

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

NEPR

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IN RE: ENERGY EFFICIENCY AND
DEMAND RESPONSE THREE YEAR
PLAN

CASE NO. NEPR-MI-2026-0002

SUBJECT: 2026-2028 EE and DR Three
Year Plan

**SUNSTRONG’S COMMENTS REGARDING CBES PROGRAM ADMINISTRATION
AND RECOMMENDED SAFEGUARDS FOR THE 2026–2028 EE AND DR PLAN**

TO THE HONORABLE ENERGY BUREAU:

COMES NOW, SunStrong Management LLC (“SunStrong”), represented by the undersigned legal counsel, and respectfully submits the following:

I. INTRODUCTION

SunStrong respectfully submits these Comments in the above-captioned proceeding to inform the Puerto Rico Energy Bureau (“Energy Bureau”) and stakeholders of critical operational and structural issues observed in the administration of the Customer Battery Energy Sharing (“CBES”) and Battery Emergency Demand Response Program (“BEDRP”) under the Transition Period Plan (“TPP”), and their implications for the 2026–2028 Energy Efficiency (“EE”) and Demand Response (“DR”) Three-Year Plan (“TYP”).

These Comments are intended to contribute constructively to the Energy Bureau’s evaluation of the TYP by identifying gaps in current program design that affect transparency, market participation, and the equitable treatment of participating customers.

The issues presented arise from a series of dispatch events in August 2025, during which SunStrong's customers responded to system needs and delivered fully compliant, measurable, and subsequently validated grid services at the direction of LUMA Energy ServCo, LLC ("LUMA").

Following post-event validation, LUMA determined that a portion of the associated compensation would not be paid due to the contract ceiling under the applicable agreement having been exceeded.

While SunStrong disagrees with LUMA's position and is seeking a resolution of this matter, the circumstances highlight a broader and more consequential issue for the Energy Bureau's consideration: the current program structure places full operational control over dispatch, validation, and payment determination with LUMA, while providing aggregators with no corresponding visibility or tools to manage contract ceiling exposure in real time.

As a result, aggregators are required to respond to LUMA-directed dispatch events without the ability to assess financial risk or ensure compliance with contractual limits. This structural misalignment introduces uncertainty for market participants, creates potential inequities for customers who perform in good faith, and raises concerns regarding the long-term sustainability and scalability of demand response programs.

II. RELEVANT PROCEDURAL BACKGROUND

On October 13, 2023, LUMA Energy ServCo, LLC and Sunnova Energy Corporation executed the Battery Emergency Demand Response Program Master Aggregation

Agreement (“MAA”), Contract No. 102614, establishing a contract ceiling of \$4,277,813.00. The MAA governs aggregator enrollment, dispatch performance, and payment for approved energy, and expressly provides that the contract ceiling is included solely for Puerto Rico Comptroller compliance purposes and “does not bind the Parties or modify any other provision of this Agreement.”

The MAA was subsequently amended on October 11, 2024 to extend the term through June 30, 2026, and again on February 18, 2026, at which time SunStrong Management LLC was substituted as the contracting party, the term was extended through June 30, 2028, and the contract ceiling was increased to \$9,000,000.00.

Beginning in July 2025, LUMA advised Sunnova that it had initiated the process to amend the MAA to increase the contract ceiling. Throughout July, August, and September 2025, LUMA repeatedly communicated – orally and in writing – that such an amendment was forthcoming. Meanwhile, LUMA continued to issue dispatch instructions during a period of accelerated program activity, including sixteen (16) dispatch events in August 2025 alone, occurring on August 1, 4–6, 12, 14–22, 25, and 31.

LUMA’s validated Quarterly Energy Report, transmitted on October 29, 2025, confirms that for the July–September 2025 performance period, participating customers delivered over 2.4 million kWh of energy, corresponding to several million dollars in performance-based compensation. These figures reflect services that were fully performed, measured, and accepted in accordance with program requirements.

Critically, however, the aggregator had no real-time visibility into contract ceiling utilization during the performance period. SunStrong submitted its Quarterly Energy Report on

October 14, 2025, and on October 29, 2025 LUMA confirmed that the report had been validated and authorized invoicing. The determination of “Approved Quarterly Energy” was thus made retrospectively, after LUMA’s post-event review.

During the dispatch window itself, the aggregator did not receive any real-time or interim information regarding proximity to the contract ceiling, nor any instruction from LUMA to suspend or curtail participation based on potential contractual constraints. As a result, SunStrong had no practical ability to monitor, anticipate, or mitigate contract ceiling exposure while responding to LUMA-directed dispatch events.

In 2025, SunStrong’s customers were dispatched more than 60 times, delivering substantial energy to the Puerto Rico grid during periods of acute system stress. SunStrong has distributed significant compensation directly to customers for their participation, reflecting a strong and continuing commitment to grid reliability.

Against this backdrop, the events described above underscore a fundamental program design challenge: where dispatch authority, performance validation, and payment approval are centralized with LUMA, but financial constraints are not transparently communicated or operationalized, aggregators cannot reasonably manage compliance risk. This dynamic has direct implications for program integrity and must be addressed prospectively within the TYP framework.

III. DISCUSSION

The circumstances described above illustrate structural considerations that are directly relevant to the Energy Bureau’s evaluation of the TYP.

1. Transparency and Information Asymmetry - Aggregators currently lack access to real-time or near-real-time information regarding contract ceiling utilization. Without such visibility, aggregators cannot reasonably manage financial exposure while responding to LUMA-directed dispatch events.
2. Centralized Operational Control - LUMA retains exclusive authority over dispatch initiation, performance validation, and invoice approval. In the absence of corresponding safeguards, this centralized control creates a misalignment between operational directives and financial risk allocation.
3. Customer and Market Impacts - When validated performance is not compensated due to administrative constraints, participating customers, who respond in good faith to grid needs, bear the economic consequences. Over time, this may erode customer trust and reduce participation in DR programs.
4. Implications for Program Scalability - As CBES and related programs expand under the TYP, the frequency and magnitude of dispatch events will likely increase. Without enhanced controls, the risk of similar situations may grow, potentially undermining program effectiveness and stakeholder confidence.

In light of the above, SunStrong respectfully recommends that the Energy Bureau consider incorporating the following measures into its review and approval of the TYP:

1. Real-Time or Near-Real-Time Contract Ceiling Tracking - Establish mechanisms through which aggregators can monitor contract ceiling utilization on a continuous or regularly updated basis.

2. *Pre-Dispatch Financial Safeguards* - Implement protocols requiring LUMA to assess and communicate contract ceiling availability prior to issuing dispatch instructions, particularly during high-frequency event periods.
3. *Dispatch Curtailment Protocols* - Define clear procedures for suspending or limiting dispatch activity when contractual thresholds are approaching, including timely notification to aggregators.
4. *Prospective Remedial Frameworks* - Establish clear, forward-looking mechanisms to address situations in which validated performance occurred despite administrative or contractual constraints.
5. *Alignment of Operational Authority and Accountability* - Ensure that program rules appropriately align dispatch authority with responsibility for managing financial limits and associated risks.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, on April 8, 2026.

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