

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

IN RE: REVIEW OF THE PUERTO RICO
ELECTRIC POWER AUTHORITY'S 10-YEAR
INFRASTRUCTURE PLAN - DECEMBER
2020

CASE NO.: NEPR-MI-2021-0002

SUBJECT: Resolution and Order - Oversight
Field Visits at different LUMA project
execution locations.

RESOLUTION AND ORDER

I. Introduction

On June 22, 2020, the Puerto Rico Electric Power Authority of Puerto Rico ("PREPA"), the Puerto Rico Public-Private Partnerships Authority ("P3 Authority"), LUMA ENERGY, LLC¹ as ManagementCo, and LUMA ENERGY SERVCO, LLC² as ServCo (collectively, "LUMA") entered into an Operation and Maintenance Agreement ("OMA") under which LUMA will manage PREPA's transmission and distribution system ("T&D System"). As a certified electric service company and the operator of the T&D System, LUMA is subject to compliance with applicable statutory and regulatory requirements.

On January 25, 2021, upon review of the 10-Year Plan submitted by PREPA³, the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") issued a Resolution and Order ("January 25 Order") in the instant case through which it ordered PREPA to amongst other items revise the 10-Year Plan to correct its noncompliance with the Approved IRP and Modified Action Plan.

On March 26, 2021, the Energy Bureau issued a Resolution and Order ("March 26 Resolution") through which it ordered PREPA to provide certain information related to the different projects under the categories of Transmission Line Projects, Transmission Substation Projects, and Distribution Substation Projects in the PREPA 10-Year Infrastructure Plan. The Energy Bureau ordered PREPA to submit each specific capital investment project for approval to avoid potential noncompliance with the Approved Integrated Resource Plan ("IRP") and Modified Action Plan.⁴

On August 20, 2021, the Energy Bureau issued a Resolution and Order ("August 20 Resolution"), through which it determined that the March 26 Resolution applies equally to LUMA.⁵

On November 29, 2023, the Energy Bureau issued a Resolution and Order through which it determined appropriate and in the public interest to visit and inspect the Sites⁶ where the projects will be executed to ensure the effective monitoring of the progress of the approved

¹ See, *In re: Request for Certification LUMA ENERGY, LLC*, Case No. NEPR-CT-2020-0008.

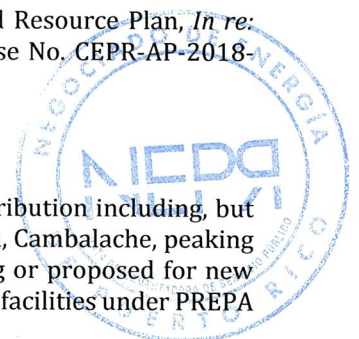
² See, *In re: Request for Certification LUMA ENERGY SERVCO, LLC*, Case No. NEPR-CT-2020-0007.

³ On January 8, 2021, PREPA filed a document in *In re: Optimization Proceeding of MiniGrid Transmission and Distribution Investments*, Case No: NEPR-MI-2020-0016-titled *Presentation: 10-Year Infrastructure Plan*, which included a presentation summarizing the 10-Year Plan.

⁴ Final Resolution and Order on the Puerto Rico Electric Power Authority's Integrated Resource Plan, *In re: Review of the Integrated Resource Plan of the Puerto Rico Electric Power Authority*, Case No. CEPR-AP-2018-0001, August 24, 2020 ("IRP Order").

⁵ August 20 Resolution, p. 3.

⁶ The Sites include all facilities and assets related to generation, transmission and distribution including, but not limited, to the generation facilities located at Aguirre, Costa Sur, Palo Seco, San Juan, Cambalache, peaking units facilities and all other generation sites under GENERA PR LLC's control (existing or proposed for new projects), Transmission and Distribution facilities under LUMA's control, and generation facilities under PREPA HydroCO's control.



projects. It further authorized its Technical Consultant, Alianza Engineering Services to inspect the Sites on behalf of the Energy Bureau.

On June 13, 2024, the Energy Bureau deemed also necessary, prudent, reasonable and in the public interest to initiate a preceding⁷ (Case No.: NEPR-MI-2024-0005) to manage and resolve the continuing energy situation ordering LUMA, PREPA, and Genera PR, LLC ("Genera") to develop an aggressive preliminary plan for improvements to the electrical system that mitigates recurring failures and eliminates weaknesses affecting the quality of electrical service ("June 13 Order").

II. The Monitoring Strategy

Act 57-2014⁸ created the Energy Bureau and granted it broad regulatory authority over Puerto Rico's energy sector, including oversight of contracts that impact electricity rates, service quality, and system reliability. Act 57-2014, clearly states it is public policy that all consumers have the right to a reliable and stable electric service. Act 17-2019⁹ broadened the Energy Bureau's authority and reinforced the foregoing public policy by declaring that "(t)he electric power system should be reliable and accessible, promote industrial, commercial, and community development, improve the quality of life at just and reasonable cost, and promote the economic development of the Island."

In the June 13 Order the Energy Bureau Ordered that the Stabilization Plans, including the one for the T&D System have:

- i. a thorough analysis of the electric system "as is" (as it currently exists) to identify its weaknesses and any other factors contributing to its instability¹⁰;
- ii. an estimate detailing the costs necessary to repair and make such improvements to the electric system and identifying whether they will be covered by federal or state funds, or from the budget and/or tariff itself¹¹;
- iii. a detailed timeline with specific and quantifiable goals (i.e., expected reduction in the frequency and duration of outages, availability of reliable generation, and reduction in forced outages of generating units) for the execution of repairs and implementations;
- iv. the battery project approved for Genera under the *In Re: Review of the Puerto Electric Power Authority's 10-Year Infrastructure Plan – December 2020*, Case no.: NEPR-MI-2021-0002; and
- v. the battery concept approved for LUMA under the case *In Re: LUMA's Accelerated Storage Addition Program ("ASAP")*, Case No.: NEPR-MI-2024-0002¹².

⁷ See, Resolution and Order, *In Re: Electric System Priority Stabilization Plan*, Case No. NEPR-MI-2024-0005, June 13, 2024.

⁸ Known as the *Puerto Rico Energy Transformation and RELIEF Act*, as amended ("Act 57-1024").

⁹ Known as the *Puerto Rico Energy Public Policy Act*, as amended ("Act 17-2019").

¹⁰ The Energy Bureau expects the Plan to detail factors such as the need to update protection schemes, the need for redundant lines and/or equipment, vegetation management, lack of generation confidence, the need to control energy frequency and inertia and the persistent load shedding events.

¹¹ The Energy Bureau emphasized that the budget for the next fiscal year submitted under the case *In Re: LUMA's Initial Budgets and Related Terms of Service*, Case No.: NEPR-MI-2021-0004, did not clearly identify a budget item that addresses the extraordinary conditions and situations that substantially affect the quality of electric service.

¹² See, *In re: LUMA's Accelerated Storage Addition Program*, Case No.: NEPR-MI-2024-0002.



The Project Inspection program is intended to inspect the status of the different improvement and maintenance projects related to the implementation of the Integrated Resources Plan (IRP)¹³ among others. Ensure that these projects are scheduled to be implemented and executed as they are of utmost importance to improve the reliability and resiliency of the electrical system of the island.

The Projects Inspection visits are carried out by the Energy Bureau, its employees and/or its consultants with the representatives assigned by LUMA to manage the projects on NEPR-MI-2024-0002.

The main objectives charter for these inspections are:

- Review of the different improvement projects. For each project the team goes through the status on the project commencement date, the status execution, and the completion date. All issues related to each are reviewed and the actions taken to achieve execution and/or completion targets.
- Visual inspection of any progress achieved for each of the different initiatives/projects/jobs/etc. for the period of the visit. This is done to verify and take evidence to concur/ascertain progress and execution.

III. Subsequent Actions related to LUMA

It has become imperative to obtain detailed information regarding the circumstances that have led to outages due to the T&D System. This limitation has resulted in load shedding, which prevents LUMA from providing reliable electric energy service to the people of Puerto Rico under provisions of Act 57-2014.

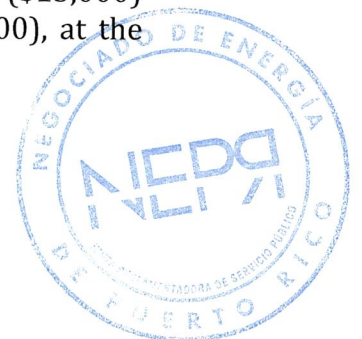
The Energy Bureau will include LUMA in the Monitoring Strategy discussed already. LUMA **SHALL** designate pertinent directive level staff to coordinate the Energy Bureau's planned visits to inspect ongoing projects. The Energy Bureau **ORDERS LUMA within ten (10) days of the notifications of this Resolution and Order** to provide names, titles and contact information so the visiting teams can communicate directly and start the scheduling of visits.

The Team will concentrate on the status of the list of jobs and preventive/corrective maintenance schedules, % completion of each job, and the expected completion date. The Improvement Plans in Case No NEPR-MI-2024-0005 will be discussed and monitored. Subsequent follow-ups on problems and actions identified in prior visits, once the process starts, will be watched.

The Energy Bureau **WARNS** LUMA, that, in accordance Art. 6.36 of Act 57-2014:

- i. noncompliance with this Resolution and Order, regulations and/or applicable laws may carry the imposition of fines and administrative sanctions of up one hundred twenty-five thousand dollars (\$125,000) per day; and
- ii. for any recurrence of non-compliance or violation, the established penalty shall increase to a fine of not less than fifteen thousand dollars (\$15,000) nor greater than two hundred fifty thousand dollars (\$250,000), at the discretion of the Energy Bureau.

Be it notified and published.

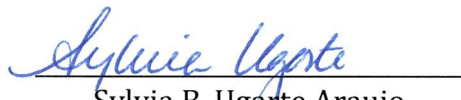


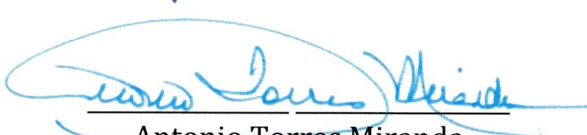
¹³ Refer to In re: Implementation of the Puerto Rico Electric Power Authority Integrated Resource Plan and Modifies Action Plan, Case No.: NEPR-MI-2020-0012.


Edison Avilés Deliz
Chairman


Lillian Mateo Santos
Associate Commissioner


Ferdinand A. Ramos Soegaard
Associate Commissioner



Sylvia B. Ugarte Araujo
Associate Commissioner


Antonio Torres Miranda
Associate Commissioner

CERTIFICATION

I certify that the majority of the members of the Puerto Rico Energy Bureau agreed on June 13, 2025. Also certify that on June 13, 2025, I have proceeded with the filing of this Resolution and Order and was notified by email to arivera@gmlex.net; mvalle@gmlex.net; RegulatoryPREBOrders@lumapr.com; Yahaira.delarosa@us.dlapiper.com; jfr@sbgblaw.com, jdiaz@sbgblaw.com; jennalvarez@sbgblaw.com; Francisco.santos@genera-pr.com; legal@genera-pr.com, regulatory@genera-pr.com.

I sign this in San Juan, Puerto Rico, today June 13, 2025.


Sonia Seda Gaztambide
Clerk

