SESA Puerto Rico

Comments of SESA on the New Interconnection Regulation

Workshop Presentation · Case No. NEPR-MI-2019-0009

May 28, 2026 · Puerto Rico Energy Bureau

About SESA & Today's Agenda

ABOUT SESA

- Trade association of solar installers, equipment manufacturers, battery providers, project developers, and financiers
- Active participant in this docket since 2019 — workshops, preliminary draft comments, TIR redlines
- Filed 32-page initial comments on April 15, 2026

TODAY'S AGENDA

1. Legal framework: Law 17-2019 & JR 5-2026
2. Response to LUMA's pre-energization position
3. JR 5-2026 modern concepts — SESA's recommendations
4. Smart inverter settings and the path forward
5. Other topics: TIR, OGPe coordination, next steps

The Statutory Floor

Law 17-2019 and JR 5-2026 Requirements

LAW 17-2019

Puerto Rico Energy Public Policy Act

- Automatic interconnection for systems ≤25 kW — no application required before solar system installation
- Utility activates Net Metering activated within 30 days of being notified of a system interconnection
- Feeder capacity "shall not constitute an obstacle"
- 90-day max review for systems >25 kW; auto-approval by law on day 91 if deadline is missed
- FERC SGIP model; uniform across regions

JOINT RESOLUTION 5-2026

Signed Jan 7, 2026 — sets one-year clock

- Ends Supplemental Study fees for solar systems ≤25 kW
- Repeals conflicting provisions of Reg. 8915
- Requires adopting: proactive hosting capacity planning & budgeting, Meter Socket Adapters (MSAs), Daytime Minimum Load (DML), curtailment compensation, study cost rules
- Requires draft regulation to be published by July 7, 2026; stakeholder intensive process; and final adoption by January 7, 2027

The Statutory Mandate: Simple, fast interconnection

Law 17-2019, Section 1.5(8)(b) — Energy Public Policy, Distributed Energy:

"The Authority and any other electric power service company, shall comply with the rules established for the interconnection of distributed generation and microgrids, including the expedited processes under the regulations for the interconnection of generators to the distribution system, and the processes to interconnect microgrids and, in addition, shall establish an effective process to reduce the interconnection time;"

Law 17-2019, Section 1.11(d) — Renewable Energy (small rooftop solar):
"Furthermore, it shall promote the direct use of renewable energy by its customers, particularly by expediting and simplifying transactions, processes, and requirements in connection with small residential and commercial rooftop solar projects of less than twenty-five kilowatts (25 kW) in accordance with Section 9 of Act No. 114-2007, as amended. The Bureau shall oversee that the Authority, or the transmission and distribution network Contractor comply with those simplified transactions, processes, and requirements."

Law 17-2019 requirements for automatic interconnection

Responding to LUMA's April 15 filing

LUMA's position (April 15 filing):
LUMA suggests this rule require that "No DER may energize before utility review." LUMA suggests:
- Utility retains authority to deny energization
- Interconnection permission conditioned on utility approval
- Utility can hold the interconnection process until fees are paid
…applied to all systems, including ≤25 kW.

SESA'S RESPONSE

- Law 17-2019 is unambiguous: by law, systems ≤25 kW are interconnected automatically upon engineer/electrician certification — no application, no permission, no pre-screening.
- Law 17-2019 expressly states feeder capacity "shall not constitute an obstacle" for solar systems ≤25 kW.
- For systems ≤ 25 kW, Net Metering must be applied within 30 days of notification — the utility's role is to track, plan, and accommodate, not to approve or deny.
- For systems > 25 kW, the 90-day clock and auto-approval on day 91 are also statutory — "hold processing until fees are paid" cannot override that timeline.

Areas of Agreement Across LUMA, SESA, and OIPC

Common ground from the April 15 filings

Use Regulation 8915 & 8916

All three parties recommend using existing rules as the base, not the 2021 IREC draft. OIPC: "update 8915 to be compatible with Law 17-2019 and JR 5-2026."

JR 5-2026 Modern Concepts

All acknowledge the obligation to incorporate hosting capacity planning & budgeting, MSAs, DML, curtailment compensation, and study cost allocation. Disagreements are on the details.

Build on Reg. 8915 — Not the 2021 Draft

All three parties agree on the starting point

SESA's recommendation: combine Reg. 8915 and 8916 into a single comprehensive rule; restructure to separate procedural requirements from technical requirements.

WHY 8915 AS THE BASE

- Familiar to all stakeholders — utilities, installers, customers, regulators
- Realistic to complete within JR 5-2026's tight timeline
- Update conflicting provisions & incorporate new requirements; don't rebuild from scratch

WHY NOT THE 2021 DRAFT

- Disregards many aspects of 8915/8916
- Lengthy; no local stakeholder input before publication
- Combines DG with microgrids — OIPC and SESA agree these should be separated

End Supplemental Study Charges

JR 5-2026 §1 — for systems ≤25 kW

"No Supplemental Study fee shall be charged for any photovoltaic system whose generation capacity is less than or equal to 25 kW… Any provision of Regulation 8915 inconsistent with this directive is null and void."

SESA'S RECOMMENDATIONS

- Codify the prohibition in the new rule — formally repeal Section V, Article B of Reg. 8915
- Audit all 8915 provisions that conflict with JR 5-2026 or Law 17-2019; repeal accordingly
- Rename the "net metering application fee" to "net metering notification fee" — reflects that ≤25 kW is automatic, not applied-for
- No interconnection of a ≤25 kW system may be conditioned on supplemental studies, study fees, or utility approval of grid improvements

Proactive Hosting Capacity Planning & Budgeting

From reactive to forward-looking grid management

THE PARADIGM SHIFT

- Currently: utility reacts to each new interconnection, and publishes a hosting capacity map showing (but no future planning)
- JR 5-2026 Requires: utility plans and budgets for the DG growth already happening (2,000–4,000 new solar customers per month) and projected in the future

SESA'S RECOMMENDATIONS

- Establish the requirement in this rule; full hosting capacity analysis completed in a reasonable (fixed) timeframe after the effective date of this rule
- Rule should specify framework for initial & ongoing Proactive Hosting Capacity Planning & Budgeting, including
  - Methodology
  - Data published
  - Update frequency (~every 3 years), and stakeholder review process
- Don't try to complete the full analysis inside this 180-day rulemaking — but establish a clear framework & timeline
- Base Proactive Hosting Capacity Planning & Budgeting on best-practices from across the nation:
  - California — Distribution Investment Deferral Framework (DIDF) under CPUC R.21-06-017
  - Massachusetts — Electric Sector Modernization Plans (ESMPs)
  - Colorado — Distribution System Plans
  - Minnesota — Integrated Distribution Plans
  - New York — Distributed System Implementation Plans (DSIPs)

Meter Socket Adapters (MSAs)

Prescriptive rule language — not permissive

WHY MSAs MATTER

- Substantial cost savings to avoid electrical panel upgrades, and / or to enable back-up power capabilities with Solar + Storage
- Faster installation — 15–30 minutes for the MSA itself
- UL 414 listed; designed to standard (ANSI Form 2S) meter sockets
- Already permitted in CA, AZ, CT, IL, MD, NJ, CO and others

SESA'S CORE PRINCIPLES

- Meter Sockets are customer-owned (as a component of the customers' solar system)
- Installed by licensed, bonded third-party installer — bonding assumes liability and avoids requiring a utility truck-roll per install
- NRTL-listed (UL 414), suitably rated for associated meter socket (e.g., <= 200A), grid-operator-approved
- Publicly published approved-products list; intake email for new product evaluations

Daytime Minimum Load (DML)

Retire the obsolete 15% of peak load threshold

THE PROBLEM WITH 15%

- 15% measures the wrong thing entirely — peak (evening) load, not coincident daytime load
- LUMA itself has stated publicly that there is no concern for systems on feeders under 30% penetration

SESA'S RECOMMENDATION

- Adopt a calculated gross DML standard (per NRECA methodology) at 100–250% of DML
- Consider exempting sufficiently small systems from individual screening entirely (CA Rule 21 exempts ≤ 30 kVA)

Curtailment Compensation & Volt-Watt

Consumer protection must precede any setting that risks material curtailment

Volt-Watt: the Bureau's own prerequisites (Nov 7, 2024 R&O) remain unmet

- (1) No Working Group recommendation on system performance
- (2) No reporting/tracking requirements for customer curtailment in place
- (3) No effective LUMA distribution voltage management plan with Volt-Watt as last resort

SESA'S PROPOSED FRAMEWORK

- Minimize curtailment first — through hosting capacity planning, upgrades, and proper inverter settings
- Materiality threshold: Compensate customers who are financially harmed over a specific threshold, for example $50 in lost energy value over a 3-month period (modeled on Hawaii Order 41739)
- Compensation at customer's applicable net metering rate; require simple, automated reporting
- Sandia (March 31, 2026): Volt-VAR alone delivers nearly all voltage stabilization once ≥25% of systems have it enabled — a threshold PR has already passed (50,000+ of 200,000 systems installed since Jan 1, 2025)

Grid Operator Costs: Tiered & Predictable

SESA Proposed Framework: Capped for small systems; per-kW for mid-size; cost-study for large

≤25 kW

Single fixed notification fee

- Increase the current $100 Net Metering fee to a total of $250–$350 range; cap on customer's entire total financial obligation
- Reviewable ~every 3 years
- Rename: "net metering notification fee"
- No additional study, upgrade, or supplemental charges

25 kW – 1 MW

Standardized per-kW fee

- Cost predictability so installers can price proposals accurately
- Massachusetts precedent: ~$4.50/kW tiered
- Reviewable ~every 3 years

1 MW – 20 MW

Individual cost study

- Strict timelines for study completion
- Transparent methodology
- Clear limits on what can be allocated to customer vs. utility's general system obligation
- Close the 5–20 MW gap (FERC SGIP covers up to 20 MW)

For > 25kW systems: The 90-Day Clock Needs Teeth

LUMA's quarterly compliance reports have documented for years: for systems >25 kW, LUMA routinely takes many months longer than the statutory 90 days.

SESA'S RECOMMENDATIONS

- Interim milestones — completeness review ≤10 business days, scoping ≤20 days, study ≤60 days
- Automatic progression to next stage if utility misses a milestone
- Financial penalties modeled on FERC Order 2023 (2023) — which eliminated the prior "reasonable efforts" loophole
- Interconnection ombudsman function — inside PREB or via the expert facilitator — to resolve disputes to avoid formal adjudicated complaints
- Declare PREPA Comunicados Técnicos 19-02 and 20-01 void as standalone instruments; fold relevant content into the new PREB rule

Smart Inverter Settings: Joint Motion Anticipated

Active dialogue with LUMA, OIPC, and the Bureau

SHORT TERM

- SESA and LUMA are in ongoing dialogue on tweaks to the current Smart Inverter Settings
- We expect to present a joint motion soon with LUMA, OIPC, and SESA agreeing on the short-term changes to the current Smart Inverter Settings.

WHAT THE NEW RULE SHOULD ESTABLISH

- PREB approval required for any change to required smart inverter settings
- Forward-looking only — mandatory settings apply to systems interconnecting after approval (retroactive mandates are not legal)
- Any retroactive changes to installed systems are voluntary only
- Minimum 4–6 month implementation lead time (time is needed for firmware programming, testing, training, & installer rollout)
- Periodic review built into the rule — perhaps every 3 years, with an off-cycle path for any stakeholder showing urgent need

Open Items, Coordination, and the Road to Adoption

TIR — legality concerns

No legal basis for a standalone TIR. If retained, it must be a fully approved appendix to the rule, with future amendments via a streamlined-but-stakeholder-driven process culminating in a PREB Resolution and Order.

Permitting Office (OGPe) coordination

Commercial PV + BESS projects requiring Construction Permits (canopies, trenching, structural scope) face heavily intertwined OGPe and LUMA workflows. SESA flags this as an opportunity to align timelines as part of this modernization — worth discussion in the workshop track.

Potential solution is to include an Inter-Agency Coordination section in the Interconnection Rule; involve OGPe as a stakeholder in the rulemaking process too.

Thank you — SESA looks forward to the workshop process and to working with LUMA, OIPC, and the Bureau toward final adoption by January 7, 2027.