

EXHIBIT 1

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Monthly Reconciliation: CBES & PPCA

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Introduction

The CBES Program provides measurable benefits to Puerto Rico's electric system by reducing grid demand during periods of constrained generation. During a CBES event, participating customers temporarily power their homes using stored battery energy instead of drawing electricity from the grid. This demand reduction frees generation capacity that can be used to support the rest of the electric system during critical operating conditions.

CBES program activation and PPCA variance analysis

CBES Forecast – PPCA June filing:

On June 15, 2026, LUMA filed the Customer Battery Energy Storage (CBES) projections along with the FY2027 Q1 proposed factors, based on the system-availability information provided by Genera.¹

On June 12, during data validation and prior to the filing deadline, LUMA confirmed whether any changes had occurred in the event modeling used as the basis for the CBES projection. At that point in time, despite the occurrence of four (4) load-shedding events in May and five (5) in June—all of which required CBES activation in response to insufficient generation capacity— **it was confirmed that no significant updates to the forecasts for July, August, or September 2026 were warranted based on the prevailing generation system-availability report.**

In its June 18 Resolution and Order (R&O)², and ahead of the technical conference held on June 25, the Puerto Rico Energy Bureau (PREB) requested a reassessment of the dispatch cost projections following the announcement of the agreement between Iran and the United States. On June 30, the PREB issued an R&O approving the charges as originally proposed in the June 15 filing.³

LUMA conducted a reassessment of the CBES information submitted in June considering the atypical system dispatch behavior. The data reviewed revealed that, for July 2026 alone, the program was activated 13 times—twice the number reflected in the previously filed quarterly forecast. As of August 12, CBES had already been activated an additional four times, with further activations anticipated. A revised forecast has now been developed, indicating an expected increase of 10 additional activations per month for the months of August and September. Accordingly, LUMA recalculated the associated cost impacts based on this updated operational outlook.

In summary, and based on the information available to date, the previously filed quarterly forecast for July has effectively doubled. Considering the current system conditions and the availability of the generation fleet, LUMA herein presents the implications of this new information and provides an analysis assuming ten (10) CBES activations per month, along with the most recent customer enrollment and participation data.

Current System Status:

System availability has changed significantly in July due to forced outages and degraded capacity in the generation fleet managed by Genera, as well as in EcoEléctrica and AES. This situation has persisted throughout August. Figure 1-1 and 1-2 demonstrate that in July there were seventeen (17) load-shedding events; this represents thirteen (13) additional events when compared to June. Seven (7) out of seventeen (17) events were due to insufficient generation.

¹ LUMA's Motion of June 15, 2026, Docket No. NEPR-MI-2020-0001.

² Resolution and Order of June 18, 2026, Docket No. NEPR-MI-2020-0001.

³ Resolution and Order of June 30, 2026, Docket No. NEPR-MI-2020-0001.

Figure 0-1. Total Significant Generation Outages by Month

Month/Year:	Derated ⁴	Forced Outage ⁵	Load shed ⁶	Load shed due to Generation Shortfall ⁷	Planned / Maintenance Outages ⁸
July-26	72	17	17	7	2
June-26	41	9	4	0	2
July-25	45	17	5	6	2

Figure 0-2. Significant Generation Outages by Operator

	Genera Base		AES		EcoEléctrica		Total	
Outage Type:	June	July	June	July	June	July	June	July
Derated	23	49	18	20	0	3	41	72
Forced Outage	6	13	3	1	0	3	9	17
Load shed	1	11	3	2	0	4	4	17
Planned/Maintenance Outages	2	2	0	0	0	0	2	2
Total	32	75	24	23	0	10	56	108

As a result of the insufficiency of generation, LUMA had to activate the CBES program at levels exceeding those forecasted in the PPCA determination submitted for FY2027 Q1 on June 15. Figure 1-3 below illustrates how the actual program costs incurred compared to the projections included in the June 2026 filing. It can be observed that the actual costs for June and July were approximately \$599 thousand above the forecast. In June, eight (8) events were recorded, while thirteen (13) events were conducted in July. Average customer participation reached approximately 76,000 in June and 85,000 in July.

⁴ Derated: A reduction in available capacity below the dependable capacity of a generating unit, consistent with IEEE Std 762-2023 § 5.3 (Unit derating).

⁵ Forced Outage: An unplanned outage that cannot be deferred beyond the end of the next weekend, requiring immediate or near-immediate removal of the unit from service. See IEEE Std 762-2023 § 4.2.3.3.3.

⁶ Load Shedding: A controlled curtailment of electric system demand implemented when available generation capacity is insufficient to serve load, consistent with standard protective system operating procedures.

⁷ Load Shedding Due to Generation Shortfall: Occurs when aggregate system demand exceeds the total available capacity of the generation fleet, as defined under system reliability criteria.

⁸ Planned/Maintenance Outage: A scheduled generating unit outage for routine maintenance, consistent with IEEE Std 762-2023 § 4.2.3.3.2 (Planned outage).

Figure 0-3. Purchase Power Costs by Type: Forecast and Actual

	Forecast	Actual	Variance actual - forecast	Variance actual - forecast %
IPP				
June 2026	\$61,700,331.28	\$61,743,473.07	\$43,141.79	0.1%
July 2026	\$61,743,473.07	\$63,736,780.73	\$1,993,307.66	3.2%
Sub-total	\$123,443,804.36	\$125,480,253.80	\$2,036,449.45	1.6%
CBESS				
June 2026	\$882,456.00	\$ 273,830.51	(\$608,625.49)	-69.0%
July 2026	\$967,005.26	\$ 2,175,095.85	\$1,208,090.59	124.9%
Sub-total	\$1,849,461.26	\$2,448,926.36	\$599,465.10	32.4%
ASAP				
June 2026	\$300,000.00	\$248,557.25	(\$51,442.75)	-17.1%
July 2026	\$300,000.00	\$238,066.25	(\$61,933.75)	-20.6%
Total	\$600,000.00	\$486,623.50	(\$113,376.50)	-18.9%
Total Costs				
June 2026	\$62,882,787.28	\$62,265,860.83	(\$616,926.45)	-1.0%
July 2026	\$63,010,478.34	\$66,149,942.83	\$3,139,464.49	5.0%
Total	\$125,893,265.62	\$128,415,803.66	\$2,522,538.04	2.0%

Note that the impacts related to greater customer participation are not substantially reflected in the cost per kWh to customers, as the costs associated with this program are recovered through the PPCA. As a result, the substantial variance between projected and actual CBES program costs is largely mitigated by the scale and structure of generation-related costs recovered through the PPCA.

Revised Forecast:

To provide greater visibility over the impact that the CBES program activation has had on the operation of a T&D System that is experiencing important generation insufficiencies. The following table shows the updated projections for August and September as of August 10, 2026.⁹

The cost impacts for August and September were updated to reflect current system conditions—including higher-than-expected customer enrollment and participation—which results in a higher-than-expected variance of \$9,895,046.26. Considering CBES variance, keeping all other PPCA factors equal, this would result in a 0.68 ¢/kWh increase from current PPCA charge.

Figure 0-4. Revised Forecast - August-September 2026

Q1 FY2027 FORECAST		
Program Parameters	August	September
CBES Total Enrollments	111,599	111,845
Avg. Event Duration (hrs)	4	4
Total events	10	10
Total event hours	40	40

⁹ These figures also consider an increase in program participants based on historical CBES program data.

Q1 FY2027 FORECAST		
Program Parameters	August	September
Customer Participation Rate	82%	82%
Total Available Capacity per Event (kW)	74,771	74,936
Available Energy per Event (kWh)	472,179	473,222
Total Energy Delivered (kWh)	4,721,785	4,732,222
Total Program Costs		
Total Incentive Payments (\$)	\$5,902,232	\$5,915,277
LUMA Administrative Costs (\$)	\$8,383	\$8,383
Total Program Costs	\$5,910,615	\$5,923,660
Total Program Costs	\$5,910,615	\$5,923,660

PPCA: June and July 2026 Reconciliation:

June and July 2026 reconciliations resulted in a combined return of \$1,007,044.23. Considering that large-scale producer costs account for approximately 92% of the PPCA reconciliation —defined as the difference between PPCA-billed revenues and the combined total of large-scale producer costs and the costs incurred under the CBES and ASAP programs— the impact of this variance on customer rates is significantly mitigated.

Figure 0-5. PPCA Reconciliation

Purchased Power Charge Adjustment	Jun-26	July -26	TOTAL
Cogenerators and Renewables	\$61,743,473.07	\$63,149,890.39	\$124,893,363.46
Customer Battery Energy Sharing (CBES) Costs	273,830.51	2,175,095.85	2,448,926.36
ASAP Costs	248,557.25	238,066.25	486,623.50
Purchased Power Expense	\$62,265,860.83	\$65,563,052.49	\$127,828,913.32
Prior Period Adjustment per PREB R&O	<u>\$1,269,522.83</u>	<u>\$6,664,878.52</u>	<u>7,934,401.35</u>
Purchased Power Cost	\$63,535,383.66	\$72,227,931.00	\$135,763,314.67
Less: PPCA Billed Revenues	\$62,721,204.18	\$74,049,154.72	\$136,770,358.90
Amount to be recovered or (credited)	\$814,179.48	\$(1,821,223.72)	\$(1,007,044.23)

CBES Equivalent Residential Homes Impact

LUMA has developed a methodology to translate the program's technical performance into a standardized, consumption-based indicator for assessing the magnitude of grid demand reduction

achieved through CBES operations. The indicator,¹⁰ 'Equivalent Residential Homes Supported During a CBES Event', estimates the number of average residential homes whose electricity consumption during a four-hour CBES event is equivalent to the energy displaced by participating battery systems in residential load-equivalent terms. This calculation is based on two assumptions: average residential consumption equals 485 kWh per month, and the hourly generation profile is used as a proxy for the timing of residential consumption. Using June 2026 operational data, the analysis indicates that CBES displaced enough energy to match the electricity consumption of approximately 80,000 residential homes during a typical event.

Figure 1-6. CBES Reduction to Residential Impact.

Event Date	CBES Customers Energy Consumption (MWh) ¹¹	Event Window Allocation Factor (18:30-22:30) ¹²	Average Residential Energy Consumption During Events ¹³	Equivalent Impacted Customers ¹⁴
9-Jun	237.6 MWh	19.63%	3.13 kWh	75,911
10-Jun	241.1 MWh	19.95%	3.18 kWh	75,818
14-Jun	240.8 MWh	20.26%	3.23 kWh	74,551
15-Jun	252.7 MWh	19.89%	3.17 kWh	79,716
16-Jun	248.4 MWh	19.36%	3.09 kWh	80,388
23-Jun	261.0 MWh	18.77%	2.99 kWh	87,291
24-Jun	263.5 MWh	20.14%	3.21 kWh	82,087
25-Jun	260.5 MWh	19.04%	3.03 kWh	85,974
			Total Average	80,217

¹⁰ This indicator represents energy equivalency and should not be interpreted as the exact number of homes physically supplied by CBES. It is intended as a communication indicator that translates technical program performance into an understandable residential equivalent.

¹¹ Aggregator-reported battery energy accurately represents energy not supplied by the electric grid during the event.

¹² Estimated share of daily energy consumption is attributable to the four-hour CBES event window. The factor was calculated using the proportion of system energy corresponding to the 18:30-22:30 period relative to total daily system energy for each event date: Event-Window Energy ÷ Total Daily Energy × 100.

¹³ Estimated electricity consumption of an average residential customer during the 18:30–22:30 event window. It was calculated by converting the assumed average residential consumption of 485 kWh/month to average daily consumption and applying the corresponding Event Window Energy Allocation Factor: (485 kWh ÷ 30.44 days) × Event Window Allocation Factor.

¹⁴ Estimated number of equivalent residential customers whose energy consumption during the event window corresponds to the total CBES customer energy represented in the analysis. Calculated as: CBES Customers Energy Consumption (MWh) × 1,000 ÷ Average Residential Energy Consumption During Event (kWh/customer). Results represent an equivalent residential energy-impact metric, rather than a count of individual customers physically served or directly supplied by CBES.