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

IN RE:	**CASE NO.: NEPR-MI-2026-0002**
ENERGY EFFICIENCY AND DEMAND RESPONSE THREE-YEAR PLAN	**SUBJECT: Comments of SESA-PR on LUMA's Proposed 2026–2028 EE and DR Three-Year Plan**

COMMENTS OF THE SOLAR AND ENERGY STORAGE ASSOCIATION OF PUERTO RICO ON LUMA ENERGY'S PROPOSED ENERGY EFFICIENCY AND DEMAND RESPONSE THREE-YEAR PLAN

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

The Solar and Energy Storage Association of Puerto Rico ("SESA") respectfully submits these comments in response to LUMA Energy's proposed Energy Efficiency and Demand Response Three-Year Plan ("TYP") filed March 2, 2026, as supplemented by LUMA's April 20, 2026 Motion to Comply. SESA appreciates the substantial work undertaken by LUMA, Guidehouse, and the Energy Bureau's independent technical consultant Synapse Energy Economics, and welcomes the meaningful improvements reflected in the April 20 Supplemental Filing — most notably the addition of a proposed Economic Demand Response program targeting Distributed Battery Energy Storage Systems ("DBESS").

SESA limits this filing to five points where the perspective of Puerto Rico's solar and storage industry is most directly relevant:

(I) SESA's support for an Economic DBESS program designed so that it does not undermine the existing CBES Program;
(II) The Auto-Enrollment of New Customers Should Continue To Be Allowed Throughout the TYP Term;
(III) the appropriate scope and timing of the DERMS investment;
(IV) including electric water heat pumps among the list of Energy Efficiency measures to receive customer rebates,
(V) allowing rebates to be paid directly to Trade Allies, and
(VI) the transparency mechanisms necessary to avoid the "stop-start" customer experience that was experienced by customers during the TPP.

I. SESA Supports Exploring an Economic DBESS Program, Provided It Does Not Come at the Detriment of the CBES Program.

SESA conceptually supports LUMA's proposal in the April 20 Supplemental Filing to develop an Economic Demand Response program targeting DBESS. Puerto Rico's residential battery fleet — over 170,000 systems and approximately 2,864 MWh of capacity at year-end 2025, growing rapidly — is the single largest near-term opportunity for cost-effective resources on the island. As Todd Williams of Guidehouse observed at the March 17, 2026 Technical Conference, the natural maturation path for distributed battery dispatch is to evolve from emergency-only deployment toward economic deployment if the need for emergency capacity declines over time. SESA agrees with that direction.

SESA emphasizes, however, that the Economic DBESS program must be designed and deployed in a manner that includes stakeholder input and complements — not displaces — the CBES Program in the near term. With dual national and local Declarations of Emergency still pending regarding Puerto Rico's fragile electric system, and with hurricane season occupying roughly half of the calendar each year, an emergency-dispatch capability of the kind that CBES provides will likely remain valuable and needed for the foreseeable future. Even as an economic dispatch program is established and grows, the emergency dispatch program (CBES) should continue. Given that the CBES program pays only for the performance of aggregated DERs when they are needed to address a capacity shortfall and there are no payments associated with systems simply being available for dispatch, maintaining the CBES program is a no-regrets policy.

SESA recommends that the Energy Bureau preserve flexibility regarding the final Economic DBESS program design. Inclusion of the concept of an Economic DBESS program was a late addition to the TYP and would benefit from further collaboration between SESA, CBES aggregators, and LUMA regarding an appropriate structure and features of a program that will ultimately function very differently from the CBES Program. While a structure which includes both capacity and variable energy payments may be appropriate, the details of such a structure are critically important to ensure they meet the needs of LUMA, storage customers, and aggregators.

How the Economic DBESS Program and CBES Program interact will also be important for both LUMA and the impacted customers. The CBES Program will remain critical for the coming summers in the TYP but should the frequency of emergency events decrease, customers will be increasingly left with little value in participating. As such, there will be interest in transitioning those customers to an Economic DBESS Program that can provide greater use of this existing and substantial energy resource. CBES customers should not be prevented from participation in the Economic DBESS Program when that time comes. This transition should be made as simple as possible, utilizing aggregator capabilities and flexibility in managing their fleets.

Accordingly, SESA respectfully requests that the Energy Bureau direct LUMA, as a condition of Three-Year Plan approval, to design and deploy the Economic DBESS program in close collaboration with SESA, Puerto Rico's solar and storage companies, and the existing CBES aggregators, and to include in the final TYP an express commitment that the Economic DBESS program will not undermine, displace, or constrain the CBES Program. Integrating the over 2.8

GWh of existing distributed storage into LUMA's capacity stack so that they can be dispatched prior to more expensive and polluting resources will be a significant milestone for the island.

II. The Auto-Enrollment of New Customers Should Continue To Be Allowed Throughout the TYP Term.

LUMA's April 20 Supplemental Filing confirms that CBES enrollment grew to 82,421 customers as of March 26, 2026, with auto-enrolled participants accounting for 67,131 of that total and opt-in participants accounting for 15,290 (Q23.a). The auto-enrollment mechanism is the central reason why the CBES Program scaled to roughly 50 MW of dispatchable capacity in 2025 and remains the primary pathway through which the program continues to grow.

The April 10th 2026 order from this honorable Energy Bureau approved the use of auto-enrollment ahead of the 2026 summer season, which is expected to increase CBES capacity by up to 30 MW. The order states:

> *The Energy Bureau **APPROVES** continued auto-enrollment of customers in the CBES program for the summer of 2026. The Energy Bureau will address the additional two summers covered by the TYP (the summers of 2027 and 2028) as part of its full consideration of the TYP.*

SESA respectfully requests that the Energy Bureau confirm in the TYP that LUMA and the CBES aggregators can continue to use auto-enrollment for the additional two summers covered by the TYP. Customers who entered the CBES Program through auto-enrollment remain eligible for continued dispatch under CBES on the same basis as opt-in participants, and that all "enrolled" customers constitute the aggregated resource available to LUMA to dispatch as part of the CBES program. This ensures that the CBES Program will continue to grow so that it can serve its primary purpose of preventing load shedding and will also prepare this substantial resource to eventually be transitioned to the future Economic DBESS Program.

We further request that no future program design (including any Economic DBESS program structure and any DERMS-platform transition) will be permitted to remove auto-enrolled customers from the dispatchable resource pool for any reason other than through the customer's own affirmative opt-out.

III. The DERMS Investment Should Be Appropriately Scoped, Funded, and Sequenced.

The Three-Year Plan anticipates investment in a Distributed Energy Resource Management System ("DERMS") platform. SESA agrees that a DERMS platform may be appropriate long-term infrastructure to support an Economic DBESS program, managed EV charging, and the broader portfolio of distributed-resource programs that Puerto Rico will need over the coming decade. However, any DERMS platform should have a clear rationale and explanation of how it will enhance program capabilities. If a DERMS is deemed necessary for TYP programs, SESA supports the inclusion of a clear line-item for DERMS in the budget of the final Three-Year Plan, broken out by fiscal year and covering platform design, procurement, and implementation.

SESA notes, however, that the existing CBES Program does not depend on a DERMS platform for its current operations. CBES dispatch is performed today through the established aggregator-

mediated architecture, and that architecture has delivered the scale and reliability described above without DERMS.

SESA requests that the Energy Bureau clarify that (a) DERMS funding and timing are scoped to support the future programs that genuinely require DERMS and (b) DERMS deployment is not treated as a precondition for the continued operation, growth, or auto-enrollment of CBES.

SESA further requests that the final Three-Year Plan include a DERMS implementation roadmap addressing how the platform will support the proposed new program capabilities, and what data-visibility and reporting capabilities it will provide to the Energy Bureau, to aggregators, and to the public.

Additionally, we note that programmatic success is best realized when direct DERMS controls are facilitated by APIs as opposed to direct-to-DER communications, and that compliance reporting is best done by accommodating both automated data reporting (through API) and manual report submissions.

IV. The Three-Year Plan Should Include Heat Pump Water Heaters, or Authorize LUMA to Add Them During the TYP

The water-heating measures in LUMA's proposed TYP are limited to solar water heaters and tankless (electric resistance) water heaters. Heat pump water heaters ("HPWHs") — which deliver coefficients of performance of roughly 2.5 to 4.0 and routinely produce per-unit annual savings on the order of 1,500–2,500 kWh against an electric-resistance baseline — are absent entirely. By comparison, LUMA's tankless measure is credited with only 119 kWh of annual savings (Q12 response), because tankless resistance units capture only standby-loss savings. HPWHs are a standard, high-savings residential measure in mature mainland EE portfolios, and their omission from a TYP that aspires to scale toward the statutory 30%-by-2040 target — considering that in Puerto Rico, water heating is overwhelmingly served by electric resistance equipment — is a meaningful gap.

SESA accordingly requests that the Energy Bureau, as a condition of TYP approval, direct LUMA either to (i) add HPWHs as an eligible measure in the Residential Rebates program (and, as appropriate, in the PAYS pilot and the Business Energy Efficiency Rebates program), with savings, incentive levels, and program design developed in consultation with SESA and the trade ally network; or (ii) in the alternative, expressly authorize LUMA to develop and launch an HPWH measure during the TYP period.

V. Rebates Should Be Paid Directly to Participating Trade Allies, in Addition to the Existing Direct-to-Customer Pathway

Under LUMA's proposed Residential Rebates and Business Rebates program design, the customer pays the full installed price, files an application, and waits to receive a rebate check by mail — a model that, as documented above, has produced rebate-payment delays of more than a year during the TPP. LUMA's response in this docket proposes to address those delays through an online portal and "instant payment options (e.g., Venmo, PayPal)," but those measures still leave the customer fronting the full cost and waiting for reimbursement for an unclear period of time. The more effective and well-established alternative — used by mature utility EE programs across the mainland— is to pay the incentive directly to the participating contractor, installer, or retailer, who

applies it as a point-of-sale price reduction that the customer sees on the original invoice. This eliminates the customer's upfront capital barrier, removes the wait, and lets trade allies quote a single, discounted, all-in price during the sales conversation rather than asking the customer to take the rebate on faith.

SESA accordingly requests that the Energy Bureau direct LUMA, as part of the final TYP, to (i) develop and stand up, during the TYP period, a new "trade-ally-pay" or contractor-direct rebate pathway as a standard additional option within the Residential Rebates, Business Rebates, and PAYS programs, under which qualified Trade Ally Network members may submit pre-qualified applications on behalf of customers and receive the incentive directly upon project completion and verification; (ii) reflect this pathway in the online rebate portal once developed, alongside the existing customer-direct pathway, which should continue to be available throughout the TYP; and (iii) coordinate with SESA and the trade ally community on application, verification, and anti-fraud requirements, with a target of having the contractor-direct pathway operational during FY2027 and fully integrated by FY2028.

VI. Transparency Mechanisms Are a Prerequisite for Any Successful Economic DBESS Program — and for the EE/DR Program Portfolio as a Whole.

The biggest lesson learned from LUMA's Transition Period Plan ("TPP") experience, from the customer participation perspective, appears to be the "stop-start" nature of the Energy Efficiency rebate programs. The initial suite of Residential and Commercial programs was substantial, and we trust that lessons learned regarding individual program design, incentive amounts, and administration strategies are being implemented into this historic first TYP. However we need to flag an "elephant in the room" regarding pilot program experience of the TYP, namely that the entire program was halted suddenly and silently in the spring and early summer of 2025, and it was months until there was a general awareness of the structural funding programs between PREPA and LUMA which predicated this sudden program stoppage, and months later when this Honorable Energy Bureau issued strong orders, which apparently corrected the problem of the EE Rider funds not making their way to LUMA to fund the EE programs. Meanwhile, many customers who had been approved for rebates waited for months – some for over a year – before receiving their promised rebate checks.

Leading up to the sudden program stoppages, there was no public transparency regarding how quickly customers were applying for program rebates. This resulted in a situation where entities which could have been natural – and free – promoters of the TPP programs, including local solar companies, didn't feel comfortable promoting the rebate programs. Whereas a program with robust financial transparency might have naturally had solar companies telling the customers about rebates for solar water heating, tankless water heaters, efficient air conditioners and others – they were unable to do so because they couldn't be sure that the customers they could potentially encourage to participate, would actually receive the promised rebate checks, even if it's clear that they qualify.

This pattern is incompatible with the design and launch of a successful Economic DBESS program. Solar-and-storage companies can only encourage their customers to participate in a battery dispatch program if they can reliably tell a customer at the kitchen table that the program is open,

what the incentive structure is, that funds remain available to them, and an accurate timeline for when their rebates would be received.

Accordingly, SESA respectfully requests that the Energy Bureau adopt the following transparency requirements as conditions of Three-Year Plan approval, applicable to the proposed Economic DBESS program and to all programs funded by the EE Rider:

- **Real-time public budget reporting.** LUMA's online rebate and program portal must display, at launch and updated at least weekly, for each active program: total budget allocated, total amount applied for, total amount paid out, estimated remaining budget, and current program status (open, waitlisted, closed).
- **No silent program closures.** We request that this Honorable Energy Bureau require that no program may be suspended for fund exhaustion without at least 30 days' advance public notice and active notification publicly, to any entities helping to promote or implement the TYP programs, and notification to the Energy Bureau itself, along with proposed solution oriented requests to keep the programs open continually.
- **Budget scalability.** Programs whose customer demand exceeds budgeted capacity should be eligible for streamlined supplemental authorization rather than abrupt closure; the Energy Bureau should pre-authorize that mechanism in approving the TYP.
- **Monthly reporting on EE rider flows.** The cash-flow disruption between PREPA and LUMA's EE department in 2025 produced the program suspension that followed. Monthly public reporting on EE rider revenues received from PREPA, balance held in LUMA's segregated EE account, and amounts disbursed to programs is the simplest, lowest-cost mechanism to ensure that failure does not recur in the future.

CONCLUSION

SESA Puerto Rico respectfully urges the Energy Bureau to (i) approve the proposed Economic DBESS program with an express directive that it be designed in close collaboration with SESA and the CBES aggregators and that it not undermine the CBES Program; (ii) confirm that auto-enrolled CBES customers remain eligible for continued dispatch; (iii) ensure DERMS funding is scoped to the future programs that genuinely require it, without treating DERMS as a precondition for CBES; and (iv) condition Three-Year Plan approval on the basic transparency mechanisms necessary to avoid the stop-start customer experience that defined the TPP.

SESA stands ready to work with the Energy Bureau, LUMA, Guidehouse, Synapse, the CBES aggregators, and all other interested stakeholders to make these programs successful for the people of Puerto Rico.

Respectfully submitted,

SESA Puerto Rico
Solar and Energy Storage Association of Puerto Rico
info@sesapr.org