Kits - Business	\$57,431	\$249,701	\$307,132

Energy Efficiency and Demand Response Transition Period Plan

Business Rebates	\$224,730	\$416,168	\$640,898
Education & Outreach Program	\$569,658	-	\$569,658
Cross-Cutting Planning, Admin & Startup Costs	\$569,658	-	\$569,658
Totals	\$2,454,405	\$2,913,173	\$5,367,578

8. CONFIRMATION OF YEAR-TO-DATE ACTUAL FOR TOTAL PROGRAM COSTS

REQUEST

See Table 13 (DR YTD Performance Indicators) in the attachment to LUMA's August 13th Motion.
Confirm that the YTD Actual for Total program costs is \$3,897,939 (\$1,467,150 and \$2,430,789).

RESPONSE

The FY2024 YTD Actual Total program cost for the CBES program is \$2,430,789. The figure in Table 13 in the attachment to LUMA's August 13th Motion reflects a copying error and is corrected to reflect FY2024 Administrative Costs of \$963,639.

9. VARIANCE EXPLANATION FOR DEMAND RESPONSE PROGRAM COSTS

REQUEST

See Table 14 (DR Budget and Costs) in the attachment to LUMA's August 13th Motion. Explain the variance for Q4 FY2024 in DR program professional services. The budget is \$200,000 while costs are \$1,865,482. **Provide a detailed justification for professional services costs that account for nearly half of all DR program costs in FY2024. Does LUMA expect DR program professional services costs to continue at this rate, or were these one-time costs?**

RESPONSE

The Professional Services segment encompasses not only the services rendered by implementation contractors to implement the program, but it also includes payments made to aggregators who, in turn, compensate customers for their participation. Consequently, **92% (\$1,718,853)** of the costs within this segment are attributable to **incentive payments** made to consumers, which represent the amounts paid by aggregators to their clients for participating in energy programs. Additionally, **\$146,629** is the fee that LUMA pays to the aggregators for their services. To better distinguish administrative costs from incentive costs, LUMA will exclude incentive costs from this table for reporting going forward and report these on a separate table.

Exhibit 2

Energy Savings Estimates

[Excel Table Submitted Via Email]