

**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:** Fiscal Year 2026 Transition Period  
Plan Energy Efficiency Budget and Demand  
Response Pilots.

**RESOLUTION AND ORDER**

In this Resolution and Order, the Energy Bureau of the Public Service Regulatory Board of Puerto Rico ("Energy Bureau") reviews the fiscal year 2026 ("FY26") energy efficiency ("EE") budget requested by LUMA Energy, LLC and LUMA Energy ServCO, LLC (collectively, "LUMA"), as well as LUMA's proposal for demand response pilots.

On December 20, 2023, LUMA filed a *Motion to Submit Revised TPP and Other Information Requested under the Resolution and Order of November 29, 2023*. This TPP proposed a budget for fiscal year 2025 ("FY25") of \$13,745,450, with the intention to achieve savings of 38,885 MWh.<sup>1</sup> This budget was used to set the EE Rider for FY25 at 0.000853 \$/kWh.<sup>2</sup>

On October 9, 2024, LUMA filed a *Motion Requesting Approval for the Rollover of Unspent Energy Efficiency Program Funds to the FY2025 Budget for Energy Efficiency Programs* ("Unspent Funds Motion") in which it requested approval to roll over unspent EE program funds from FY24 to FY25. LUMA had \$5,812,817 of unspent funds from FY24.<sup>3</sup> Of these unspent funds, LUMA suggested using \$445,238 to fill a gap resulting from delays in the collection of the EE Rider in July 2024 and using the remaining \$5,367,578 to increase the budget and ambition of the FY25 EE program.<sup>4</sup> With these additional funds, LUMA's EE program would raise its target of savings from 38,885 MWh to 51,507 MWh.<sup>5</sup>

On October 23, 2024, the Energy Bureau issued a Resolution and Order ("October 23 Resolution") through which the Energy Bureau approved LUMA's request to rollover unspent FY24 funds. The approved budget for FY25 was \$19,113,028, after incorporating the unspent funds.<sup>6</sup> In this Resolution and Order, the Energy Bureau also ordered LUMA to file the first Three-Year EE and DR Plan by July 15, 2025. The Energy Bureau also extended the Transition Period Plan (TPP) by six months to December 31, 2025, and ordered LUMA to prepare and file a revised TPP by December 2, 2024, and a proposed backup emergency DR program to be implemented by June 2025.

On November 25, 2024, LUMA submitted a *Motion for Extension of Deadlines and Modification of a Reporting Requirement in Resolution and Order of October 23, 2024*, in which LUMA requested additional time to file the revised TPP proposal.

On December 5, 2024, the Energy Bureau issued a Resolution and Order extending the deadline to submit a revised TPP proposal to January 31, 2025.

On January 31, 2025, LUMA submitted a *Motion to Submit Revised Energy Efficiency and Demand Response Transition Period Plan and Request for Modification of Deadlines Relating to Three-Year Energy Efficiency and Demand Response Plan* ("January 31 TPP Motion"). This

<sup>1</sup> Unspent Funds Motion at Exhibit 1, page 5.

<sup>2</sup> Energy Bureau. June 11, 2024. *Determinación sobre los Factores de las Cláusulas de Ajuste Anual para el periodo de julio 2024 a junio 2025*. Case No.: NEPR-MI-2020-0001, at page 8.

<sup>3</sup> Unspent Funds Motion, at Exhibit 1, page 5.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*, at page 14.

<sup>6</sup> *Id.*, and Energy Bureau. October 23, 2024. *Administrative Costs, Three-Year Plan Schedule, and FY24 Budget Rollover*. Case No.: NEPR-MI-2022-0001.





motion included as an attachment a Revised Proposed TPP intended to run through June 30, 2026. In this motion, LUMA requests an energy efficiency budget of \$41 million for the following programs: Residential Rebates, Residential Kits, In-Store Discounts, Business Rebates, Business Kits, Education and Outreach, and Cross-Cutting Planning, Administration, and Evaluation costs.

On April 3, 2025, the Energy Bureau issued a Resolution and Order ("April 3 Resolution") through which the Energy Bureau extended the TPP until June 30, 2026; modified the first three-year plan to cover two years, from July 1, 2026 through June 30, 2028 ("2026-2028 EE and DR Plan"); and scheduled a Technical Conference for April 24, 2025 to discuss, in part, LUMA's Revised TPP, demand response pilots, and the 2026-2028 Plan process.

On April 24, 2025, the Energy Bureau held a Technical Conference. LUMA representatives provided information on the agenda items listed in the April 3 Resolution and Order, including the Revised Proposed TPP and demand response pilots.

**Energy Efficiency Budget**

During the first ten months of FY25, the EE Rider collected \$10,317,567.<sup>7</sup> If May and June have sales equal to the average of August through April,<sup>8</sup> the rider will collect \$12,545,033.<sup>9</sup> Putting the unspent funds from FY24 with the collected EE Rider during FY25, approximately \$18,360,000 should have been available for EE programs during FY25.

As of the end of the third quarter of FY25, LUMA spent \$9,626,103.<sup>10</sup> If Q4 spending continues at the same pace, the total FY2025 spend will be \$12,834,804.<sup>11</sup> While LUMA's fourth quarter programs are ongoing and spending totals are unknown, the Energy Bureau assumes that the total FY25 expenditures will be \$12.8 to \$13 million. This leaves a potential amount that has been collected from ratepayers but remains unspent of approximately \$5.46 million from FY25.<sup>12</sup> LUMA is also on pace to achieve savings of about 31,000 MWh, or about 0.2 percent of projected FY25 sales.<sup>13</sup>

LUMA projects FY26 sales of 16,022,315,675 kWh.<sup>14</sup> At the current level of the EE Rider, this would raise \$13,667,035 during FY26. If the unspent funds from FY25 are combined with these EE Rider funds, the total available funding would be about \$19.1 million. This is approximately the same as the FY25 budget.

<sup>7</sup> LUMA. May 31, 2025. *Motion Submitting CILTA, SUBA-HH, SUBA-NHH Reconciliations and Calculated Factors, EE Program Costs and Proposed Factors, and Request for Confidential Treatment of Excel Spreadsheets. Attachment: ANNUAL RECONCILIATION-CILT AND SUB RIDERS-MAY 2024 TO APRIL 2025 revised 5.22.25\_Values.* Filed in Case No.: NEPR-MI-2020-0001.

<sup>8</sup> Note that for the calculation of the average, the July 2024 collection was removed because it was a partial month of EE Rider collections.

<sup>9</sup> Calculated by adding \$1,113,723 per month (average EE Rider billed to customers in August through April) for two months to the ten-month total.

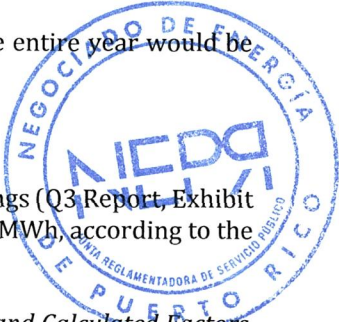
<sup>10</sup> LUMA. May 15, 2025. *Motion to Submit FY2025 Q3 Consolidated Transition Period Plan and Demand Response Administrative Cost Quarterly Report ("Q3 Report").* Filed in Case No.: NEPR-MI-2022-0001. At Exhibit 1, page 27.

<sup>11</sup> If spending for three quarters equals \$9,626,103, under the same spending pace, the entire year would be \$12,834,804.

<sup>12</sup> Calculated by subtracting \$12.9 million from \$18.36 million.

<sup>13</sup> Through three quarters of the year, LUMA has acquired 23,369 MWh of first-year savings (Q3 Report, Exhibit 1, page 21). Four thirds of this is 31,159 MWh. FY25 projected sales were 15,871,074.2 MWh, according to the Q3 Report; 31,159 is 0.196 percent of this.

<sup>14</sup> LUMA. May 31, 2025. *Motion Submitting CILTA, SUBA-HH, SUBA-NHH Reconciliations and Calculated Factors, EE Program Costs and Proposed Factors, and Request for Confidential Treatment of Excel Spreadsheets.* Filed in Case No.: NEPR-MI-2020-0001, at page 4.





LUMA has requested a budget of \$41 million for EE programs in the third year of the Transition Period Plan, FY26.<sup>15</sup> LUMA states this budget would be required to achieve first year-savings of 0.5 percent of LUMA's sales (or about 80,000 MWh), as directed by the Energy Bureau.<sup>16</sup> Meeting this budget request would require a substantial increase in the EE Rider, to approximately 0.0026 \$/kWh.<sup>17</sup>

Implementing EE programs at the scale envisioned in the Transition Period Plan would also require a substantial increase in program delivery capability. In FY25, LUMA has not shown that it has the capability to deploy its full budget, as shown by LUMA leaving an unspent budget of approximately \$5.46 million and falling short of the goal of 0.25 percent savings in FY25. This indicates that a less ambitious program ramp up may be required than the Energy Bureau originally envisioned. A slower ramp is also warranted to reflect LUMA's decision to eliminate or nearly eliminate lighting from its incentive and kit-based programs. This shift reflects the lessons of the draft baseline and potential studies and the role of market shifts and federal efficiency standards in saving energy through LED lighting technology.

The Energy Bureau has **DETERMINED** that a budget of approximately \$19.1 million is appropriate for FY26 (the third year of the TPP), to achieve approximately 0.27 percent first year savings (43,000 MWh). This reflects a roughly 35 percent increase in program savings from the expected total for FY25. This is a substantial and meaningful year over increase in achieved savings benefitting Puerto Ricans, setting the stage for more savings in future under the full 2026-2028 EE and DR Plan while reflecting a sustainable growth rate for LUMA's programmatic capacity. This budget and these increased savings can also be achieved without changing the current value of the EE Rider.

For the Energy Bureau to determine the precise value of the FY26 budget for final approval, LUMA **SHALL** determine its FY25 carryover amount and add to that the expected revenue from the EE Rider (using that rider's current value). When LUMA files its updated TPP it shall include the specific budget and revenue calculation.

The Energy Bureau has considered LUMA's proposed budget breakdown for its proposed budget of \$41 million for FY26, and provides the following instructions regarding the allocation of the budget:

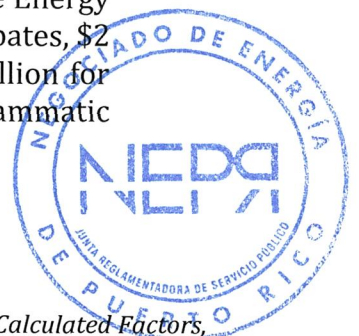
- a. In FY25, LUMA has substantially underspent its budget for education and outreach, and its budget for cross-cutting planning and program administration. Specifically, through three quarters of the year it spent \$326,987 on education and outreach, from an annual budget of \$2.07 million, and it spent \$605,599 on cross-cutting planning, administration, and evaluation, from a budget of \$2.07 million.<sup>18</sup> To reflect current levels of spending in these areas while allowing LUMA sufficient funds to complete its 2026-28 EE and DR Planning process, the Energy Bureau **CAPS** the FY26 budgets for these areas at \$500,000 for education and outreach and \$1.2 million for cross-cutting planning, administration, and evaluation.
- b. LUMA retains flexibility to allocate its budget among its proposed EE resource acquisition programs. To estimate annual savings of 43,000 MWh, the Energy Bureau assumed a budget allocation of \$8.5 million for residential rebates, \$2 million for in-store discounts, \$500,000 for residential kits, \$6.5 million for commercial rebates, and \$0 for commercial kits. Using the programmatic

<sup>15</sup> January 31 TPP Motion, Exhibit 1, at page 13.

<sup>16</sup> *Id.*, at page 2.

<sup>17</sup> LUMA. May 31, 2025. *Motion Submitting CILTA, SUBA-HH, SUBA-NHH Reconciliations and Calculated Factors, EE Program Costs and Proposed Factors, and Request for Confidential Treatment of Excel Spreadsheets*. Filed in Case No.: NEPR-MI-2020-0001, at page 5.

<sup>18</sup> LUMA. May 15, 2025. *Motion to Submit FY2025 Q3 Consolidated Transition Period Plan and Demand Response Administrative Cost Quarterly Report ("Q3 Report")*. Filed in Case No.: NEPR-MI-2022-0001, at Exhibit 1, page 27.



average savings per MWh from LUMA's Proposed Revised TPP, this allocation would achieve savings of about 43,000 MWh.

**No later than July 21, 2025**, LUMA **SHALL** file an amended EE program plan for Fiscal Year 2026 that complies with the budget limits and EE Rider level set in this Resolution and Order. LUMA **SHALL** strive for continuity in programs between FY25 and FY26 by continuing programs at an appropriate scale while the Energy Bureau reviews and approves LUMA's amended EE program plan.

**Demand Response Pilots**

In LUMA's Revised Proposed TPP for FY26, LUMA included a budget estimate of \$2 million for demand response ("DR") pilots,<sup>19</sup> which would be recovered through the Power Purchase Cost Adjustment charge (alongside other DR programs such as the Customer Battery Energy Sharing Program and Emergency Load Reduction or Backup Generators Program). LUMA's January 31 TPP Motion derives the requested budget consisting of \$200,000 for core initiative costs and about \$600,000 for each of the three pilots. During the April 24, 2025, Technical Conference, LUMA presented information regarding one potential pilot, relating to cogeneration facilities.

Pilot programs show potential to enable the testing and development of new initiatives. The CBES program, which is now permanent, began as a pilot. However, it is not appropriate to approve budgets for pilots without details regarding their methods and targets. The Energy Bureau therefore **DETERMINES** it is not appropriate for LUMA to recover any costs for DR pilots at this time. Instead, when LUMA has developed a proposal for a DR pilot in sufficient detail it is ready for Energy Bureau consideration, LUMA shall file the proposal pilot program description and budget justification with the Energy Bureau.

The Energy Bureau **WARNS** LUMA that, in accordance Art. 6.36 of Act 57-2014:<sup>20</sup>

- (i) noncompliance with this Resolution and Order, regulations and/or applicable laws may carry the imposition of fines and administrative sanctions from ten thousand dollars (\$10,000) up to 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.



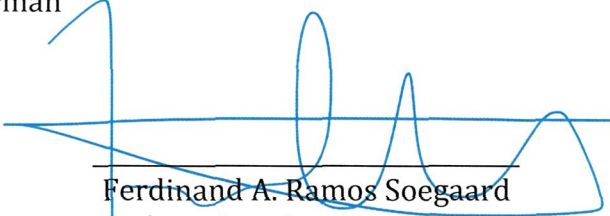
<sup>19</sup> January 31 TPP Motion, Exhibit 1, at pages 42-46.


<sup>20</sup> Known as the *Puerto Rico Energy Transformation and RELIEF Act*, as amended ("Act 57-2014").



  
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 has so agreed on June 26, 2025. I also certify that on June 26, 2025 a copy of this Resolution and Order was notified by electronic mail to RegulatoryPREBorders@lumapr.com; katiuska.bolanos-lugo@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; cfl@mcvpr.com; mqs@mcvpr.com. I also certify that on June 26, 2025, I have proceeded with the filing of the Resolution and Order issued by the Puerto Rico Energy Bureau.

I sign this in San Juan, Puerto Rico, on June 26, 2025.

  
Sonia Seda Gaztambide  
Clerk

