

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

**IN RE:** ENERGY EFFICIENCY AND DEMAND  
RESPONSE TRANSITION PERIOD PLAN

**CASE NO:** NEPR-MI-2022-0001

**SUBJECT:** Motion for Reconsideration of  
October 23 Resolution and Order, Annual  
Report Template, Quarterly Report Template  
and FY2025 Q1 Report.

**RESOLUTION AND ORDER**

**I. Introduction and Procedural Background**

On October 23, 2024, the Energy Bureau of the Public Service Regulatory Board of Puerto Rico ("Energy Bureau") issued a Resolution and Order<sup>1</sup> in which it ordered LUMA Energy, LLC and LUMA Energy ServCo, LLC (collectively, "LUMA") to submit certain quarterly administrative cost reports documentation.

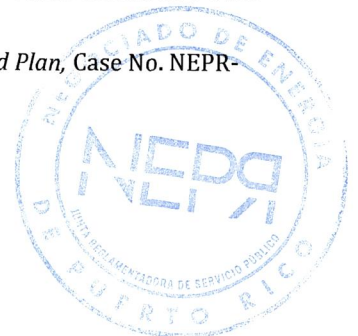
On October 28, 2024, LUMA submitted a document titled *Motion to Submit FY2024 Consolidated Transition Period Plan and Demand Response Administrative Cost Annual Report and Request for Approval of Template for these Annual Reports*, in which LUMA filed its FY2024 annual report for EE and DR programs ("October 28 Motion"). The report includes summaries of LUMA's activities and performance, program participation, and costs of the energy efficiency and demand response programs during the FY2024 program year covering July 1, 2023 to June 30, 2024. The report also includes a summary of key insights from FY2024 implementation of the Transition Period Plan and a discussion of how LUMA plans to adapt its activities and programs in FY2025. LUMA requested the Energy Bureau to approve the template used in LUMA's FY2024 annual report as the standardized report template for future annual reports.

On November 12, 2024, LUMA filed a document titled *Motion for Reconsideration of Resolution and Order of October 23, 2024* ("November 12 Motion"). LUMA requests reconsideration of the Energy Bureau's orders to provide in quarterly administrative cost reports documentation of administrative costs and external professional services, such as invoices and supporting information, and documentation and attestation regarding the assignment of LUMA staff time to energy efficiency ("EE") and demand response ("DR") budgets. LUMA asserts this directive "creates an administrative burden that is complex and time-consuming to implement and will deviate resources necessary for the administration of the EE and DR programs." Also, LUMA states it understands this requirement is not a typical regulatory activity in EE and DR programs and provides several examples of regulations in other jurisdictions.

In the November 12 Motion, LUMA requests the Energy Bureau modify its requirement to require LUMA to submit invoices and other specific information and instead allow LUMA to submit a table showing the total costs for LUMA internal labor and total costs for professional services along with a description of the tasks associated with each cost component. LUMA understands providing additional information on administrative costs verifies that costs have been appropriately passed to the Purchased Power Charge Adjustment ("PPCA") or EE Rider instead of being allocated to base rates. Therefore, LUMA proposes providing this table for energy efficiency and demand response administrative costs at the time of reconciliation of the EE Rider and the PPCA, respectively, in the Permanent Rate case proceeding (*In re: Puerto Rico Electric Power Authority's Permanent Rate*, Case No. NEPR-MI-2020-0001).

On November 14, 2024, LUMA filed a document titled *Motion to Submit FY2025 Q1 Consolidated Transition Period Plan and Demand Response Administrative Cost Quarterly Report* ("November 14 Motion") in which LUMA submitted its FY2025 Q1 administrative cost

<sup>1</sup> Resolution and Order, *In re: Energy Efficiency and Demand Response Transition Period Plan*, Case No. NEPR-MI-2022-0001, October 23, 2024 ("October 23 Resolution").





quarterly report for EE and DR programs. The report covers the period from July 1, 2024, to September 30, 2024. LUMA states that the report follows the template proposed by LUMA and approved by the Energy Bureau with modifications, except for the reporting requirements that LUMA requested reconsideration stated in its November 12 Motion.

## II. Discussion

The above-mentioned filings raise several related issues and requests to the Energy Bureau, which are addressed in this section.

### A. Filing of invoices and documentation

In its October 23 Resolution, the Energy Bureau directed LUMA to add the following to its administrative cost reports:

1. Provide a breakdown of costs between program planning and administration (PP&A), evaluation, measurement and verification (EM&V), and participant incentives. Provide this breakout for each EE and DR program.
2. Provide a specific breakdown of non-incentive costs between 1) administrative costs for LUMA employees, 2) administrative costs for professional services to assist with planning and regulatory process, 3) administrative costs incurred by the program implementation contractor(s), 4) program evaluation and 5) other administrative costs. Provide this breakdown separately for EE and for DR programs.
3. Provide documentation (such as invoices and supporting information provided with those invoices) supporting the administrative costs for external professional services.
4. Provide documentation and attestation regarding the assignment of LUMA staff time to the EE and DR administrative cost budgets.

LUMA's November 12 Motion for reconsideration relates to items (3) and (4) of the Energy Bureau's October 23 Resolution orders. In its November 12 Motion, LUMA discusses reporting requirements for energy efficiency programs in other jurisdictions and notes that specific invoices and other records are rarely required, and that reporting requirements are less frequent. LUMA provides several examples of jurisdictions that require reporting of program costs by cost type, such as in Louisiana, which requires utilities to report yearly on costs broken out by administration and planning, promotion and advertising, customer incentives, delivery and vendors, participant contribution, and monitoring and verification. Further, LUMA notes that the Louisiana Public Service Commission can audit the program to review the costs recovered through the EE Rider. The Energy Bureau notes that reporting on program costs both yearly and quarterly by program and disaggregated by cost type is a common practice in other jurisdictions, such as New Mexico<sup>2</sup>, New Hampshire<sup>3</sup>, and Massachusetts.<sup>4</sup> While LUMA states—in reference to the Energy Bureau's orders to provide documentation supporting administrative cost— "this type of granular request is not a typical regulatory activity in the context of EE and DR programs," in Massachusetts, program

<sup>2</sup> See Table 4 on page 19 of PNM's Energy Efficiency Program 2023 Annual Report. Available at: <https://www.pnm.com/documents/28767612/40780649/PNM+Energy+Efficiency+Program+2023+Annual+Report.pdf/fb1f264f-d972-e754-5fbb-fb4da32478b7?t=1713544667094> (last verified January 13, 2024).

<sup>3</sup> See Expenses by Activity tables, starting on page 19 of New Hampshire Statewide Energy Efficiency Programs 2020 3<sup>rd</sup> Quarter Report. Available at: - [https://www.puc.nh.gov/Regulatory/Docketbk/2017/17-136/LETTERS-MEMOS-TARIFFS/17-136\\_2020-11-30\\_EVERSOURCE\\_2020\\_QRT\\_3\\_RPT\\_NHSAVES\\_ENERGY\\_EFF\\_PROGRAM.PDF](https://www.puc.nh.gov/Regulatory/Docketbk/2017/17-136/LETTERS-MEMOS-TARIFFS/17-136_2020-11-30_EVERSOURCE_2020_QRT_3_RPT_NHSAVES_ENERGY_EFF_PROGRAM.PDF) last verified January 14, 2025).

<sup>4</sup> See 2023 Evaluated Program Administrator Budget table in Eversource's 2023 Energy Efficiency Plan-Year Report. Available at: <https://ma-eeac.org/wp-content/uploads/D.P.U.-24-65-NSTAR-Electric-Plan-Year-Report-Combined-6-3-24.pdf> (last verified January 14, 2025).





administrators provide such detailed information in their 3-year term reports and provide tables that document every invoice amount by program and cost category.<sup>5</sup>

The Energy Bureau acknowledges that providing invoices and other detailed documentation on a quarterly basis would require significant time and effort. Therefore, the Energy Bureau **PARTIALLY GRANTS** LUMA's November 12 Motion and **RELEASES** LUMA from the requirement to provide documentation such as invoices and documentation and attestation of assignment of LUMA staff time with its quarterly reports. However, LUMA must keep adequate records and documentation such that it could provide this information upon request. The Energy Bureau's decision to release LUMA from the requirement to file documentation such as invoices does not prevent the Energy Bureau from determining whether it is necessary to require this reporting to require summary information to be filed or to require an audit of LUMA's administrative costs at a future date.

The Energy Bureau requires balancing the benefit of having more oversight over how ratepayer funds are spent and creating an additional administrative burden. Therefore, while the Energy Bureau is granting LUMA's request to release it from the requirement to file invoices and other specific information, the Energy Bureau requires LUMA to explain its non-incentive costs, as discussed below. Making sure costs have been appropriately passed to the PPCA or EE Rider instead of being allocated to base rates is just one of the purposes of requiring LUMA to explain energy efficiency and demand response administrative costs. The Energy Bureau is also interested in understanding more about how ratepayer funds are being spent, including the costs of designing and implementing energy efficiency and demand response programs.

### **B. Non-incentive Costs Reporting**

In its November 12 Motion, LUMA further requests that the Energy Bureau direct LUMA to file the table showing more detail on LUMA's non-incentive costs table (Exhibit 1 of LUMA's November 12 Motion) in the Permanent Rate proceeding (*In re: Puerto Rico Electric Power Authority's Permanent Rate*, Case No. NEPR-MI-2020-0001), because the reconciliation of costs for the PPCA and EE Rider occurs in this proceeding. The Energy Bureau **DECLINES** to make this change and requires LUMA to file additional detail on non-incentive costs as part of its reporting in this docket as directed in the sections below. This decision does not change that LUMA must file all necessary costs and reconciliation information in the Permanent Rate proceeding (*In re: Puerto Rico Electric Power Authority's Permanent Rate*, Case No. NEPR-MI-2020-0001) Annual Report Requirements and Template

Section 6.01 (B) of the Energy Efficiency Regulation (Regulation 9367) discusses annual reporting requirements and states that the annual reports shall include tables comparing actual and planned values for costs, cost-effectiveness, benefits, budgets and expenditures, savings, and participants. As for costs, the Energy Efficiency Regulation states the reports should include "[c]osts categorized by administration costs, marketing and delivery costs, program vendor costs, customer financial incentives, technical or training support offered to customers or other trade allies, customer payments, and other costs." The Energy Efficiency Regulation also requires budget and actual expenditures for each plan-year broken out by budget category at the program, sector, and portfolio levels, and any other information the Energy Bureau determines by order of resolution.

LUMA's FY2024 Annual Report in LUMA's October 28 Motion has much of the information required by the Energy Efficiency Regulation and gives the Energy Bureau a helpful summary of energy efficiency and demand response program performance. Although the information presented is useful and informs the Energy Bureau's regulatory oversight, the Energy Bureau requires more information beyond what is present in this filing.

<sup>5</sup> For example, see Appendix D in Eversource's 2019-2021 Term Report. Available at: <https://ma-eeac.org/wp-content/uploads/D.P.U.-22-119-NSTAR-Electric-Term-Report-Combined-w-Appendices.pdf> (last verified January 14, 2025).





The Energy Bureau therefore **CONDITIONALLY APPROVES** LUMA’s request to use the October 28 Motion as a template for future annual reports. This approval is conditional upon LUMA supplementing the template with additional information, as discussed below.

C. Program Costs

LUMA reports costs by program in Table 14 of its FY2024 annual report for the following cost types: customer incentives, PP&A, outside services, and other costs. In addition to the customer incentives, PP&A, and other categories, the Energy Bureau is interested in understanding program-specific marketing and evaluation costs. LUMA reports cross-cutting planning, administration, and evaluation costs in a single row, which does not allow the Energy Bureau to understand the total budget spent on planning/administration and evaluation activities.

Therefore, in future annual reports, the Energy Bureau **ORDERS** LUMA to add columns for marketing costs and evaluation (EM&V) costs to Table 14 and to break out “Cross-cutting Planning, Administration, and Evaluation Costs” into cross-cutting PP&A costs and cross-cutting evaluation costs, as in the template table below. LUMA **SHALL** also include costs it categorized as “outside services” in the appropriate category (i.e., customer incentives PP&A, Marketing, EM&V, or Other), rather than including these costs as their own category.

Energy Efficiency costs by program and cost category

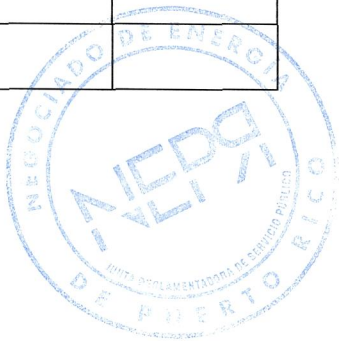
| Program   | Customer Incentives | PP&A | Marketing | EM&V | Other Costs | Total |
|---|---------------------|------|-----------|------|-------------|-------|
| Residential Rebates                             |                     |      |           |      |             |       |
| In-Store Discounts                              |                     |      |           |      |             |       |
| Residential EE Kits                             |                     |      |           |      |             |       |
| Business Rebates                                |                     |      |           |      |             |       |
| Business EE Kits                                |                     |      |           |      |             |       |
| Education and Outreach <sup>a</sup>             |                     |      |           |      |             |       |
| Cross-Cutting Planning and Administration Costs |                     |      |           |      |             |       |
| Cross-Cutting Evaluation Costs                  |                     |      |           |      |             |       |
| Total Portfolio                                 |                     |      |           |      |             |       |

<sup>a</sup> Only general marketing costs attributable to LUMA’s education and outreach initiative should be included in this row. LUMA should include program-specific marketing costs in the corresponding program row.

Consistent with the Energy Bureau’s directive in its October 23 Resolution, in Table 12 of its Q1 FY2025 report LUMA provides a breakdown of non-incentive program costs by LUMA staff administrative costs, planning and regulatory professional services, program implementation contractors, program evaluation, and other administrative costs. Reporting on these costs at the overall portfolio level is enough for quarterly reporting. For annual reporting, the Energy Bureau is interested in understanding these costs by program. Therefore, the Energy Bureau **ORDERS** LUMA to add to future Annual Reports a table showing a breakout of non-incentive costs by program and category, as in the template table below.

Energy efficiency program non-incentive costs

| Program             | LUMA Staff | Professional Services | Program Implementation Contractors | Other Administrative Costs | Total Non-Incentive Costs |
|---------------------|------------|-----------------------|------------------------------------|----------------------------|---------------------------|
| Residential Rebates |            |                       |                                    |                            |                           |
| In-Store Discounts  |            |                       |                                    |                            |                           |



| Program   | LUMA Staff | Professional Services | Program Implementation Contractors | Other Administrative Costs | Total Non-Incentive Costs |
|---|------------|-----------------------|------------------------------------|----------------------------|---------------------------|
| Residential EE Kits                             |            |                       |                                    |                            |                           |
| Business Rebates                                |            |                       |                                    |                            |                           |
| Business EE Kits                                |            |                       |                                    |                            |                           |
| Education and Outreach                          |            |                       |                                    |                            |                           |
| Cross-Cutting Planning and Administration Costs |            |                       |                                    |                            |                           |
| Cross-Cutting Evaluation Costs                  |            |                       |                                    |                            |                           |
| Total Portfolio                                 |            |                       |                                    |                            |                           |

In Table 16 of its FY2024 Annual Report, LUMA reports demand response program costs by the following categories: program management, system operations, customer service, professional services, program evaluation, and other expenses. LUMA included participant incentive costs in the professional services category, reflecting the role of aggregators. The Energy Bureau would like a clearer picture of how demand response budget is being spent, and how much is going to customer incentives versus other PP&A costs.

Therefore, the Energy Bureau **ORDERS** LUMA to include in future Annual Reports a table breaking out demand response costs by customer incentives and the program planning and administration cost categories in Table 16 of LUMA’s FY25 Q1 report, as in the template table below.

Annual demand response program costs

| Cost Category                 | Annual Budget | Annual Costs | Annual Costs as a Percent of Budget |
|-------------------------------|---------------|--------------|-------------------------------------|
| Participant Incentives        |               |              |                                     |
| Program Management            |               |              |                                     |
| System Operations             |               |              |                                     |
| Customer Service              |               |              |                                     |
| Professional Services         |               |              |                                     |
| Program Evaluation            |               |              |                                     |
| Other Expenses                |               |              |                                     |
| Total Demand Response Program |               |              |                                     |

D. Performance




In its FY2024 Annual Report, LUMA reports annual and lifetime energy and demand savings by the following sub-sectors: non-low-income residential customers, low-income residential customers, small business, government and public, and other commercial, industrial, and agricultural customers. LUMA also reports annual energy and demand savings by program and compared to the annual savings target. However, LUMA does not report lifetime energy and demand savings by program.






Reporting annual energy savings is important to understand the immediate impact of energy efficiency measures. Many energy efficiency measures have long lifetimes and continue to save energy beyond the first installation year. Understanding the total energy savings achieved over the lifetime of an energy efficiency measure is important to understand the full benefits of a program. Therefore, the Energy Bureau **ORDERS** LUMA to include in its Annual Reports lifetime energy and demand savings by program, in addition to annual savings. Refer to LUMA's response to Question 5 in the Energy Bureau's ROI in its October 23 Resolution<sup>6</sup> which provides this information for Q4 FY2024. LUMA should reproduce this table with the year-to-date values in future annual reports. LUMA need not include quarterly values.

The Energy Bureau also requires more granular information by measure. The Energy Bureau **ORDERS** LUMA to include, in an attachment to its annual reports, detailed table(s) compatible with Microsoft Excel with the following information for each measure:

- 
- 
- 
1. Quantity installed;
  2. Program through which the measure was installed;
  3. Per-unit kWh and KW gross annual savings assumptions. If per-unit savings vary based on efficiencies, configurations, etc., provide the range of per-unit savings;
  4. Total kWh and kW first-year gross annual savings resulting from the total number of installed measures;
  5. Total kWh and kW gross lifetime savings resulting from the total number of installed measures.
  6. Levelized cost of saved energy (\$/kWh)

**E. Quarterly Report Requirements**



In its October 23 Resolution, the Energy Bureau ordered LUMA to report on costs by program, broken down by program planning and administration (PP&A), evaluation, measurement and verification (EM&V), and participant incentives. In Table 11 of its Q1 FY2025 report, LUMA includes PP&A and incentives costs by program and includes a separate row for "Cross-Cutting Planning, Administration & Evaluation Costs." This change partially satisfies the Energy Bureau's order. The Energy Bureau wants to understand the costs for program-specific EM&V activities. To meet this goal, the Energy Bureau **ORDERS** LUMA to use the same energy efficiency program cost categories as in annual reporting, which include: customer incentives, PP&A, marketing, EM&V, and other costs. Refer to the *Energy efficiency costs by program and cost category* table in Section II(C) of this Resolution and Order.

Consistent with the Energy Bureau's directive in its October 23 Resolution, in Table 12 of its November 14 Motion presenting its Q1 FY2025 report LUMA provides a breakdown of non-incentive program costs. LUMA provides the program budget for FY2025 and the costs for FY2025 Q1. In future quarterly reports, LUMA **SHALL ADD** a column for year-to-date costs.

**F. Conclusion**

The Energy Bureau **ORDERS** LUMA to respond to the Requirements of information in Attachment A to this Resolution and Order within fifteen (15) business days of the notification of this Resolution and Order. The Energy Bureau **CONDITIONALLY APPROVES** LUMA's request to use the October 28 Motion as a template for future reports and **PARTIALLY GRANTS** LUMA's November 12 Motion. The Energy Bureau **ORDERS** LUMA to

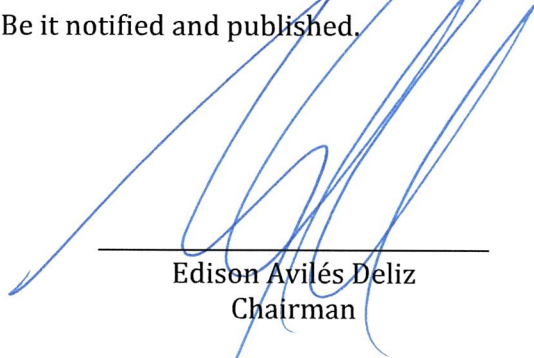
<sup>6</sup> Refer to Exhibit 2 of LUMA's "Motion to Submit Responses to Requests for Information in Compliance with Resolution and Order of October 23, 2024", *In re: Energy Efficiency and Demand Response Transition Period Plan*, Case No. NEPR-MI-2022-0001, November 7, 2024.



submit future annual and quarterly reports under the Energy Bureau’s directives in this Resolution and Order. The Energy Bureau **WARNS** LUMA that:

- (i) noncompliance with this Resolution and Order, regulations and/or applicable laws may carry the imposition of fines and administrative sanctions of up to \$25,000 per day;
- (ii) any person who intentionally violates Act 57-2014, as amended, by omitting, disregarding, or refusing to obey, observe, and follow any rule or decision of the Energy Bureau shall be punished by a fine of not less than five hundred dollars (\$500) nor over five thousand dollars (\$5,000) at the discretion of the Energy Bureau; and
- (iii) for any recurrence of non-compliance or violation, the established penalty shall increase to a fine of not less than ten thousand dollars (\$10,000) nor greater than twenty thousand dollars (\$20,000) at the discretion of the Energy Bureau.

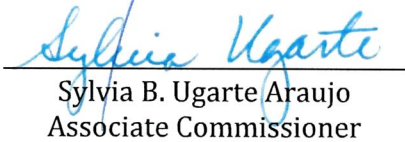
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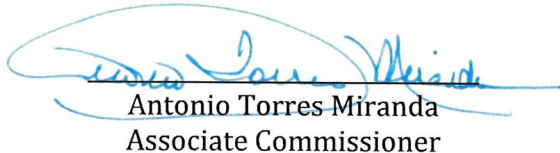
Edison Avilés Deliz  
Chairman



Lillian Mateo Santos  
Associate Commissioner



Sylvia B. Ugarte Araujo  
Associate Commissioner



Antonio Torres Miranda  
Associate Commissioner

**CERTIFICATION**

I hereby certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on January 24, 2025. Associate Commissioner Ferdinand A. Ramos Soegaard did not intervene. I also certify that on January 24, 2025, a copy of this Resolution and Order was notified by electronic mail to julian.angladapagan@us.dlapiper.com; margarita.mercado@us.dlapiper.com; laura.rozas@us.dlapiper.com; lionel.santa@prepa.pr.gov, hriviera@jrsp.pr.gov; javrua@sesapr.org; mrios@arroyorioslaw.com; jordgraham@tesla.com; forest@cleanenergy.org; customerservice@sunnova.com; pjcleanenergy@gmail.com; agraitfe@agraitlawpr.com, info@sesapr.org; shanson@veic.org; and I have proceeded with the filing of the Resolution and Order issued by the Puerto Rico Energy Bureau.

For the record, I sign this in San Juan, Puerto Rico, on January 24, 2025.



Sonia Seda Gaztambide  
Clerk





**Attachment A**  
**Requirements of Information**

1. Refer to Table 14 in LUMA's FY2024 Annual Report. Describe what costs are included in the PP&A cost category. Are these only LUMA's internal costs?
2. Refer to Table 14 in LUMA's FY2024 Annual Report. Describe what costs are included in the "Outside Services" cost category. Are there any "Outside Services" costs that do not fall into one of the following categories: PP&A, EM&V, and marketing?
3. Refer to Table 16 in LUMA's FY2024 Annual Report. Please confirm participant incentive costs are included in the professional services category or explain otherwise.
4. Refer to the template table from the Energy Bureau titled "*Energy efficiency costs by program and cost category.*" The Energy Bureau provides the following cost categories: Customer Incentives, PP&A, Marketing, EM&V, and Other Costs. Are there other cost categories that make up a significant portion of costs or that LUMA thinks would be useful to include? For example, technical training and assistance costs for vendors or customers.
5. Refer to Table 17 of LUMA's FY2025 Q1 Report. LUMA reports a \$513,791.93 difference between what LUMA has spent versus what it has collected through the PPCA. Explain how LUMA plans to reconcile this difference. Also, explain why this difference has occurred.
6. In its FY2025 Q1 report, LUMA states it has spent 97 percent of its EE Residential EE Kit program budget (if it excludes the carry-over expenditure from FY24 kits) and that the remaining Residential EE Kits for FY2025 are likely to be distributed through community organizations. Please confirm that LUMA is not intending to offer another distribution round of kits beyond those distributed through community organizations.

