

**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: Motion to Submit Information on Three Finalized Standard Offer Agreements in Compliance with Resolution and Order of November 1, 2024, Request for Extension to Submit Finalized Fourth Agreement, Clarification on Next Steps, and Confidential Treatment

NEPR

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**MOTION TO SUBMIT INFORMATION ON THREE FINALIZED STANDARD OFFER
AGREEMENTS IN COMPLIANCE WITH RESOLUTION AND ORDER OF
NOVEMBER 1, 2024, AND REQUEST FOR EXTENSION TO SUBMIT FINALIZED
FOURTH AGREEMENT, CLARIFICATION ON NEXT STEPS, AND CONFIDENTIAL
TREATMENT**

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

In compliance with the Resolution and Order issued by the Energy Bureau of the Puerto Rico Service Regulatory Board (“Energy Bureau”) on November 1, 2024 (“November 1st Order”), LUMA is pleased to submit with this Motion finalized versions of three (3) Standard Offer (“SO”) Agreements with three participants of Phase 1 of LUMA’s Accelerated Storage Addition Program (“ASAP”) and evidence of submittal of these agreements to the Puerto Rico Electric Power Authority (“PREPA”) for subsequent steps towards their execution.

As explained in previous filings, ASAP is a program proposing the integration of much needed Battery Energy Storage Systems (“BESS”) to the Puerto Rico electrical system by adding

BESS capacity at qualified power generating facilities on an accelerated basis. The program 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.¹

ASAP will be implemented in two Phases. Specifically, in the Phase I, a Standard Offer Agreement (“SO Phase 1 Agreement”) will be used to connect BESS at the sites of existing independent power producers already in operation and injecting energy into the grid (“IPPs”) and which projects do not require modification to the existing point of interconnection to connect the proposed BESS. In Phase 2, to be implemented subsequently, a Standard Offer Agreement (“SO Phase 2 Agreement”) will be used to connect BESS at the sites of existing IPPs which could require modification to their existing point of interconnection to connect the proposed BESS and the sites of renewable energy resource developers with power purchase and operating agreements (“PPOAs”) with PREPA that may not yet be operating or are in various stages of development.² These Phase 2 projects have not yet been reviewed and will require interconnection studies and could require some amount of interconnection upgrades to safely and reliably integrate their BESS to the grid.

On October 18, 2024, LUMA submitted to the Energy Bureau the proposed SO Agreement for Phase 1 of the ASAP Program (“SO Phase 1 Agreement”) in the form of four draft SO Agreements proposed to be executed with four (4) interested Phase 1 participants. Through the

¹ See LUMA’s *Motion in Compliance with Resolution and Order of October 11, 2024, and Request for Confidential Treatment* filed on October 18, 2023, on pages 1-2.

² It is clarified herein that the main difference between Phase 1 and Phase 2 IPPs, which was previously described as whether an upgrade is necessary, is specifically whether the establishment of the proposed BESS will require a modification to the existing point of interconnection to interconnect the specific proposed BESS.

November 1st Order, the Energy Bureau approved the SO Phase 1 Agreements and directed LUMA to submit them in final to PREPA for execution.

LUMA is pleased to have completed this process with three (3) of these SO Phase 1 Agreements, which will result in the establishment of 90 MW of large-scale battery capacity to support electric system reliability. LUMA is requesting herein an extension to finalize the fourth SO Phase 1 Agreement to resolve the manner in which certain technical particularities of the BESS under that agreement will be addressed, for which LUMA needs input from the Phase 1 participant and which LUMA anticipates will result in additional savings associated with ASAP and will add another 20 MW of battery capacity.

LUMA is also requesting in this motion that the Energy Bureau authorize LUMA to proceed to offer the SO Phase 1 Agreement to the remaining nine generators who currently are injecting into the grid and were in the original pool of potential ASAP participants so as to advance the discussions towards finalization of these agreements, which have the potential to result in additional large-scale battery capacity to the electric system of an estimated 150-300 additional MW of BESS depending on the resulting participation.

This submittal marks an important step towards addressing the gaping lack of available generation resources, thereby improving system reliability to the benefit of customers.

II. Relevant procedural history³

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

³ This procedural history covers the procedural events most pertinent to this submittal. It is recognized that there were other events pertaining to comments received by third parties which the Energy Bureau addressed but which are not pertinent to the discussion in this motion.

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 submitted to the Energy Bureau the final version of the ASAP Concept and informed that ASAP had generated considerable interest among IPPs that had expressed their willingness to move forward with a Standard Offer to add BESS capacity at their facility. *See 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*, Exhibit 1 and page 11.

3. On May 8, 2024, the Energy Bureau issued a Resolution and Order (“May 8th Order”) determining that the ASAP concept is aligned with Puerto Rico’s energy public policy and is consistent with the Integrated Resource Plan, approving the ASAP concept, and authorizing LUMA and the IPPs to proceed with the development of Standard Offer (or “SO”) Agreements. *See* May 8th Order on page 4.

4. On August 8, 2024, the Energy Bureau issued a Resolution and Order (“August 8th Order”) ordering LUMA to, within five (5) business days, file with the Energy Bureau the proposed SO Agreements with IPPs or provide a detailed status update.

5. On August 20, 2024, LUMA submitted a detailed status update report in connection with the development of the SO Agreements and requested the Energy Bureau a Confidential Conference to discuss this status update.⁴ *See Motion Submitting Status Report in Compliance with Resolution and Order Issued on August 8, 2024*, on pages 3-4.

⁴ 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.

6. On August 22, 2024, the Energy Bureau issued a Resolution and Order scheduling, for August 29, 2024, a Confidential Conference to discuss the ASAP Status Update.

7. On August 29, 2024, the Energy Bureau held the Confidential Conference with LUMA.

8. On September 16, 2024, LUMA filed a draft of the SO Agreement developed to date for the Energy Bureau's review and a document providing a background and description of the SO Agreement. *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* on pages 10-11 and Exhibits 1 and 2.

9. On September 30, 2024, LUMA provided an update to the Energy Bureau on LUMA's engagement with qualified and interested IPPs toward the development of the SO Agreement and indicated that it anticipated it would be able to submit the final SO Agreement to the Energy Bureau on or before October 31, 2024. *See Informative Motion Regarding the Status of the Final Standard Offer Agreement for Participation in Accelerated Storage Addition Program* ("September 30th Motion") on pages 6-7.

10. On October 11, 2024, the Energy Bureau issued a Resolution and Order ("October 11th Resolution and Order") in which, among other things, determined that "LUMA shall finalize the SO Agreement, including compensation details, and present it to the Energy Bureau for review and approval", and ordered LUMA to, on or before October 18, 2024, file the final draft SO Agreement and submit a "comprehensive list of current ASAP Phase 1 participants". *See* October 11th Resolution and Order on page 3. The Energy Bureau also ordered LUMA to "offer, immediately after the Energy Bureau's approval, the SO Agreement to all interconnected IPPs and

all IPPs with executed PPOA contracts, regardless of their interconnection status, the opportunity to participate in the ASAP program and simultaneously start assessing the viability of each of the possible sites”. *See id.*

11. On October 18, 2024, LUMA submitted to the Energy Bureau, as an Exhibit 2, a final draft of the SO Agreement for Phase 1 of ASAP (“SO Phase 1 Agreement”) and an updated description of the ASAP program and list of participants in an Exhibit 1 and requested confidential treatment of these documents. *See Motion in Compliance with Resolution and Order of October 11, 2024, and Request for Confidential Treatment* (“October 18th Motion”). Exhibit 2 included four (4) SO Agreements (numbered *Exhibits 2a, 2b, 2c* and *2d*) prepared with respect to four interested IPPs with whom LUMA was able to complete discussions, which form LUMA proposed to be used for all other Phase 1 participants. *See id.* on page 13. In addition, LUMA proposed that the form of the SO Phase 1 Agreement be used, after approved by the Energy Bureau, to develop a SO Agreement for Phase 2 of ASAP (“Phase 2 SO Agreement”) and for LUMA to submit a proposed program for Phase 2 projects for the organized and appropriate evaluation of the Phase 2 projects and deployment of Phase 2 BESS. *See id.* on pages 15-16. LUMA emphasized that there would be significant risks in beginning the Phase 2 without a structured program and plan because Phase 2 is subject to additional considerations that must be addressed, including the need for interconnection studies, differing scheduling and pricing considerations, and considerations on system battery storage needs, among others. *See id.* on pages 3-4, 15-16 and Exhibit 1, pages 11-12.

12. On November 1, 2024, the Energy Bureau issued a Resolution and Order (“November 1st Order”) approving the four (4) draft SO Phase I Agreements submitted in Exhibit 2 of the October 18th Motion for ASAP Phase 1 participants and ordered LUMA to, within the

next five (5) business days from the notification of the November 1st Order: (i) finalize these contracts with each Phase 1 Participant, (ii) submit the final version to PREPA's Board of Directors for their approval for execution by the Executive Director, and (iii) submit to the Energy Bureau evidence of the foregoing submittal including copy of the contracts. *See* November 1st Order on pages 1-2. In the November 1st Order, the Energy Bureau also indicated that the SO Phase 2 Agreements and related procedures would be addressed in a separate Resolution and Order. *See id.* at page 1, footnote 4.

III. Compliance with November 1st Order

13. LUMA herein informs that LUMA diligently worked with the corresponding ASAP Phase 1 participants towards the finalization of the four (4) SO Phase 1 Agreements approved by the Energy Bureau in order to submit these finalized agreements to PREPA by the five (5) business-day deadline set in the November 1st Order. LUMA was able to complete this process with respect to three (3) of the SO Phase 1 Agreements because the fourth generator is unable to provide some necessary details at this time and will require more time to finalize some of their internal requirements.

14. In accordance with the November 1st Order, LUMA submitted the three (3) finalized SO Phase 1 Agreements to the PREPA Board of Directors for their approval for the Executive Director's execution of the contracts, with copy to the Puerto Rico Public Private Partnerships Authority. LUMA is submitting herein, as *Exhibit 1*, evidence of these submittals and, as *Exhibit 2*, copy of the mentioned three (3) SO Agreements in redlined version showing the changes made from the version approved by this Energy Bureau. These SO Phase 1 Agreements represent an addition of 90 MW of 4-hour BESS capacity to the electric system.

IV. Request for additional time to finalize fourth SO Phase 1 Agreement

15. With respect to the remaining SO Phase 1 Agreement, LUMA hereby informs that it was unable complete a final version of this agreement with the corresponding Phase 1 participant (for purposes of this discussion, “Fourth Participant”) by this date due to the generator’s need to address in the agreement certain site-specific technical aspects of the BESS integration. If the resolution of these specific details requires material changes to the Fourth Participant’s SO Agreement, LUMA will resubmit the Fourth Participant’s SO Agreement to the Energy Bureau for review and approval. LUMA would like to highlight that the Fourth Participant’s 20 MW BESS addition to the electric system can provide a significant amount of additional value to LUMA customers.

16. Based on the above, LUMA respectfully requests an additional thirty (30) days to finalize the Fourth Participant’s SO Phase 1 Agreement. If there are material changes to the Fourth Participant’s SO Phase 1 Agreement, LUMA will submit it to this Energy Bureau for review and approval, prior to sending it to PREPA. It must be noted that LUMA does not fully control the duration of this process because the length of time depends on information from and agreement with the Fourth Participant. Based on the development of the site-specific matters, additional time may be required for completion of the Fourth Participant’s SO Phase 1 Agreement.

17. LUMA appreciates the time and prompt attention that the Energy Bureau has devoted to the ASAP process. However, LUMA respectfully submits that the five (5) business-day time frame to comply with the November 1st Order was very aggressive, providing a short time to complete the required tasks, particularly since some of the required tasks depended on the actions of other parties (in this case, the Phase 1 participants) and the need to have one or more discussions with them to complete these tasks and to address technical questions (in this case,

regarding the Fourth Participant). The ability to complete the tasks within the established timeframes also depended on the availability of the parties during the specified short time frame. The Energy Bureau has issued orders in these proceedings providing similar short time frames to comply (*see* August 8th Order (providing 5 business days to submit the draft SO Agreement or a status update) and the October 11th Resolution and Order (providing seven (7) days to provide a final draft of the SO Agreement)), which presented a similar situation. In the case of the August 8th Order, LUMA was still in the process of discussing the SO Agreement with the interested IPPs when the order was issued, and these discussions could not be completed in the required five (5) business days. This very short timeframe required LUMA to focus resources to prepare a status update and resulted in delaying the ongoing discussions. In the case of the October 11th Resolution and Order, LUMA had previously anticipated having the required draft SO Agreements by October 31, 2024 (*see* September 30th Motion) but the Energy Bureau's order required accelerating these efforts to complete the discussions ten (10) days earlier. The shorter time period imposed by the Energy Bureau's order forced LUMA to suspend discussions with additional participants. In sum, LUMA respectfully requests the Energy Bureau to take into account these factors in establishing more manageable time frames to address orders requiring submittal of program documentation, which LUMA respectfully submits will result in a more efficient and productive process.

V. Request for clarification on whether the Phase 1 SO Agreement can now be submitted to all other potential Phase 1 participants

18. In the October 11th Order, the Energy Bureau had indicated that, once the SO Agreement was approved, it should be offered to the qualified IPPs who are currently injecting into the grid for the opportunity to participate in the ASAP program. The Energy Bureau's November 1st Order does not provide any direction on this next step. LUMA understands that, now that the form of the SO Phase 1 Agreement has been approved by this Honorable Energy Bureau,

LUMA can offer the SO Phase 1 Agreement to all other potential Phase 1 participants. LUMA is ready to take this step in order to allow discussions towards finalization of the specifics with the other potential Phase 1 participants. This effort could result in between 150-300 MW of additional BESS capacity depending on actual participation. Therefore, LUMA respectfully requests the Energy Bureau to authorize LUMA to commence this process.

VI. Request for confidential treatment

19. LUMA respectfully requests the Energy Bureau to maintain *Exhibits 1 and 2* herein confidential as validated trade secret information under applicable laws and regulations, including the Energy Bureau's Policy on Management of Confidential Information, CEPR-MI-2016-0009, issued on August 31, 2016, as amended on September 21, 2016 ("Policy on Confidential Information"), among other reasons, noting that LUMA will be submitting, within the next ten (10) days, a Memorandum of Law in support of such request for confidential treatment, in compliance with the Policy on Confidential Information.

WHEREFORE, LUMA respectfully requests that this Energy Bureau **take notice** of the aforementioned; **accept** *Exhibits 1 and 2* in compliance with the November 1st Order; **grant** LUMA an additional thirty (30) days (as this term may be adjusted as indicated in this Motion) to finalize the Fourth Participant's SO Phase 1 Agreement and to, depending on the revisions, either submit it to PREPA for the subsequent steps ordered by this Energy Bureau, or submit it to this Energy Bureau for review and approval; **authorize** LUMA to proceed to offer the approved SO Phase 1 Agreement to all other potential Phase 1 participants; and **maintain** *Exhibits 1 and 2* of this Motion **confidential**, taking into account that LUMA will submit a Memorandum of Law in support thereof within the next ten (10) days.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 12th day of November 2024.

We hereby certify that this motion was filed using the electronic filing system of this Energy Bureau and we will send a courtesy copy of this motion to hrivera@jrsp.pr.gov, oramos@pmalaw.com, and agraitfe@agraitlawpr.com.



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. Rozas
RUA No. 10,398
laura.rozas@us.dlapiper.com

Exhibit 1

[Evidence of submittal of Three SO Phase 1 Agreements to PREPA]

[Submitted under Seal of Confidentiality]

Exhibit 2

[Three SO Phase 1 Agreements (redlined)]

[Submitted under Seal of Confidentiality]