

Accelerated Storage Addition Program

On March 5, 2025, the Puerto Rico Energy Bureau (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 2025.² 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 limited 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 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 2025.⁷ 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.⁸ 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, 2026.⁹ 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.¹⁰

On June 30, 2026, the Energy Bureau approved previously incurred ASAP Implementation costs of \$[REDACTED] for expenditures from March 1, 2026, to May 31, 2026, as well as projected expenses from

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, the Energy Bureau 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) 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 Pages 2, 17-19 of LUMA's *Motion to Request Extension of ASAP Budget to Calendar Year 2026 of December 22, 2025*, Docket No. NEPR-MI-2024-0002.

⁸ *Id.*, page 18.

⁹ Page 2 of Resolution and Order of January 14, 2026, Docket No. NEPR-MI-2024-0002.

¹⁰ *Id.*

Exhibit 1

July 1, 2026, to September 30, 2026, amounting to \$[REDACTED] which pertain to legal and consulting fees directly associated with the ASAP implementation during the specified periods.¹¹

ASAP Invoice Actuals Implementation Program Costs

Since the last update, from June 1, 2026, to August 31, 2026, LUMA spent \$[REDACTED]¹² on consultants and legal services for the ongoing development of the ASAP Program. Activities since the last update have remained focused on advancing all Standard Offer (SO) participants through the regulatory approval process; these include SO1 Phase 1 and SO1 Phase 2 participants.

To date, ten SO1 agreements have been approved by the Energy Bureau, totaling [REDACTED] MW of battery energy storage systems. From September to November 2025, LUMA submitted two SO1 Phase 1 Agreements and four SO1 Phase 2 Agreements to the Puerto Rico Electric Power Authority (PREPA) for approval; PREPA's Governing Board approved them on February 19, 2026, and submitted them to the Financial Oversight and Management Board for Puerto Rico (FOMB) for their respective review and approval. On May 8, 2026, after various requests for information (RFI) between FOMB, LUMA, and the participants, FOMB conditionally approved the six SO Agreements. Subsequently, five of the ten participants submitted the required Signing Conditions; on April 7, 2026, one of the ten participants completed execution of the SO, and currently the remaining four participants that submitted Signing Conditions are awaiting execution by PREPA.

Between June and August 2026, LUMA continued to rely on consultants to support regulatory, legal, and technical follow-ups with PREPA, FOMB, and developers regarding the execution and approval of SO Agreements. During the month of July and early August, LUMA and its external advisers were in the process of negotiating the extension of the consulting contract between them. As a result, there are no invoices for consultant services during the month of July or consultant services during early August. In sum, expenses incurred for the months of July and August (reflected in invoices received in August and September) were lower than anticipated for that period.

The forecasted amounts for consultant services originally assigned to August were redistributed across the remaining forecast months of the reporting period. This redistribution ensured that consultant cost recovery remained aligned with authorized Optimistic Case forward-looking estimates while reflecting the temporary pause in invoicing activity. Once the consulting contract extension was finalized, consulting activities and associated costs resumed at full capacity.

¹¹ Resolution and Order, In Re: Tarifa Permanente de la Autoridad de Energía Eléctrica, Docket No. NEPR-MI-2020-0001.

¹² Note that this figure differs from the "FAC-PPAC Reconciliation Jun-Jul-Aug 2026 _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.

Exhibit 1

Table 0-1. ASAP Invoice Actuals Program Implementation Costs¹³

Actual Costs per Month	Legal	Consultants	Total
Expended through December 31, 2024			
January 2025			
February 2025			
March 2025			
April 2025	\$		
May 2025 ¹⁵			
June 2025	\$		\$
July 2025			\$
August 2025		\$	\$
September 2025	\$	\$	\$
October 2025	\$	\$	\$
November 2025	\$	\$	\$
December 2025	\$	\$	\$
January 2026	\$	\$	\$
February 2026	\$	\$	\$
March 2026	\$1	\$	\$
April 2026	\$	\$	\$
May 2026	\$	\$	\$
Jun-26		\$	\$
Jul-26		\$	\$
Aug-26	\$		\$
Sep-26	\$	\$	\$

¹³ For a background on the ASAP Program Implementation Plan and cost recovery mechanism, 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, pp. 11-12 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. 11-15 and Exhibit 3.

¹⁴ The March 2025 legal expense reflects a credit that was received in March due to an adjustment of the previous invoices.

¹⁵ 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

September 2026 (Current Month)

In September, LUMA will maintain its support for participants, PREPA, and FOMB as they move toward completing signing conditions, executing SOs, and satisfying all conditions precedent for Closing Date. LUMA will continue progressing SO1 Phase 2 engineering studies through the required analyses. During this month, LUMA also plans to finalize the AOP legal review and provide developers with updated documentation. LUMA expects to receive AOP feedback from developers and commence legal review.

October 2026

In October, LUMA expects to have the first LGIA executed. Throughout the month, LUMA expects to finalize the AOP feedback and advance it to legal review. During this period, LUMA will incorporate LGIA feedback received from developers and issue updated versions accordingly. LUMA will work closely with SO1 Phase 1 developers to request and coordinate any modifications needed to their engineering models based on the results of the first cluster System Impact Study. Additionally, LUMA will submit the ASAP progress report under docket NEPR-MI-2024-0002.

November 2026

In November, LUMA expects to have two additional LGIAs executed. LUMA also expects approval from all SO1 Phase 1 developers for the AOPs and to complete the legal review. LUMA will continue supporting signing-conditions follow-up for the remaining developers who have obtained all necessary regulatory approvals and will monitor the conditions precedent for executed SOs. Work on SO1 Phase 2 engineering studies will continue to advance during this month.

December 2026

In December, LUMA expects to have additional LGIAs executed and will continue supporting participants, PREPA, and FOMB as they work to finalize signing conditions, execute SOs, and meet the conditions precedent required to achieve the Closing Date. Work on SO1 Phase 2 engineering studies will continue to advance during this month.

Table 0-2. ASAP Forecast Program Implementation Costs

Forecast Cost per Month ¹⁶	Legal	Consultant ¹⁷	Total
September	<i>This month will be reconciled in the next Quarterly Report</i>		
October	\$██████	\$██████	\$██████
November	\$██████	\$1██████	\$██████

¹⁶ The \$██████ consultant forecast initially assigned to August 2026 was redistributed across October, November, and December as \$██████, \$██████, and \$██████ respectively, ensuring cost recovery remains within the Energy Bureau's authorized \$██████ limit.

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 on February 28, 2025.

Exhibit 1

December	-	£	£
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