

Accelerated Storage Addition Program

On March 5, 2025, the Puerto Rico Energy Bureau (PREB or Energy Bureau) issued a Resolution and Order in Docket No. NEPR-MI-2024-0002,¹ approving for LUMA to utilize the Purchased Power Charge Adjustment (PPCA) rider as a cost recovery mechanism for costs associated with the implementation of the Accelerated Storage Addition Program (ASAP) through December 2025 (March 5th Order).² Furthermore, the Energy Bureau mandated that LUMA provide justification³ for the expenses it proposes to recover through the proposed PPCA factor in its quarterly filing on March 17, 2025, as well as in future quarterly factor submissions, based on the Optimistic Case⁴ expenses related to the ASAP Implementation.⁵

ASAP is a novel initiative, supported by the Energy Bureau, which was not originally included or considered in LUMA's Operation and Maintenance Budget. This initiative draws on industry practices from other regions in the mainland United States, particularly California and Texas.⁶ Due to the absence of experienced personnel in Puerto Rico to develop the ASAP framework and limit resources within LUMA, the initial design, contract formulation, financial modeling, and analytical strategies were executed by legal and external consultants with relevant expertise.

On December 19, 2025, the Energy Bureau approved previously incurred ASAP Implementation costs totaling \$1,142,595.40⁷ for expenditures from September through November 2025.⁸ No projected costs were submitted by LUMA or considered by the Energy Bureau at that time for the next quarter (*i.e.*, Q3).

On December 22, 2025, LUMA requested an extension to use the remaining balance of the 2025 ASAP budget into calendar year 2026 due to unexpected delays that slowed progress on several key activities planned for 2025.⁹ These delays prevented the completion of Phase 1 System Impact Studies, Phase 2 Facility and System Impact Studies, and the finalization of documents required for the Standard Offer Agreements.¹⁰ On January 14, 2026, the Energy Bureau authorized LUMA to use the remaining balance of the approved 2025 ASAP budget during 2026 and continue reporting incurred and forecasted costs in the quarterly PPCA filings through December 31, 2026.¹¹ The Energy Bureau reiterated that only "Optimistic Case" forward-looking expenses will be approved and emphasized that LUMA must justify all ASAP expenses submitted for recovery through the PPCA.¹²

¹ *In Re: LUMA's Accelerated Storage Addition Program*, Docket No. NEPR-MI-2024-0002.

² Pages 2 -3 of Resolution and Order of March 5, 2025, Docket No. NEPR-MI-2024-0002.

³ In footnote No. 13, PREB emphasizes that the related expenditures must be accompanied by detailed narrative explanations, work papers, and documentation (e.g., invoices and related supporting documentation).

⁴ Table 3 Expected Monthly Expenditure by Category of Exhibit 3 "ASAP Program Update" of February 28, 2025, LUMA's Motion to Submit ASAP Program Implementation Plan and Associated Documents, Request for Approval of ASAP Cost Recovery Mechanism, and Request for Confidential Treatment, Docket No. NEPR-MI-2024-0002.

⁵ Page 3 of Resolution and Order of March 5, 2025, Docket No. NEPR-MI-2024-0002.

⁶ See e.g., [California Public Utilities Commission. \(n.d.\). Energy storage. https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/energy-storage](https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/energy-storage)

⁷ See page 9 and Exhibit 1 of *Motion Submitting FCA and PPCA Reconciliations for September, October and November 2025, FCA, PPCA and FOS Calculated Factors and Memorandum of Law in Support of Confidential Treatment*, Docket No. NEPR-MI-2020-0001.

⁸ Pages 5-6 of Resolution and Order of December 19, 2025, Docket No. NEPR-MI-2020-0001.

⁹ Pages 2, 17-18 of LUMA's *Motion to Request Extension of ASAP Budget to Calendar Year 2026 of December 22, 2025*, Docket No. NEPR-MI-2024-0002.

¹⁰ *Id.*

¹¹ Page 2 of Resolution and Order of January 14, 2026, Docket No. NEPR-MI-2024-0002.

¹² *Id.*

Exhibit 1

ASAP INVOICE ACTUALS IMPLEMENTATION PROGRAM COSTS

Since the last update, from December 1, 2025, to February 28, 2026, LUMA spent \$461,644.76¹³ on consultants and legal services for the ongoing development of the ASAP Program. Activities since the last update have remained focused on advancing the initial group of Standard Offers (SO) through the regulatory approval process, including the two additional participants. This group is now referred to as SO1 Phase 1 participants. In October, the Energy Bureau directed LUMA to offer SO1 Agreements to SO2 proponents who would accept SO1 terms without reservation. This group is referred to as SO1 Phase 2 participants.

Through November, Legal and consultants worked closely with Phase 2 participants to ensure the SO1 Agreement, which included negotiated clarifications, was reviewed and agreed to prior to being submitted through the regulatory approval process. The agreement was offered to 13 interested participants from SO2 and ultimately accepted by four of these participants. Thereafter, these four agreements were approved by the Energy Bureau and subsequently sent to the Puerto Rico Electric Power Authority (PREPA) for approval on November 20th.

In summary, to date, ten (10) SO1 agreements have been approved by the Energy Bureau, totaling 594.4 MW of battery energy storage system (BESS). From September to November 2025, LUMA submitted two SO1 Phase 1 Agreements and 4 SO1 Phase 2 Agreements to PREPA for approval. On February 19, 2026, PREPA's Governing Board approved them, which were subsequently submitted to the Fiscal Oversight and Management Board (FOMB) and are presently awaiting approval. The participants are at various stages in the approval process. Consultants continue to assist LUMA with PREPA, FOMB, and developers' follow-ups regarding outstanding SO agreement items and addressing related concerns to support timely approval and execution.

Throughout this period, consultants also made significant progress on the LGIA and Agreed Operating Procedures (AOP). A draft of the LGIA was sent to all SO1 participants, and feedback is currently being collected and reviewed. As for the AOP, an updated draft (v3) was shared with SO1 Phase 1 participants in September, and several participants then engaged in collaborative discussions. The legal consultants then conducted a review of the AOP, and procedures were further refined. Continued collaboration with SO1 participants is focused on resolving outstanding AOP items and further refining select procedures, with only a limited number of procedures still requiring finalization. While consultants address the remaining outstanding items with SO1 Phase 1 participants, they initiated an internal review of the latest draft (v4) in January. Following this review and once all feedback is incorporated into the latest AOP draft, legal professionals will perform an additional review. Consultants coordinate these reviews of the AOP and LGIA with the legal consultants to ensure compliance with the SO.

Facility studies have been completed for all points of interconnection of facilities participating in SO1 Phase 1. The engineering firm has provided the final facility studies results. They received the necessary information from SO1 participants to begin system impact studies and confirmed a preliminary study was completed in February, with the system impact studies expected to be completed by April. SO1 Phase 2 participants were sent Interconnection Application Forms to begin collecting the information necessary to initiate their studies.

¹³ Note that this figure differs from the "FAC-PPAC Reconciliation Dec25-Jan-Feb26_Values.xlsx" because LUMA's monthly financial closings follow a different schedule. ASAP costs are reported with a one-month delay, which affects the timing of the amounts shown.

LUMA'S ASAP IMPLEMENTATION COSTS

Exhibit 1

The team continues to prepare and submit various status reports to ensure key stakeholders, both internal and external (e.g., with interested and committed developers and regulatory agencies), remain informed and aligned on critical updates.

Table 0-1. ASAP Invoice Actuals Program Implementation Costs¹⁴

Actual Costs per Month	Legal	Consultant	Total
Expended through December 31, 2024	██████████	██████████	██████████
January 2025	██████████	██████████	██████████
February 2025	██████████	██████████	██████████
March 2025	██████████	██████████	██████████
April 2025	██████████	██████████	██████████
May 2025 ¹⁶	██████████	██████████	██████████
June 2025	██████████	██████████	██████████
July 2025	██████████	██████████	██████████
August 2025	██████████	██████████	██████████
September 2025	██████████	██████████	██████████
October 2025	██████████	██████████	██████████
November 2025	██████████	██████████	██████████
December 2025	██████████	██████████	██████████
January 2026	██████████	██████████	██████████
February 2026	██████████	██████████	██████████

¹⁴ For a background on the ASAP Program Implementation Plan, see *Motion to Submit Proposed Standard Offer Phase 2 Agreement in Compliance with Resolution and Order of December 4, 2024, and Request for Confidentiality* filed on December 19, 2024, pp. 10-11 ; *Informative Motion and to Submit Estimate of Costs for ASAP in Compliance with Resolution and Order of January 14, 2025, and Request for Confidential Treatment* filed on January 31, 2025, p. 11 and Exhibit 1; and *Motion to Submit ASAP Program Implementation Plan and Associated Documents, Request for Approval of ASAP Cost Recovery Mechanism, and Request for Confidential Treatment* filed on February 28, 2025, pp. 14-15 and Exhibit 3.

¹⁶ As previously noted, due to the timing of LUMA's monthly financial closings, ASAP Program costs are reported with a one-month delay.



Exhibit 1

ASAP FORECAST IMPLEMENTATION PROGRAM COSTS

March (Current Month)

In March, System Impact Studies will continue for SO1 Phase 1, while Phase 2 participants will remain focused on providing the information necessary to begin the studies. LUMA will provide any support the participants or PREPA need to complete the remaining signing conditions and execution of the SOs. The focus will also be on facilitating various reviews of the LGIA and AOP.

April

In April, System Impact Studies are expected to be completed for SO1 Phase 1. LUMA will collaborate with developers on any findings and incorporate these into the LGIA. LUMA aims to complete its internal review of the AOP and progress it to legal review. System Impact Studies may begin with SO1 Phase 2 participants, pending the completion of respective RFIs by developers. LUMA will also continue to finalize LGIA.

May

In May, LUMA will continue to provide any support for the participants, PREPA and FOMB need to complete signing conditions, execution of the SOs and conditions precedent to achieve Closing Date. In parallel, LUMA expects to continue executing LGIAs, AOP and engineering studies for Phase 2 participants.

June

In June, LUMA will collaborate with the participants who have executed LGIAs and SOs to facilitate their timely advancement of their Engineering Procurement Construction activities toward completion. In parallel, LUMA expects to continue executing LGIAs, AOP and engineering studies for Phase 2 participants.

Table 0-2. ASAP Forecast Program Implementation Costs

Forecast Cost per Month	Legal	Consultant ¹⁷	Total
March	<i>This month will be reconciled in the next Quarterly Report</i>		
April	\$100,000	\$300,000	\$400,000
May	\$100,000	\$300,000	\$400,000
June	\$100,000	\$200,000	\$300,000

¹⁷ This column includes the line items "Consultant", "Other" and "Contingency" in Table 3 of the Exhibit 3 submitted with LUMA's *Motion to Submit ASAP Program Implementation Plan and Associated Documents, Request for Approval of ASAP Cost Recovery Mechanism, and Request for Confidential Treatment*, Docket No. NEPR-MI-2024-0002, filed with the Energy Bureau on February 28, 2025.