

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

IN RE: ELECTRIC SYSTEM PRIORITY
STABILIZATION PLAN

CASE NO.: NEPR-MI-2024-0005

SUBJECT: Compliance with Priority
Stabilization Plan; FEMA Formulation
Practices.

RESOLUTION AND ORDER

I. Introduction

On March 28, 2025, the Energy Bureau of the Puerto Rico Public Service Regulatory Board (“Energy Bureau”) approved the Electric System Priority Stabilization Plan (“Priority Stabilization Plan” or “PSP”) and established specific activities to reduce load shedding and stabilize the grid within two years. Among the approved activities is Activity #14 – “Install 4×25 MW Utility-Scale BESS.”¹

The Energy Bureau has reviewed (i) LUMA’s² July 29, 2025 Informative Motion on the Status of SOW: 4×25 MW BESS Interconnections filed in Case No.: NEPR-MI-2021-0002³, which reports the four (4) Detailed Scopes of Work (“DSOWs”) for the 4×25 MW BESS under FEMA review, provides FAAS⁴ numbers, and sets a procurement/construction timeline; and (ii) LUMA’s August 14, 2025 Quarterly Federal Funding Report stating multiple BESS-related submissions/FAAS assignments. These filings represented that the 4×25 MW BESS remained an active federal-funding initiative.

The record further reflects the Energy Bureau’s express warning, in adopting the PSP, that Puerto Rico faces a dire shortage of dependable capacity and an elevated risk of load shedding without swift additions of firm resources and storage—findings grounded in LUMA’s Resource Adequacy submissions cited in the PSP order.⁴

Notwithstanding the above, materials filed in other dockets⁵ indicate that PSP Activity #14 may have been withdrawn or diverted from the federal funding pipeline without prior Energy Bureau authorization. At the same time, it appears a substantial federal formulation request—approximately \$1.3 billion—is being advanced for projects not included in the PSP, reportedly focused on dam rehabilitation,⁶ despite the PSP’s concerns regarding the lack of a need determination from the system operator for large hydro mitigation proposals. See PSP discussion noting the Puerto Rico Electric Power Authority’s (“PREPA”) 120 MW hydro mitigation concept was not guided by a system-operator need determination.⁷

¹ Resolution and Order, *In Re: In Re: Plan Prioritario para la Estabilización de la Red Eléctrica*, Case No.: NEPR-MI-2024-0005, March 28, 2025.

² LUMA Energy, LLC and LUMA Energy ServCo, LLC (referred to jointly as “LUMA”).

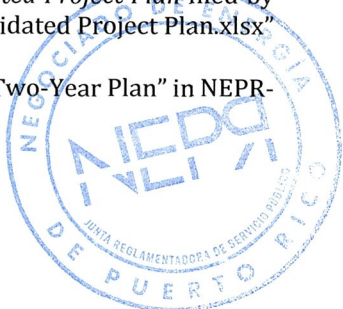
³ *In re: Review of the Puerto Rico Electric Power Authority’s 10-Year Infrastructure Plan-December 2020*, Case No.: NEPR-MI-2021-0002.

⁴ Resolution and Order, *In Re: In Re: Plan Prioritario para la Estabilización de la Red Eléctrica*, Case No.: NEPR-MI-2024-0005, March 28, 2025.

⁵ See, “20250808 MI20200012 Exhibit B Inf Motion to Subm Consolidated Project Plan.xlsx” filed in NEPR-MI-2020-0012, *In Re: THE IMPLEMENTATION OF THE PUERTO RICO ELECTRIC POWER AUTHORITY INTEGRATED RESOURCE PLAN AND MODIFIED ACTION PLAN*, on August 8, 2025.

⁶ See, *In Re: The Implementation of the Puerto Rico Electric Power Authority Integrated Resource Plan and Modified Action Plan*, Case No.: NEPR-MI-2020-0012, *Informative Motion to Submit the Consolidated Project Plan* filed by PREPA on August 8, 2025, “20250808 MI20200012 Exhibit B Inf Motion to Subm Consolidated Project Plan.xlsx”

⁷ See, Resolution and Order, “Establishment of the Electric System Priority Stabilization Two-Year Plan” in NEPR-MI-2024-0005, *In Re: Electric System Priority Stabilization Plan*, March 28, 2025.



The Energy Bureau also reminds the companies that, by Order of March 26, 2021 in Case No.: NEPR-MI-2021-0002⁸ (as later applied to LUMA on August 20, 2021), projects to be funded with FEMA or other federal funds must be filed with and approved by the Energy Bureau at least 30 days before submission to COR3, FEMA, or any federal agency. LUMA itself recites this requirement in its July 29, 2025 filing.⁹

The Energy Bureau cannot confirm compliance with the PSP or with the prior-approval requirement as to the FEMA formulation submitted on August 8, 2025 in NEPR-MI-2020-0012¹⁰ (Exhibit B). This Resolution and Order therefore issues a targeted order to show cause and requires immediate corrective disclosures.

II. Background

Priority Stabilization Plan & Activity #14.

The PSP approved a two-year portfolio of urgent activities, including Activity #14 (Install 4×25 MW Utility-Scale BESS), with the objective of reducing manual load shedding and providing fast frequency response and inertia support. Attachment A to the PSP order lists Activity #14 and assigns LUMA as the party responsible.¹¹ The PSP also mandates monthly collaborative reporting (filed by LUMA on behalf of LUMA, Genera PR, LLC (“Genera”), and PREPA).

Federal-funding reporting and status represented by LUMA.

In its July 29 Motion, LUMA reported the 4 DSOWs “under FEMA review,” identified four FAAS numbers for the sites, and set a high-level schedule (RFP in 1Q FY2026; construction start January 2027; commissioning February 2027). In its August 14, 2025 quarterly report,¹² LUMA listed BESS-related submissions and FAAS numbers, including “25 MW BESS Installation and Integration – Barceloneta, Aguadilla, San Juan” and “4×25 MW BESS Interconnections – Manatí/System.”

Resource Adequacy emergency.

The PSP order documents the system’s severe capacity shortfall and reliance on Manual Load Shedding (“MLS”), and it prioritizes near-term projects like the addition of dependable generation capacity and storage assets as an essential mechanism to reduce Loss of Load Events (“LOLE”) and MLS caused by frequency disturbances.¹³

Energy Bureau’s Authority.

The Energy Bureau acts under Act No. 57-2014¹⁴ and its regulations. The Energy Bureau has required prior filing/approval of FEMA-funded projects 30 days before submission to COR3/FEMA (Order of March 26, 2021; applied to LUMA August 20, 2021) and has warned of sanctions for non-compliance (currently up to \$125,000/day; higher for recidivism).

III. Findings and Concerns

Potential withdrawal/diversion of PSP Activity #14 from FEMA formulation.

Based on filings referenced above and materials submitted in other dockets, the Energy Bureau is concerned that Activity #14 may have been withdrawn or deprioritized in the

⁸ *In re: Review of the Puerto Rico Electric Power Authority’s 10-Year Infrastructure Plan-December 2020*, Case No.: NEPR-MI-2021-0002.

⁹ *Id.*, *Informative Motion on the Status of SOW: 4 x 25 MW BESS Interconnections at LUMA 38Kv System (July) and Request for Modification of Reporting Requirement*, filed by LUMA on July 29, 2025 (“July 29 Motion”).

¹⁰ *In Re: The Implementation of the Puerto Rico Electric Power Authority Integrated Resource Plan and Modified Action Plan*, Case No.: NEPR-MI-2020-0012.

¹¹ See, Resolution and Order, “Establishment of the Electric System Priority Stabilization Two-Year Plan” in NEPR-MI-2024-0005, *In Re: Electric System Priority Stabilization Plan*, March 28, 2025.

¹² LUMA’s Motion Submitting Quarterly Report on Federal Funding Activities for the Fourth Quarter of Fiscal Year 2025 in NEPR-MI-2021-0002, August 14, 2025

¹³ See, Resolution and Order, “Establishment of the Electric System Priority Stabilization Two-Year Plan” in NEPR-MI-2024-0005, *In Re: Electric System Priority Stabilization Plan*, March 28, 2025.

¹⁴ Known as the *Puerto Rico Energy Transformation and RELIEF Act*, as amended (“Act 57-2014”).



federal pipeline without prior Energy Bureau authorization, in tension with LUMA’s July 29, 2025 representation that the four BESS DSOWs were under FEMA review with an active procurement schedule.

PSP-Consistent Prioritization within the Remaining FEMA FAASt Balance
PREPA has prioritized and submitted a consolidated project list in response to FEMA’s June 3, 2025 request to program the remaining FAASt balance. The Energy Bureau is evaluating the consolidated list and its prioritization within the available funds to confirm alignment with the PSP’s near-term focus on adding dependable capacity as quickly as possible and the efficient use of federal resources. While certain dam-rehabilitation measures—particularly those linked to irrigation and water-resource management—may have independent merit, the Bureau’s review will consider any proposed allocation to dam/hydro works not identified in the PSP in light of quantitative comparisons of schedule, system benefits, and cost-effectiveness relative to PSP-prioritized alternatives that add dependable capacity sooner.

Prior-filing rule; ongoing review of prioritization and PSP alignment.
FEMA submission lists—including the August 8, 2025 consolidated project plan (Exhibit B) in NEPR-MI-2020-0012—remain subject to the Energy Bureau’s review requirement. In light of FEMA’s June 3, 2025 request to program the remaining PREPA FAASt balance and PREPA’s subsequent consolidated plan filing, the Energy Bureau is currently reviewing the proposed prioritization within the available funds to confirm alignment with the PSP’s near-term objectives and the efficient use of federal resources.

IV. Conclusion

The PSP made clear that rapid deployment of storage assets and dependable generation capacity is the most effective way to reduce load shedding and stabilize Puerto Rico’s grid in the near-term. Any withdrawal or diversion of Activity #14 – 4×25 MW Utility-Scale BESS from the federal funding pipeline without prior Energy Bureau authorization is unacceptable and must be fully explained and, if warranted, immediately corrected.

am The Energy Bureau issues this Resolution and Order to enforce the PSP, protect the public interest, and ensure that all FEMA submissions are aligned with, and approved under, Energy Bureau orders before they are sent to COR3/FEMA.

A. LUMA –Compliance Filing

The Energy Bureau **ORDERS** LUMA to, within **ten (10) calendar days** of this Resolution and Order, file a verified compliance report that covers the following:

PSP Activity #14 Status & Timeline.

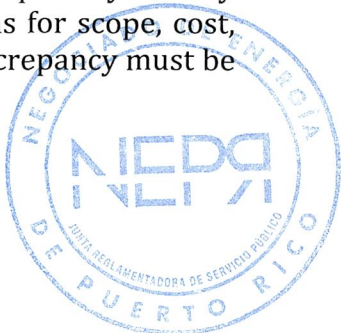
am Provide a complete chronology for Activity #14 from March 28, 2025 to present, including internal approvals, all submissions to PREB/COR3/FEMA, FEMA FAASt numbers, ISOW/DSOW status, ROIs, obligations, and any action to defer, withdraw, or re-scope the 4×25 MW BESS. Attach all correspondence with COR3/FEMA reflecting status changes and any decision to remove or delay Activity #14.

Consistency with July 29, 2025 Representations.

Explain any variance from LUMA’s July 29, 2025 filing (e.g., DSOWs “under FEMA review,” FAASt numbers, and the stated RFP/Construction milestones), and whether those representations remain accurate. Cite and attach the specific pages of that filing relied upon by LUMA.

PSP-FEMA Traceability Matrix.

am Provide a comprehensive table linking each FEMA-funded PSP activity—especially Activity #14—to its FEMA records (PW/FAASt and ISOW/DSOW), with columns for scope, cost, status, and a compliance check against the PSP-approved scope. Any discrepancy must be described, and the authorizing Energy Bureau order must be referenced.



B. PREPA –Justification

The Energy Bureau **ORDERS** PREPA to, within **ten (10) calendar days** of this Resolution and Order, file a verified compliance report that covers the following:

August 8, 2025 Exhibit B List.

Re-file, into this docket, the FEMA Consolidated Project Plan list submitted by PREPA on August 8, 2025 (in docket# NEPR-MI-2020-0012), with all supporting workbooks. Identify where/when the Energy Bureau granted prior approval for each project on that list (docket number, order date, page, and item reference), consistent with the March 26, 2021 requirement.

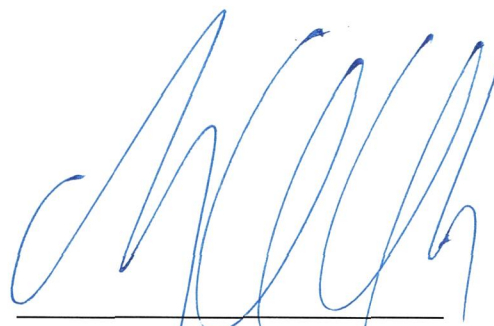
Hydro/Dam Rehabilitation Funding.

If PREPA seeks approximately \$1.3 billion for dam rehabilitation or hydro hazard mitigation not included in the PSP, file a quantitative justification demonstrating that such spending is an efficient and prudent use of FEMA resources relative to near-term measures that increase dependable capacity (e.g., storage and firm capacity additions) given the resource adequacy emergency detailed in the PSP. The analysis shall include: (a) expected MW of dependable capacity added (if any), (b) LOLE/MLS impacts versus storage/firm capacity alternatives, (c) cost-effectiveness (NPV and \$/kW dependable), and (d) a statement whether LUMA, as system operator, provided a need determination supporting the hydro scope.

The Energy Bureau **WARNS** LUMA and PREPA 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 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.



Edison Avilés Deliz
Chairman



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 August 28, 2025. Associate Commissioners Lillian Mateo Santos and Ferdinand A. Ramos Soegaard did not intervene. I also certify that on August 28, 2025, a copy of this Resolution and Order was notified by electronic mail to arivera@gmlex.net; lrn@roman-negron.com; legal@genera-pr.com; regulatory@genera-pr.com; RegulatoryPREBorders@lumapr.com; Emmanuel.porrogonzalez@us.dlapiper.com; laura.rozas@us.dlapiper.com; margarita.mercado@us.dlapiper.com, 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 August 28, 2025.



Sonia Seda Gaztambide
Clerk

