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

IN RE: WHEELING IMPLEMENTATION	**CASE NO. NEPR-MI-2023-0001** **SUBJECT: Submission of LUMA's Wheeling Implementation Report for Fiscal Year 2025**

MOTION TO SUBMIT LUMA'S WHEELING IMPLEMENTATION REPORT FOR FISCAL YEAR 2025

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

COME NOW LUMA Energy, LLC ("ManagementCo"), and **LUMA Energy ServCo, LLC** ("ServCo"), (jointly referred to as "LUMA"), and respectfully state and request the following:

1. On January 13, 2023, this Energy Bureau issued a Resolution and Order whereby it initiated the instant non-adjudicative proceeding to "address the final steps to implement wheeling" ("January 13th Order"). The Energy Bureau further stated that its initial focus in this proceeding is to establish the Wheeling Services Agreement ("WSA"), Wheeling Services Agreement Application Form ("WSAAF"), and Non-Refundable Fee.

2. On January 22, 2024, after several procedural developments elapsed during the year 2023, this Energy Bureau issued a Resolution and Order ("January 22nd Order") whereby, among multiple considerations, it approved LUMA's "proposed method to estimate hourly energy imbalance charges and the Peak Period Production Discount;" (2) the credit requirements included in the Updated WSA; (3) Curtailment Protocol; (4) WSA Application Form; and (5) Non-Refundable Fee. This Energy Bureau also approved the Updated WSA with revisions to modify the calculation of the

Annual Energy Imbalance Charge ("AEIC") and the WSA's insurance requirements and to eliminate certain charges.[1]

3. Relatedly, to monitor LUMA's progress on "improving the accuracy of the marginal cost estimates," the Energy Bureau ordered LUMA to submit Annual Wheeling Reports that showed "the progress of system improvements to the Energy Management System and modeling of OSI-PI data." *See* January 22nd Order, p. 11.

4. On February 12, 2024, LUMA submitted two filings with this Energy Bureau in connection with the January 22nd Order.

5. The first filing was a *Motion for Partial Reconsideration of Final Resolution and Order of January 22, 2024 and Request for Further Processes* ("Motion for Reconsideration"), whereby LUMA requested that this Energy Bureau reconsider those portions of the January 22nd Order where the Energy Bureau: (1) approved an AEIC that includes a temporary compensation during a period of five years whereby energy supplied over the annual deadband will be compensated at the weighted average rate of approved Tranche 1 solar projects, including an inflation adjustment; and (2) denied LUMA's proposal on a Wheeling Rate to be paid by Retail Electricity Suppliers ("RES"), which consolidated resource adequacy and capacity charges that will be incurred to enable wheeling in Puerto Rico and to serve wheeling customers, and which are otherwise borne by the non-participating customers.

6. The second filing of February 12th was a document containing a revised WSA to address requirements under the January 22nd Order ("Revised WSA"). *See Submission of Revised*

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[1] In the January 22nd Final Order this Energy Bureau denied at this time, LUMA's request for approval of RES Charges and directed that when further data becomes available from participating customers and generators, the Energy Bureau may review this matter again. Furthermore, this Energy Bureau denied, without prejudice, Phoebus' Petition on Buyer of Last Resort Protections and Circon's WSA. Finally, this Energy Bureau denied Phoebus' request to waive the AEIC.

Wheeling Services Agreement in Compliance with Resolutions and Orders of January 22, 2024 and February 2, 2024 and Reservation of Rights.[2]

7. On February 23, 2024, the Energy Bureau issued a Resolution and Order with the subject *Requesting responses from stakeholders on LUMA's Motion for Partial Reconsideration and Request for Further Process,* allowing stakeholders' comments to LUMA's Motion for Reconsideration. ("February 23rd Order") In compliance therewith, five stakeholders submitted their comments.

8. On April 24, 2024 the Energy Bureau issued a Resolution and Order ("April 24th Order") whereby, among several considerations, it ordered LUMA to submit annual filings within one hundred and twenty (120) days of the end of each fiscal year – through the end of fiscal year 2029 – containing "the magnitude and percentage of excess production by RES (beyond the loss-adjusted customer load), the amount of net compensation provided to RES for this excess energy, and the excess-production-weighted average marginal cost of the excess energy." *See* April 24th Order, at p. 4. The Energy Bureau also reserved its right to review the data filed each year. *See id.*

9. In compliance with the annual reporting requirements set forth in the January 22nd and April 24th Orders, LUMA respectfully submits *Exhibit 1* to the present Motion.

10. Once the Wheeling Program is implemented and operational, LUMA shall submit the operational data requested in the April 24th Order. The data does not currently exist, given that the Wheeling Program is not yet operational. *See Exhibit 1*, p. 6.

WHEREFORE, LUMA respectfully requests that the Energy Bureau: **take notice** of the above; **accept** *Exhibit 1* of this Motion; and **deem** LUMA in compliance with the reporting requirements set forth in the January 22nd and April 24th Orders.

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[2] *Available* at https://energia.pr.gov/wp-content/uploads/sites/7/2024/02/20240212-MI20230001-Submission-of-Revised-WSA.pdf.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 28th day of October, 2025.

WE HEREBY CERTIFY that this Motion was filed using the electronic filing system of this Energy Bureau and that copy of this Motion was notified via email to counsel for PREPA, Lionel Santa, Lionel.santa@prepa.pr.gov, the Independent Consumer Protection Office, contratistas@jrsp.pr.gov, hrivera@jrsp.pr.gov; and via email to the following stakeholders: Phoebus Fund PR, LLC: akennedy@phoebusfund.com; Circon Energy, LLC: tbrown@circonenergy.com; Solar and Energy Association of Puerto Rico (SESA): info@sesapr.org; and to the following: manuelgabrielfernandez@gmail.com, ramonluisnieves@rinlegal.com; ccf@tcm.law, agraitfe@agraitlawpr.com, karen.ortiz@aes.com, marianag@irecusa.org, jalvaradovazquez@outlook.com.

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Exhibit 1

Wheeling Annual Report

FY2025

October 28, 2025

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1.0 Introduction

As part of the Government of Puerto Rico's ongoing efforts to transform the energy system into an open and competitive market, by means of the Act 57-2014[1], as amended, grants the Puerto Rico Energy Bureau (PREB or Energy Bureau) the authority to adopt regulations related to energy wheeling, establishing wheeling rates, and oversee the unbundling of rates for the Puerto Rico Electric Power Authority (PREPA).

Wheeling refers to the mechanism by which a Retail Electricity Supplier (RES) delivers electricity generated by one or more Independent Power Producers (IPPs) to a Wheeling Customer through the existing electric power grid.[2]

In its Resolution and Order issued on April 24, 2025, the Energy Bureau ordered LUMA to submit an annual filing, within 120 days of the end of each fiscal year for the next five years, detailing the following:

1. Retail Electricity Suppliers (RES's) excess production (beyond the loss-adjusted customer load).
2. The amount of net compensation provided to RES for this excess energy.
3. The excess-production-weighted average marginal cost of the excess energy. [3]

In compliance with this order and as part of the Wheeling Implementation docket, LUMA hereby submits this Wheeling Annual Report for Fiscal Year 2025 (FY2025).

1.1 Status of Wheeling Implementation

LUMA's FY2025 budget initially included $3 million in non-federal capital funds to cover pre-implementation activities costs associated with the wheeling program. These funds were intended to cover costs related to the recruitment of key personnel and support the competitive procurement of external resources necessary for program execution.

On May 15, 2025, LUMA submitted a proposal to reallocate $13.9 million within the Non-Federally Funded Capital Budget.[4] As part of this proposal, $2.7 million originally allocated to the Retail Wheeling Program was redirected to the Distribution Pole and Conductor Repair Program to address urgent public safety concerns. This reallocation was intended to support the replacement of poles that posed an immediate risk to public safety. Consequently, certain activities under the Retail Wheeling Program were deferred, including vendor sourcing and the implementation of related infrastructure, technology, and processes.

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[1] Art. 6.30 of Act 57 of May 14, 2014, as amended, know as the "Puerto Rico Energy Transformation and RELIEF Act".

[2] Section 1.9(28) of Regulation 9374 of April 20, 2022, known as the "Regulation on Electric Energy Wheeling".

[3] Resolution and Order of April 24, 2024, and page 20 of Final Resolution and Order dated January 22, 2024, Docket No. NEPR-MI-2023-0001.

[4] Page 3 of Exhibit 1 of LUMA's Motion dated May 15, 2025, Docket No. NEPR-MI-2021-0004.

In the fourth quarter of FY2025[5], the Energy Bureau approved LUMA's proposed budget amendment, authorizing the reallocation of the unspent funds to other programs. As a result, LUMA suspended all activities related to the implementation of the wheeling program.

Despite the suspension, LUMA successfully completed several key activities during FY2025, including:

- Refined wheeling program technical requirements with key stakeholders.
- Provided input to requirements for the Energy Management System (EMS) and Advanced Metering Infrastructure (AMI) programs.
- Started to develop documentation package in support of planned request for proposals (RFP).
- Recruitment activities for the Wheeling Program Manager and supporting resources.

Wheeling Program Manager Recruitment

During the reporting period, LUMA initiated recruitment efforts to fill the position of Wheeling Program Manager, a role critical to leading and coordinating complex multi-disciplinary utility projects related to the implementation of Wheeling in Puerto Rico.This position is responsible for ensuring the successful execution of the Wheeling Service Agreement through effective project planning, resource allocation, and organizational readiness. It serves as the primary point of contact for project execution, ensuring delivery within scope, budget, and schedule.

Despite LUMA's recruitment efforts, no suitable candidates were identified during the recruitment process conducted in the fall. Between September 30 and December 11, 2024, a total of 33 individuals applied for the position. Each application was carefully reviewed; however, none of the candidates met the minimum qualifications in terms of required experience, educational background, or eligibility, particularly among internal applicants, who did not meet the criteria to advance to the interview stage. One candidate who did meet all minimum requirements ultimately chose to withdraw from the selection process.

1.2 Status of EMS Upgrade

The Critical Energy Management System Upgrades program will replace obsolete and unsupported energy management systems (EMS) and introduce new technologies to ensure the safe and reliable operation of the electric grid. The EMS upgrade is a part of LUMA's System Remediation Plan (SRP). Key activities undertaken in FY2025 included:[6]

- Progressing in the reviewing of displays by the Operational Technology and System Operations departments while continuing iterations of display conversions through the implementation cycle as LUMA prepares for Factory Acceptance Testing (FAT).
- Continuing progress in the completion of the Supervisory Control and Data Acquisition (SCADA) database.
- Configuring the automatic generation control database population contained in the EMS.
- Commencing the Operating Technology Staff Training and preparing for the Systems Operating Staff Training.

[5] Resolution and Order on Determination on LUMA's Petition to Amend the FY2025 Annual Budgets of June 10, 2025, Docket No. NEPR-MI-2021-0004.

[6] For more information, please refer to LUMA's FY2024 System Remediation Plan Annual Report, filed on October 28, 2024 in Docket No. NEPR-MI-2020-0019.

- Issuing the contract amendment to purchase equipment to support the Control Data Corporation remote terminal unit (the legacy field device used by the EMS to remotely acquire and manage` data).
- Achieving communications with serial and transport control protocol remote terminal unit that provides the communication back to the EMS via internet protocol.
- Initiated Point to Point testing.

2.0 Marginal Cost Estimations

Once the wheeling program is implemented, LUMA will be required to estimate hourly marginal costs for every hour of each completed calendar month. To support this requirement, LUMA envisions a process in which PLEXOS® is run shortly after the end of each month to calculate marginal costs for the prior month. To prepare for this process, LUMA has conducted test cases for two months to evaluate the necessary data inputs and sources required to facilitate these calculations.

Ideally, LUMA would have access to all of these inputs, such as historical hourly generation output, fuel type, and hourly fuel consumption by unit, via Plant Information (PI) System, to which LUMA received access in August 2023 from the Puerto Rico Electric Power Authority (PREPA). However, as noted by PREPA in its March 31, 2023 Motion, and as LUMA concurs, there are significant deficiencies and inaccuracies in the PI data.

While the PI system provides hourly generation output by unit, it does not include hourly fuel type or hourly fuel consumption. Currently, Genera PR, LLC (Genera) reports daily fuel consumption for some generation sites and monthly data for others. This level of granularity is insufficient, as using daily or monthly consumption data results in less accurate estimates of hourly marginal costs. Furthermore, LUMA has faced challenges in obtaining timely and consistent data submissions from Genera.

Other essential inputs, such as delivered fuel costs by unit, can be estimated in the near term using data from quarterly Fuel Charge Adjustment (FCA) rider filings. However, more granular data (e.g., hourly) will be required to improve the accuracy of cost estimates for all thermal generation units.

Therefore, notwithstanding the progress made in overcoming data accuracy challenges, LUMA requires the full commitment of Genera to provide the requisite data in a timely and consistent manner. This collaboration is essential to enable LUMA to perform the necessary analyses and fulfill its regulatory obligations under the wheeling program.

3.0 Operational Reporting

In the April 24,2024 Order, the Energy Bureau ordered LUMA to submit an annual filing, within 120 days of the end of each fiscal year[7]. However, this information does not yet exist and will only become available once the wheeling program is operational. Once the wheeling program is implemented and operational, LUMA will report such information as required by the Energy Bureau.

[7] Pag 4 of Resolution and Order of April 24, 2024, Docket No. NEPR-MI-2023-0001.