

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

NEPR

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IN RE:
INTERCONNECTION REGULATIONS

CASE NO.: NEPR-MI-2019-0009
CEPR-MI-2018-0008

**SUBJECT: LUMA's Comments on Proposed
Language for Revised Preliminary Draft
Regulation and Related Topics**

**MOTION TO SUBMIT LUMA'S COMMENTS ON PROPOSED LANGUAGE FOR
REVISED PRELIMINARY DRAFT REGULATION AND RELATED TOPICS**

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

COME NOW, LUMA ENERGY, LLC and LUMA ENERGY SERVCO, LLC
(collectively, "LUMA"), through the undersigned legal counsel, and respectfully state and request
the following:

I. Relevant Procedural Background

1. On July 13, 2026, the Energy Bureau issued a Resolution and Order ("July 13 Order") containing a Revised Preliminary Draft of the Distributed Generation and Microgrid Interconnection Regulation ("Revised Preliminary Draft Regulation"). *See* July 13 Order, pp. 2-3. The Energy Bureau invited stakeholders and interested persons to provide their comments and feedback on the Revised Preliminary Draft Regulation on or before August 14, 2026, and scheduled virtual stakeholder workshops for August 25, 2026 ("August 25 Stakeholder Workshop") and September 21, 2026 ("September 21 Stakeholder Workshop") to evaluate and address stakeholders' comments. *See id.*, p.3.

2. On August 19, 2026, the Energy Bureau issued a Resolution and Order (the "August 19 Resolution") containing the agenda for the August 25 Stakeholder Workshop and providing for

the discussion of the following topics: the simplified process for interconnection, cost allocation (application, studies, and contribution of system upgrades costs) and Meter Socket Adapters. *See* August 19 Resolution, p. 1. The Energy Bureau also directed LUMA to attend the August 25 Stakeholder Workshop and to provide a presentation summarizing its comments on the interconnection of distributed energy resource systems less than 25 KW, including its position on automatic interconnection and any proposal for pre- or post-energization assessments or study requirements. *See id.*, pp. 1-2.

3. On August 24, 2026, LUMA submitted its presentation for the August 25 Stakeholder Workshop.

4. On August 25, 2026, the Energy Bureau held the August 25 Stakeholder Workshop which was attended by LUMA and other stakeholders. On that same date, the Energy Bureau issued a Resolution and Order scheduling a virtual stakeholder workshop for August 28, 2026 (“August 28 Stakeholder Workshop”) to continue the discussion of certain topics for which there was insufficient time to effectively discuss during the August 25 Stakeholder Workshop. *See* August 25 Resolution, p. 1. The Energy Bureau also directed LUMA to attend the August 28 Stakeholder Workshop and provided an agenda for the August 18 Stakeholder Workshop for the discussion of the topics of cost allocation and meter socket adapters. *See id.*

5. On August 28, 2026, the Energy Bureau held the August 28 Stakeholder Workshop which was attended by LUMA and other stakeholders.

6. On September 15, 2026, the Energy Bureau issued a Resolution and Order (“September 15 Resolution”) containing an agenda for the September 21 Stakeholder Workshop, which provided for discussion of the following topics: interconnection requirements for systems

less than 25 kW, cost allocation of electric system upgrades for systems of less than 25 kW and systems greater than 25 kW, meter socket adapters, and proactive hosting capacity. *See* September 15 Resolution, p. 1. The Energy Bureau also informed that it would be issuing updated draft language identified in the agenda prior to the workshop and that it was still considering stakeholder comments on compensation for curtailment and daytime minimum load and would be providing language addressing those topics to be discussed at a fourth stakeholder workshop. *See id.*

7. On September 16, 2026, the Energy Bureau issued a Resolution and Order (“September 16 Resolution”) providing an updated draft of the Draft Interconnection Regulation on the topics of interconnection requirements for systems less than 25kW, cost allocation of electric system upgrades, and Meter Socket Adapters, included as attachments to the September 16 Resolution. *See* September 16 Resolution, p. 1. The Energy Bureau invited PREPA, LUMA, stakeholders, and any other interested persons or groups to provide their comments on these topics as included in the attachments to the September 16 Resolution on or before October 5, 2026. *See id.*

8. On September 21, 2026, the Energy Bureau held the September 21 Stakeholder Workshop which was attended by LUMA and other stakeholders.

II. Submission of Comments

9. In attention to the September 16 Resolution, LUMA hereby submits its comments on the draft language for the Interconnection Regulation on the topics of interconnection requirements for systems less than 25kW, cost allocation of electric system upgrades, and Meter Socket Adapters as included in the attachments to the September 16th Resolution, as well as in attention to comments discussed during the stakeholder workshops or raised in the written

comments submitted during this process, including on the topics of proactive hosting capacity and daytime minimum load. *See Exhibit 1.*

WHEREFORE, LUMA respectfully requests this Honorable Energy Bureau to **take notice** of this filing and **accept** the attached comments from LUMA; and **consider** LUMA's comments in preparing its next draft of the proposed Interconnection Regulation.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 5th day of October 2026.

We hereby certify that we filed this Motion on this date using the electronic filing system of this Puerto Rico Energy Bureau and that copy of this Motion will be notified to: mvalle@gmlex.net; alexis.rivera@prepa.pr.gov; rcruzfranqui@gmlex.net; nzayas@gmlex.net; agustin.irizarry@upr.edu; javrua@sesapr.org; hriviera@jrsp.pr.gov; contratistas@jrsp.pr.gov; aconer.pr@gmail.com; John.jordan@nationalpfg.com; pjcleanenergy@gmail.com; cfl@mcvpr.com; mqs@mcvpr.com; gcordero@crmjv.com; Steven.rymsha@sunrun.com; azayas@azeng.net; jberdner@enphaseenergy.com; rbelur@enphaseenergy.com; mrosenfeldt@enphaseenergy.com; gferrer@enphaseenergy.com; kkoch@tesla.com; Andrew.Cote@generac.com; rmoody@cleanpower.com; axelvargas.montanez@gmail.com.



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Exhibit 1

LUMA's Comments

Interconnection Regulation: Post-Stakeholder Workshops Comments

NEPR-MI-2019-0009

October 5, 2026



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Distributed Generation and Microgrid Interconnection Regulation

List of Acronyms

Acronym	Definition
DER	Distributed Energy Resources
DML	Daytime Minimum Load
DGS	Distributed Generation Systems
EPS	Electric Power System
FERC	Federal Energy Regulatory Commission
NEM	Net Energy Metering
PV	Photovoltaic
NERC	North American Electric Reliability Corporation
SGIA	Small Generator Interconnection Agreement
SGIP	Small Generator Interconnection Procedures
TIR	Technical Interconnection Requirements
AMI	Advanced Metering Infrastructure
AWG	American Wire Gauge
BD	Business Days
CC&B	Customer Care and Billing
DG	Distributed Generation

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Acronym	Definition
FEMA	Federal Emergency Management Agency
FOMB	Financial Oversight and Management Board
GIS	Geographic Information System
IEEE	Institute of Electrical and Electronics Engineers
IREC	Interstate Renewable Energy Council
IT/OT	Information Technology/Operational Technology
kcmil	Thousand Circular Mils
kW	Kilowatt
MSA	Meter Socket Adapter
MW	Megawatt
P3A	Puerto Rico Public-Private Partnerships Authority
PE	Professional Engineer
PREPA	Puerto Rico Electric Power Authority
SCADA	Supervisory Control and Data Acquisition
T&D	Transmission and Distribution
T&D OMA	Transmission and Distribution Operating and Maintenance Agreement

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Acronym	Definition
UL	Underwriters Laboratories
ANSI	American National Standards Institute
NAD83	North American Datum of 1983
AC/DC	Alternating Current/Direct Current
OGPe	Oficina de Gerencia de Permisos

Distributed Generation and Microgrid Interconnection Regulation

1.0 Introduction

These comments are submitted by LUMA Energy, LLC (“LUMA”) in response to the Energy Bureau’s request for stakeholder input on the proposed *Distributed Generation and Microgrid Interconnection Regulation*. As the operator of Puerto Rico’s transmission and distribution system under the T&D OMA, LUMA is responsible for ensuring grid safety, reliability, and compliance with applicable laws and regulations. This document addresses key regulatory topics including the Simplified Interconnection Process, cost allocation for system upgrades, meter socket adapters, daytime minimum load considerations, and compensation for curtailment. LUMA’s positions are grounded in the requirements of Act No. 114-2007, Regulation 7982, other applicable law and longstanding principles of cost causation. Throughout these comments, LUMA emphasizes its obligation to operate the T&D System responsibly for all customers while supporting the continued growth of distributed generation in Puerto Rico.

2.0 Simplified Interconnection Process

POSITION

LUMA supports the Energy Bureau’s decision to give the Simplified Process a defined review step and a dedicated fee, and to relieve customers with systems of 25 kW or less from any study fee.¹ LUMA recommends, as mentioned by Commissioner Ramos, that the fee recover the EPS Operator’s administrative and study costs only. LUMA does not support the Reserve Fund for Distribution Upgrades;² although the proposal may have practical merit, Act No. 114-2007³ does not provide support for it.

LUMA further recommends that the post-interconnection review in Article 3.C(4) apply at least two defined screens within the existing fifteen (15) business days; that a project failing a screen remain interconnected and be evaluated through a DER Cluster Study⁴ or an individual study at no cost to the customer; that any Distribution Upgrade the project causes be identified with a good-faith estimate and attributed to that project, as Act No. 114-2007 requires; and that non-payment be addressed through a defined escalation process. LUMA also recommends that the thirty percent (30%) DER feeder

¹ The discussion of the Simplified Process in this section refers to the revisions to Article 3 to the draft proposed regulation. See *In Re: Interconnection Regulations*, Case No. NEPR-MI-2019-0009, Case No. NEPR-MI-2018-0008 (P.R. Energy Bureau Sept. 16, 2026).

² The draft Regulation does not include a definition for a standalone “Upgrade” term. LUMA proposes the following definition for Network Upgrades: Any modification, addition, replacement, reinforcement, expansion, reconfiguration, or other improvement to any portion of the Electric Power System that is required to safely and reliably accommodate the interconnection or operation of a Distributed Energy Resource, Generating Facility, or Microgrid, including improvements to Distribution, Subtransmission, and Transmission facilities and associated protection, control, communications, metering, and operational systems.

³ *Net Metering Program Act*, Act 114-2007, PR Laws Ann. Tit. 22 §§ 1011 — 1020b (2005), 22 L.P.R.A. §§ 1011 — 1020b (2006)

⁴ Per the definition for DER Cluster Study submitted by LUMA on August 14, 2026. See *LUMA’s Motion to Submit Comments and Proposed Revisions to the Revised Preliminary Draft Distributed Generation and Microgrid Interconnection Regulation*, Exhibit 4 at .pdf page 13, *In Re: Interconnection Regulations*, Case Nos. NEPR-MI-2019-0009 and NEPR-MI-2018-0008 (P.R. Energy Bureau Sept. 16, 2026).

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penetration level apply generally, replacing the fifteen percent (15%) level in the Fast Track Process and in the DER Cluster Study.

JUSTIFICATION

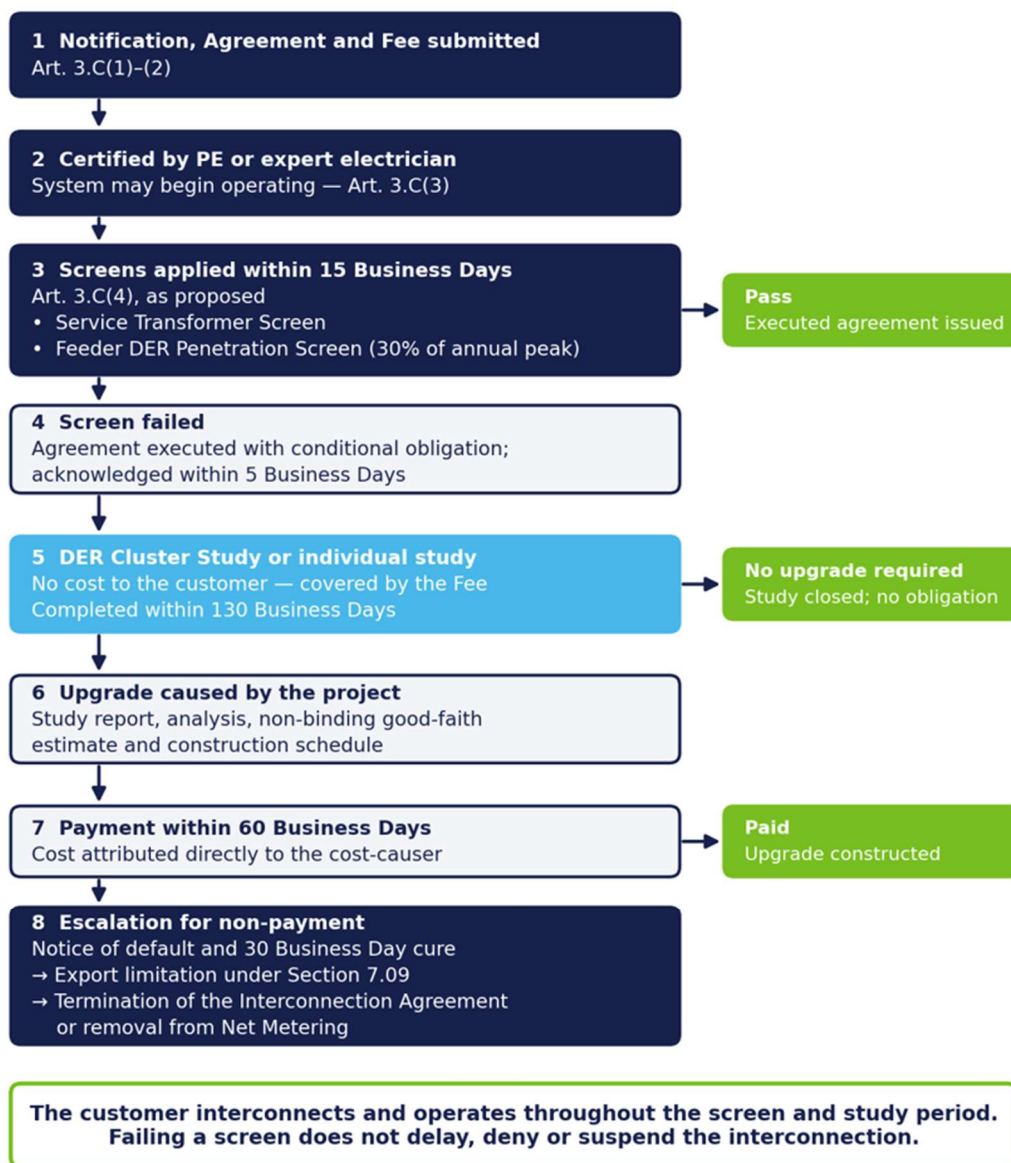
The Energy Bureau's September 16, 2026, draft language makes several changes to Article 3 that LUMA supports, to wit:

- Eligibility is set at a Nameplate Rating of 25 kW or less, consistent with LUMA's August 14, 2026, comments, and now requires a Point of Common Coupling at secondary voltage and Certified Equipment.
- Supplemental Review under Article 3.D(1) is no longer limited to the EPS Operator's discretion, nor constrained by the requirement that it not impede the review and approval of the notification.
- A post-interconnection review is introduced in Article 3.C(4), giving the EPS Operator a defined point at which to verify compliance with safety and reliability requirements.
- No study fees or deposits are charged to customers utilizing the Simplified Process.

These changes are fundamental because, as stated during the interconnection workshops, the Simplified Process carries most of the interconnection volume (~99% of applications).

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Proposed Simplified Process: screen, study and Distribution Upgrade obligation



Fee considerations

The Flat Fee⁵ concept shall apply only to those under the Simplified Process.

LUMA recognizes the practical merit of the Reserve Fund proposed in Article 3.B(2) through 3.B(5). A pooled fund offers predictability, spreads the cumulative effect of many small systems, and avoids presenting an individual customer with the full cost of a Distribution Upgrade. However, existing law does not provide for this.

⁵ After the changes introduced by the Energy Bureau on September 16, 2026, the Energy Bureau left the word “Fee” (capitalized) but did not introduce a specific definition for it.

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Article 9(c) of Act No. 114-2007, provides that a feeder exceeding its capacity shall not be an obstacle to the interconnection of photovoltaic or renewable energy systems that do not exceed 25 kilowatts, and that “in such cases, the necessary improvements and/or changes to be made to the feeder shall be defrayed by the requesting company.” The statute assigns the cost of the improvement to the party requesting the interconnection. A regulation implementing the statute cannot establish a different allocation. Approving a different cost allocation would exceed the scope established by Act No. 114-2007.

The draft itself reflects this limitation. Article 3.D(3) retains the statutory text, while Article 3.B(2)(ii), 3.B(3) and 3.B(4) direct that Distribution Upgrade costs be pooled and that no individual customer bears the full cost of a Distribution Upgrade its system causes. Both cannot be applied. Retaining the Reserve Fund would leave Article 3 internally inconsistent and open to legal challenge, on the element of the framework that most needs to be durable.

Two practical concerns reinforce the point. First, a pooled fund has applicants on feeders with available capacity paying for Distribution Upgrades on constrained feeders they do not use. T&D System just and reasonable costs must apply to all customers, and a cost allocation mechanism that shifts individual Distribution Upgrade costs to the broader customer base undermines this principle. Second, under Article 3.B(5) the Fee is adjusted against costs incurred in the preceding period, so the fund would trail the need. The draft does not state who bears a shortfall, and absent an answer that cost would move to customers who do not participate, contrary to the cost-causation principles LUMA has advanced throughout this proceeding and consistent with law.

LUMA recommends keeping the part of the proposal that is within the Regulation’s reach and that directly benefits customers: a single, nonrefundable Fee, established in the TIR, that covers the EPS Operator’s administrative costs and the cost of every screen, Supplemental Review, DER Cluster Study and individual study performed for a Simplified Process project. Under this structure, a customer with a system of 25 kW or less never receives a study invoice or pays a study deposit. Distribution Upgrade costs should always remain as a separate item.

Reporting under Article 3.B(6) on fees collected and their use should be retained. Article 3.B(7), which reports Distribution Upgrade costs paid from the Reserve Fund by circuit or feeder, should be removed together with the fund.

Post-Interconnection Review: Defined Screens

Article 3.C(4) permits a post-interconnection review within fifteen (15) business days but does not state what the review evaluates. The eligibility requirements in Article 3.A(2) are all properties of the project: capacity, a single Point of Common Coupling, a radial circuit, one service drop, secondary voltage and Certified Equipment. None of them consider the condition of the transformer or feeder to which the project connects. Article 3.C(5) also continues to refer to “the screens described in Article 3.A(2),” which the draft now describes as requirements.

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LUMA recommends that the review be required, not optional, and that it apply at least the following two screens on a Nameplate Rating basis, consistent with Article 3.A(1):

Screen 1 – Service Transformer. The aggregate Nameplate Rating of DER served by the service transformer, including the proposed DER, does not exceed the transformer nameplate rating. Where the proposed interconnection is on a single-phase shared secondary, the aggregate Nameplate Rating on the shared secondary does not exceed sixty-five percent (65%) of the transformer nameplate rating, the same criterion the draft applies in the Fast Track Process.

Screen 2 – Feeder DER Penetration. The aggregate Nameplate Rating of DER on the feeder or Line Section, including the proposed DER, does not exceed thirty percent (30%) of the feeder or Line Section annual peak load, as most recently measured at the substation.

The TIR should establish the update cadence of the values and an effective-date rule, so that each determination is made against a known value. Feeder-level values should be published in accordance with the TIR. Service transformer values should be maintained by the EPS Operator and provided to the Interconnection Customer with its screen result, not published: a service transformer often serves few customers, and its values can reveal an individual customer's installation. The thirty percent (30%) level should apply generally. LUMA recommends that it replace the fifteen percent (15%) level in the Fast Track screen in Section 4.02 and in the DER Cluster Study trigger in Section 5.3, so that one DER penetration level governs the Simplified, Fast Track and Study Processes alike. The thirty percent (30%) level has a technical basis. The fifteen percent (15%) screen was originally set at one half of the minimum load of a typical distribution feeder, which is approximately thirty percent (30%) of its peak, as a conservative margin. A thirty percent (30%) screen therefore corresponds to the typical minimum load itself, without that margin. For Fast Track and Study Process applications, the Daytime Minimum Load screen in Section 2.0 serves as the backstop to the higher level.

A project that passes both screens receives the executed agreement under Article 3.C(5). A screen produces a determination, not a gate: failing a screen does not delay, deny or suspend the interconnection, which proceeds under Article 3.C(3) and Act No. 114-2007.

Upgrades and Cost Responsibility

If the study concludes that no Distribution Upgrade is required, the study is closed and no further obligation attaches. If the study determines that the project causes the need for a Distribution Upgrade, the EPS Operator provides the study report, the underlying analysis and data, and a non-binding good-faith cost estimate. Consistent with longstanding FERC policy, the Interconnection Customer is responsible for Network Upgrade costs that would not be needed “but for” the Interconnection Customer's request to reliably interconnect its generating facility. See *Tenaska Clear Creek Wind, LLC v. FERC*, 108 F.4th 858 (D.C. Cir. 2024) (affirming that network upgrades are properly assigned to the interconnection customer whose request caused the need for

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those upgrades)⁶ and citing *Reform of Generator Interconnection Procs. & Agreements*, 166 FERC ¶ 61,137 at 78 (Feb. 21, 2019) (holding that “it would be inconsistent with the cost causation principle to exempt an interconnection customer from interconnection facility and network upgrade costs that would not be necessary but for that interconnection request”).

With respect to feeder upgrades, Article 9(c) of Act No. 114-2007 explicitly provides that “the necessary improvements and/or changes to be made to the feeder shall be defrayed by the requesting company” (“las mejoras y/o cambios necesarios al alimentador serán por cuenta de la compañía solicitante”). Whether the requesting company is the Interconnection Customer or a project sponsor is a matter for the Energy Bureau to determine, but it is definitely not the entire pool of interconnection customers, other customers connected to the same feeder, or the entire universe of customers connected to the T&D System. Regardless, the statute plainly places the cost on the cost-causer side, consistent with the cost causation and “but for” principles affirmed by the D.C. Circuit in *Tenaska Clear Creek Wind*. With respect to upgrades generally encompassing Distribution Upgrades and Network Upgrades beyond the feeder the same principles apply. Under the “but for” standard, “generation developers are to be allocated the costs for transmission system upgrades that would not have been made but for the interconnection of the developers.” *Id.* citing *Midwest Indep. Transmission Sys. Operator, Inc.*, 129 FERC ¶ 61,019 at P 23 (Oct. 9, 2009). Within a DER Cluster Study, the cost-causer is the Interconnection Application whose addition, in Queue Position order, causes the need for the Distribution Upgrade. Projects in the cluster that do not cause the need for an upgrade, bear no Distribution Upgrade cost. The cluster cost allocation methodology that Section 5.3 already delegates to the TIR should implement this rule.

Non-Payment: Escalation

For the obligation to be enforceable, it must be accepted at the outset. LUMA recommends that the Simplified Interconnection Notification and Agreement includes the customer’s acknowledgment that the interconnection is subject to the screens in Article 3.C(4) and, if a screen is failed, to the study and payment obligations in Article 3.D.

Payment would be due within sixty (60) business days of receipt of the good-faith estimate, with the extension under Section 7.01 available to the customer. If payment is not made, the EPS Operator would proceed in the following order:

1. Written notice of default and a cure period of thirty (30) business days.

⁶ In *Tenaska Clear Creek Wind, LLC v. FERC*, 108 F.4th 858 (D.C. Cir. 2024), the court affirmed that the cost causation principle requires that “[t]he cost of transmission facilities . . . be allocated to those within the transmission planning region that benefit from those facilities in a manner that is at least roughly commensurate with estimated benefits.” *Id.* at 868 (quoting *S.C. Pub. Serv. Auth. v. FERC*, 762 F.3d 41, 53 (D.C. Cir. 2014)). The court found that the interconnection customer was the “but for” cause and chief beneficiary of the upgrades, reasoning that if no upgrades were installed, nothing would change for prior customers, the system would remain sufficient for their needs. The court concluded that FERC’s determination that the upgrades were necessary only because of the new interconnection, and thus properly assigned to the requesting customer, was supported by substantial evidence and consistent with reasoned decision-making. Although this ruling is not related to small DGs, it is LUMA position that the principle of not socializing costs is universal to those instances in which all customers would have to defray costs that will benefit only one customer and that are attributable only to that single customer.

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2. Export limitation of the Distributed Generation System under Section 7.09.
3. Termination of the Interconnection Agreement or removal from the Net Metering Program, at the EPS Operator's election.

Time Frames

LUMA proposes the time frames on the table below. Consistent with Section 5.3, the study-related periods would be established in the TIR.

Step	Time frame	Status
Screen result to Interconnection Customer	15 business days	Existing (Article 3.C(4))
Customer acknowledges conditional obligation	5 business days	Proposed
DER Cluster Study or individual study	130 business days	Proposed
Study report, analysis, estimate and schedule	With study results	Proposed
Distribution Upgrades payment	60 business days	Proposed
Notice of default and cure	30 business days	Proposed
Export limitation; termination or NEM removal	After cure period	Proposed
Restudy, if triggered	20 business days	Proposed

Individual studies would run from the notice of screen failure. Cluster studies would run from the close of a twenty (20) business-days enrollment window, so that later applications on the same feeder join one study rather than triggering successive ones. A re-study would be required only if the aggregate Nameplate Rating of the cluster changes by more than ten percent (10%) in either direction, so that a single withdrawal does not reopen the study without an engineering reason.

The study period should be expressly excluded from the time frames in Section 7.01, in the same way LUMA proposed on August 14, 2026, for Material Modification studies. Without that exclusion, the EPS Operator would be exposed to penalties for work the Regulation requires it to perform.

Proposed Language

LUMA's proposed revisions to Article 3 and related sections from the September 16, 2026, draft language are listed in the table below. Provisions not included in this table are supported as drafted.

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Proposed Revisions to Article 3 And Related Sections

Provision	Energy Bureau draft (September 16, 2026)	LUMA proposed language
Art. 3.B(2) – Purpose of the Fee	Fund Distribution System Upgrades needed for the cumulative interconnection of systems of 25 kW or less, and administrative costs; avoid assigning the full cost to any individual customer.	“The Fee is intended to recover the EPS Operator’s administrative costs of processing Simplified Interconnection Notifications and Agreements and the costs of the screens, Supplemental Reviews, DER Cluster Studies and individual studies performed under this Article, so that no study fee or deposit is charged to Interconnection Customers utilizing the Simplified Process.”
Art. 3.B(3) – Reserve Fund	Deposit Fee revenues into a Reserve Fund for Distribution Upgrades, administrative costs and supplemental studies.	“The EPS Operator shall account for revenues collected from the Fee separately and shall apply them exclusively to the costs described in Section 3.B(2).”
Art. 3.B(4) – Cost of Distribution Upgrades	The EPS Operator shall not assign the full cost of an Distribution Upgrade to an individual customer whose system causes or contributes to the need for it.	“The cost of any Distribution System Upgrade required by the interconnection of a Distributed Generation System under this Article shall be defrayed by the Interconnection Customer whose interconnection causes the need for the Distribution Upgrade, in accordance with Article 9(c) of Act No. 114-2007, as amended, and Section 3.D.”
Art. 3.B(5) – Fee review	Adjusted based on Distribution Upgrade costs, applications received and the Reserve Fund balance.	Adjust based on “the EPS Operator’s administrative and study costs under this Article during the preceding period and the number of Simplified Interconnection Notifications received.”
Art. 3.B(7) – Reporting	Report Distribution Upgrade costs paid from the Reserve Fund by circuit or feeder and the fund balance.	Delete.
Art. 3.C(4) – Post-interconnection review	The EPS Operator may conduct a post-interconnection review within 15 BD to verify compliance with safety and reliability requirements.	“Within fifteen (15) business days after receipt of a complete Simplified Interconnection Notification and Agreement, the EPS Operator shall apply the following screens on a Nameplate Rating basis, using the values maintained in accordance with the TIR: (i) Service Transformer Screen: the aggregate Nameplate Rating of DER served by the service transformer, including the proposed DER, shall not exceed the transformer nameplate rating and, on a single-phase shared secondary, shall not exceed sixty-five percent (65%) of the transformer nameplate rating; (ii) Feeder DER Penetration Screen: the aggregate Nameplate Rating of DER on the feeder or Line Section, including the proposed DER, shall not exceed thirty percent (30%) of the feeder or Line Section annual peak load, as most recently measured at the substation. Failing a screen shall not delay, deny or suspend the interconnection, which shall proceed in accordance with Section 3.C(3) and Section 3.D.” The remainder of Section 3.C(4) is retained.
Art. 3.C(5) – Executed agreement	Countersign if the interconnection passes the screens in Article 3.A(2) and no specific safety or reliability concern is identified.	“If the interconnection satisfies the requirements of Section 3.A(2), passes the screens in Section 3.C(4) and no specific safety or reliability concern is identified, the EPS Operator shall countersign ... If the interconnection fails a screen, the EPS Operator shall countersign the Simplified

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Provision	Energy Bureau draft (September 16, 2026)	LUMA proposed language
		Interconnection Notification and Agreement subject to the conditional obligation in Section 3.D and shall notify the Interconnection Customer of the screen results and the data underlying the determination.”
Art. 3.D(1) – Study	The EPS Operator may conduct a Supplemental Review; no fees or deposits charged.	“An interconnection that fails a screen in Section 3.C(4) shall be evaluated through a DER Cluster Study under Section 5.3 or, where the EPS Operator determines it is required, an individual study. No fees or deposits shall be charged to the Interconnection Customer for such study; its cost shall be recovered through the Fee under Section 3.B.”
Art. 3.D(2) – Results and payment	Notify results; 5 BD election to continue; Interconnection Agreement and construction schedule within 15 BD (good-faith estimate deleted).	“Within five (5) business days of the notice under Section 3.C(5), the Interconnection Customer shall acknowledge the conditional obligation. If the study determines that the interconnection causes the need for a Distribution System Upgrade, the EPS Operator shall provide the study report, the underlying analysis and data, and a non-binding good-faith cost estimate. The Interconnection Customer shall pay the estimated cost within sixty (60) business days of receipt.”
Art. 3.D(3) – Act No. 114-2007	Statutory text of Article 9(c).	Retain.
New Art. 3.D(4) – Non-payment		“If the Interconnection Customer fails to pay within the period in Section 3.D(2), the EPS Operator shall provide written notice of default and a cure period of thirty (30) business days. If the default is not cured, the EPS Operator may limit the export of the Distributed Generation System in accordance with Section 7.09 and may, at its election, terminate the Interconnection Agreement or remove the Interconnection Customer from the Net Metering Program.”
Section 4.02 – Fast Track penetration screen	The aggregated Export Capacity on the circuit, including the proposed DER, shall not exceed fifteen percent (15%) of the Line Section annual peak load, as most recently measured at the substation.	Replace “fifteen percent (15%)” with “thirty percent (30%)” and apply the screen on a Nameplate Rating basis.
Section 5.01 – Study Process	The Study Process is not applicable to projects utilizing the Simplified Process.	Add: “... except for a DER Cluster Study or individual study performed under Section 3.D(1).”
Section 5.3 – DER Cluster Study (as proposed by LUMA)	Applies to Fast Track and Study Process applications.	Add: “Distributed Generation Systems that fail a screen under Section 3.C(4) shall be eligible for, and may be included in, a DER Cluster Study under this Section.” Replace the fifteen percent (15%) threshold with thirty percent (30%) throughout this Section.
Section 7.01 – Time Frames	No exclusion for study periods.	Add: “The period of any study performed under Section 3.D shall not count toward any time frame otherwise applicable to the EPS Operator under this Regulation.”

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Provision	Energy Bureau draft (September 16, 2026)	LUMA proposed language
Simplified Interconnection Notification and Agreement		Include the Interconnection Customer’s acknowledgment of the screens in Section 3.C(4) and, if a screen is failed, of the study, payment and non-payment provisions of Section 3.D.

3.0 Cost Allocation

Systems below 25kW

The use of a unified fee for interconnection requests involving systems below 25 kW could be supported *if* the scope is clearly defined. A unified fee is an appropriate mechanism for recovering study costs and administrative expenses, as these costs are relatively predictable and can be reasonably standardized across applicants. However, the unified fee should not be structured to cover system Network Upgrade costs, which vary significantly depending on location, circuit conditions, and cumulative interconnection activity.

Instead, any Network Upgrade costs identified through the study process should be assessed as a separate, additional fee determined at the conclusion of the applicable cluster or group study window. This additional fee should be prorated among the requesting companies within that cluster or group, reflecting a shared obligation to cover the Network Upgrade costs their combined interconnection requests make necessary. This approach allocates costs more equitably than assigning them to a single applicant and avoids inflating the unified fee for all applicants to account for Network Upgrades that may not be required in every case.

Finally, we recommend that any reserve fund established under this framework be non-refundable and retained to support future prospective studies. Keeping these funds within the study program provides continuity, helps offset the cost of subsequent study cycles, and supports a more efficient and sustainable interconnection process over time.

Systems greater than 25kW

For interconnection requests involving systems above 25 kW that would trigger the Fast Track process, we recommend a scaled application fee that reflects project size rather than a single Flat Fee. A scaled structure better aligns the fee with the administrative and review effort associated with larger projects, while the cap keeps costs predictable and prevents the fee from becoming a barrier to mid-sized projects that would otherwise benefit from expedited review.

Projects that fail Fast Track screens and proceed to Supplemental Review should continue to be subject to a standard Supplemental Review fee, as that process is native to the Fast Track pathway and involves a defined, limited scope of additional analysis.

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For projects that proceed to the full Study Track, applicants should bear the full cost of the required studies. Because these studies are project-specific and their scope can vary widely, full cost recovery is the most equitable approach, ensuring that the costs of detailed engineering analysis are borne by the projects that require it rather than being spread across smaller applicants or ratepayers.

POSITION

LUMA recommends that the cost of Network Upgrades be allocated to the cost-causer for all DER, as existing law requires. See Section 2.0, *supra*. System size changes how a project is evaluated and when the cost is paid; it does not change who pays. LUMA, as the T&D System Operator, strives to serve all customers in a just and reasonable manner, and allocating upgrade costs to the cost-causer rather than spreading them across all ratepayers is essential to this principle.

JUSTIFICATION

The table below summarizes the provisions of existing law that govern the cost of Network Upgrades. All provisions point the same direction: the party whose interconnection causes the Network Upgrade pays for it.

Source	Provision	Effect
Act No. 114-2007, as amended, Art. 9(c)	“Que el alimentador (“feeder”) sobrepase su capacidad, no constituirá un impedimento para la interconexión de sistemas fotovoltaicos o de energía renovable con capacidad de generación que no sobrepase los 25 kilovatios. En estos casos, las mejoras y/o cambios necesarios al alimentador serán por cuenta de la compañía solicitante.”	Systems of 25 kW or less interconnect regardless of feeder capacity; the requesting party pays for the Distribution Upgrades.
Act No. 114-2007, as amended, Art. 9	Procedures for distributed generation up to 5 MW use the FERC Small Generator Interconnection Procedures and Agreement as models. Under the Agreement, “the actual cost of the Distribution Upgrades, including overheads, shall be directly assigned to the Interconnection Customer” (FERC SGIA, Article 4.2).	Direct assignment to the Interconnection Customer.
Regulation 8915,⁷ Sección V, Art. B(1) and B(10)	The supplemental study “determinará si es necesario realizar mejoras al sistema de distribución eléctrica de la Autoridad o cambios al diseño del GD”; if so, and the customer wishes to continue, “éste es responsable de realizar y pagar por los cambios requeridos.”	The study identifies an Distribution Upgrade or a DER modification; the customer pays for or makes the change.
Regulation 8916,⁸ Sección IV, Art. A(6)	“Si la evaluación revela que es necesario realizar cambios a equipos en el sistema de transmisión o subtransmisión eléctrica de la Autoridad o en el diseño del GD, y el cliente desea continuar con el proceso de interconexión, este es responsable de realizar y pagar por los cambios requeridos.”	The study identifies an Network Upgrade or a DER modification; the customer pays for or makes the change..

⁷ PREPA, *Reglamento para Interconectar Generadores con el Sistema de Distribución Eléctrica de la Autoridad de Energía Eléctrica y Participar en los Programas de Medición Neta*, No. 8915 (Feb 6, 2017).

⁸ PREPA, *Reglamento para interconectar generadores con el sistema de transmisión o subtransmisión eléctrica de la Autoridad de Energía Eléctrica y participar en los Programas de Medición Neta*, Núm. 8916 (Mar. 7, 2017).

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Source	Provision	Effect
Regulations 8915 and 8916, Interconnection Agreement, clause 3.2	“El Cliente será responsable de los costos de las mejoras necesarias para la interconexión del GD con el sistema de la Autoridad...”	The Interconnection Customer bears the cost of required improvements.
Revised Preliminary Draft, Section 7.08(B)	The Interconnection Customer pays the cost of the Interconnection Facilities and Distribution Upgrades.	The draft already applies the principle to all DER. Article 3.B(4) of the September 16 language is the only departure.

Allocation by System Size

Table below compares how the framework applies to systems of 25 kW or less and to larger systems.

Allocation of Network Upgrade costs by system size

	25 kW or less	Over 25 kW
Interconnection	Automatic upon certification; not delayed or denied because of feeder capacity (Act No. 114-2007, Art. 9).	After evaluation and execution of the Interconnection Agreement.
Study	Screens, and a DER Cluster Study or individual study, at no cost to the customer; recovered through the Fee (Section 1.0).	Fast Track, Supplemental Review or Study Process, paid by the Interconnection Customer.
Who pays the Network Upgrade	The cost-causer (Act No. 114-2007, Art. 9(c)).	The cost-causer (Regulation 8915, Sección V, Art. B(10); Regulation 8916, Sección IV, Art. A(6); draft Section 7.08(B)).
When	After interconnection, on the study result (Section 1.6).	Before interconnection, as a condition of the Interconnection Agreement.
Customer options	Pay; non-payment follows the escalation in Section 1.6.	Pay for the Network Upgrade, or modify the DER (Nameplate Rating, Export Capacity under Section 7.09, or design) and be re-evaluated.

The difference between the two groups lies in the evaluation path, not in the allocation. For both, the study identifies the Network Upgrade and the project that causes it, and that project bears the cost. For larger systems, existing regulations already give the customer the choice to pay for the Network Upgrade or to change the DER, and the Regulation should keep that choice.

3.1 Contribution of System Network Upgrade Costs

Projects that fail Fast Track screens and proceed to Supplemental Review should continue to be subject to a standard Supplemental Review, as that process is native to the Fast Track pathway and involves a defined, limited scope of additional analysis.

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For projects that proceed to the full Study Track, applicants should bear the full cost of the required studies. Because these studies are project-specific and their scope can vary widely, full cost recovery is the most equitable approach, ensuring that the costs of detailed engineering analysis are borne by the projects that require it rather than being spread across smaller applicants or ratepayers.

4.0 Meter Socket Adapters (MSA)

LUMA, as the operator of the T&D System under the T&D OMA, is expressly obligated to apply Prudent Utility Practice and uphold all operational standards necessary to protect the grid. LUMA's position on MSAs is consistent with its obligations under the T&D OMA and Regulation 7982⁹, and applicable law, including the requirement to ensure system safety, meter functionality, worker protection, and operational reliability. These are responsibilities LUMA cannot escape: they are mandated by contractual requirements and law.

MSAs and Meter Tampering and Energy Irregularities

During the workshop on August 28, 2026, there was lengthy discussion regarding the AMI deployment and the benefit of detecting energy irregularities as a mechanism to support the MSA installation. LUMA wishes to reinforce its position. First, the AMI deployment includes smart meters with the ability to detect activities that present meter tampering alerts. The detection and remediation of meter tampering and diversion is a key obligation under the T&D OMA, and smart meters and the systems LUMA is procuring are key to addressing tampering on the island. However, LUMA remains strongly committed to the position that the utility must be present to remove, inspect, and ensure that the installation and meter installation alongside an MSA is compliant. This obligation is a mechanism that remains key to deter meter and other types of tampering or diversion that may occur. This commitment is consistent regardless of whether a meter is to be removed for MSA installation, meter base repair, or other similar work.

POSITION

LUMA does not oppose MSAs for Puerto Rico's systems. However, proponents of the adoption of MSA's have failed to establish the need for the adoption of this technology at this time. Notwithstanding, it is important that current laws and regulations in Puerto Rico—on the issue of metering—are respected. To achieve adoption of an MSA practice in Puerto Rico, additional items must be addressed as discussed during the workshop. These requirements are responsibilities LUMA is called to respect: they are mandated by the T&D OMA, applicable regulations, and law.

Challenges for MSA adoption derived from the proposed draft regulation language include the following:

⁹ PREPA, *Reglamento de Términos y Condiciones Generales para el Suministro de Energía Eléctrica*, No. 7982 (Jan. 14, 2010).

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1. **MSA device proposal and pre-screening** should be conducted to determine minimum compliance prior to full-scale device testing. For example, minimum standards such as ANSI and UL listing should be established and a pre-screening process implemented. A channel and mechanism would need to be established to receive those proposals. No such system or intake processes exist today and would need to be developed. Coordination with industry stakeholders would be required.
2. **Testing MSA devices** with legacy and new metering and communications devices to assess any potential interference with the system and their operation. In addition to the testing of the technology to determine no interference, testing and inventory for meter rings, locks and seals must be evaluated for each MSA type to ensure compliance or address inventory changes, if needed. This testing needs to be conducted with funding that is separate from the FEMA funding being utilized for the AMI deployment. No other budget is established for this initiative and thus LUMA would require a budget amendment to address and, depending on the level of effort, may require additional funding to support this effort. The Energy Bureau should also consider that there may be future requests for MSA devices to be evaluated and allowed, and thus additional funding may be needed at future times when other MSA organizations propose a device. Additionally, if LUMA requests a budget amendment to cover these expenses, all LUMA customers would be covering the costs of this testing, as opposed to only customers utilizing an MSA which represents a subsidization by non-MSA utilizing customers.
3. **Establish systems to receive, track and bill customer requests** for the installation of the MSA at the customer location. The systems and processes for addressing customer requested work must be updated along with the physical processes to accomplish the MSA installation under supervision of a LUMA technician. Keep in mind that an MSA installation visit needs to be recorded to that customer and paid for separately to avoid impacting non-NEM and non-MSA customers. The following are minimum items that need to be accounted for to accommodate the MSA:
 - a. The fee for the visit from a LUMA technician needs to be evaluated to determine the labor and overhead costs associated with the visit to establish an accurate fee. The fee requires Energy Bureau review and approval through an appropriate docket.
 - b. A fee on the customer invoice for the MSA install visit should be established and to be compliant with Act 57 this fee requires Energy Bureau review and approval through a separate established docket.
 - c. LUMA utilizes technology applications for customer requested field work which include multiple systems that handle the initial request, routing request to appropriate field staff, the field completion of that work for tracking and accounting purposes and then completion of work for records within the system. There are at least three (3) systems that will require

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updates to appropriately track the field work type, account for the field work to an associate customer location for tracking the device for audit purposes and then also ensure customer fee is attributed to a completed visit. Importantly, LUMA would need to track the devices as a customer owned asset in our systems to avoid the potential confusion of an MSA with a utility owned asset.

- d. LUMA's staff, in our contact centers, regional offices, stakeholder relations teams and IT/OT who are maintaining systems would be required to support and complete process documentation, complete testing, deploy solutions to production and assist with training and change management.
4. **MSA Installation** would not be performed directly by the LUMA technician. LUMA, as an agent of PREPA, does not own equipment behind the meter such as an MSA. Therefore, the utility liability, insurance, and risk related to those assets does not extend to customer-owned equipment, and the T&D OMA does not authorize LUMA to perform work on customer-owned equipment without express consent from the P3A.

If MSAs are permitted for use in Puerto Rico, it is important to understand the impact on AMI event detection. The existing AMI platform continuously monitors meter status and generates specific alarms whenever a meter is removed or reinserted. These alarms include, but are not limited to:

- Loss of power / restoration alarms: When the meter is removed, the device will report a loss-of-power event to the head-end system. Reinsertion will generate a corresponding power-restore event.
- Meter removal (tamper) alarms: AMI meters are equipped with sensors that detect physical separation from the socket. A removal triggers a tamper alarm that is automatically transmitted to the AMI head-end. LUMA has launched Operations Optimizer Advanced and integrated it to our CIS system CC&B such that we can generate field activities and track cases of potential tampering. Field activities would be generated likely for each meter removal where a corresponding field activity is not present to identify and prevent tampering.
- Neutral disturbance / voltage anomaly notifications: During removal or reconnection, the meter may briefly detect voltage irregularities that generate additional diagnostic events.
- Communication interruption events: Meter removal typically results in a sudden drop in communications. Upon reinsertion, the device re-joins the network and reports a communication restoration event, which AMI platforms treat as part of the removal/reinsert signature.

Under current operations, any combination of these alarms without a matching service order, properly created and electronically integrated with the LUMA systems, is automatically flagged as a potential tampering event. This triggers internal review, and in most cases initiates a field investigation, significantly increasing the likelihood of a truck roll. For these reasons, any adoption of MSAs must take into account the way AMI

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systems interpret meter-handling activity and the operational consequences of meter removals.

LUMA notes that during the virtual stakeholder workshops, participants favoring the adoption of MSAs did not identify specific benefits that MSAs would provide to the T&D System. While MSAs may offer convenience to individual customers, any regulatory framework permitting their use must account for the operational, safety, and system integrity concerns described above. LUMA remains open to working with the Energy Bureau and stakeholders to develop an MSA framework that addresses these concerns, provided that the necessary regulatory approvals, funding mechanisms, and operational safeguards are established, and upon a finding that their adoption is necessary for the safe and reliable operation of the T&D System.

5.0 Daytime Minimum Load

POSITION

LUMA supports a DML screen as a secondary screen in Supplemental Review. The thirty percent (30%) peak-load screen proposed in Section 1.3 remains the main screen; a Fast Track application that fails it is evaluated against DML, which uses the feeder's own measured load. LUMA recommends that DML be measured as net demand at the feeder head and applied on a gross basis, by adding back the estimated output of existing DER, and that the aggregate Nameplate Rating of all DER on the feeder or Line Section not exceed eighty percent (80%) of that value. An application that passes the DML screen and rest of screens may proceed without a full study; one that fails it proceeds to the Study Process or a DER Cluster Study. Neither outcome is a denial. LUMA also proposes the definitions the draft lacks and a basis for evaluating Energy Storage and hybrid systems.

JUSTIFICATION

Gross Daytime Minimum Load

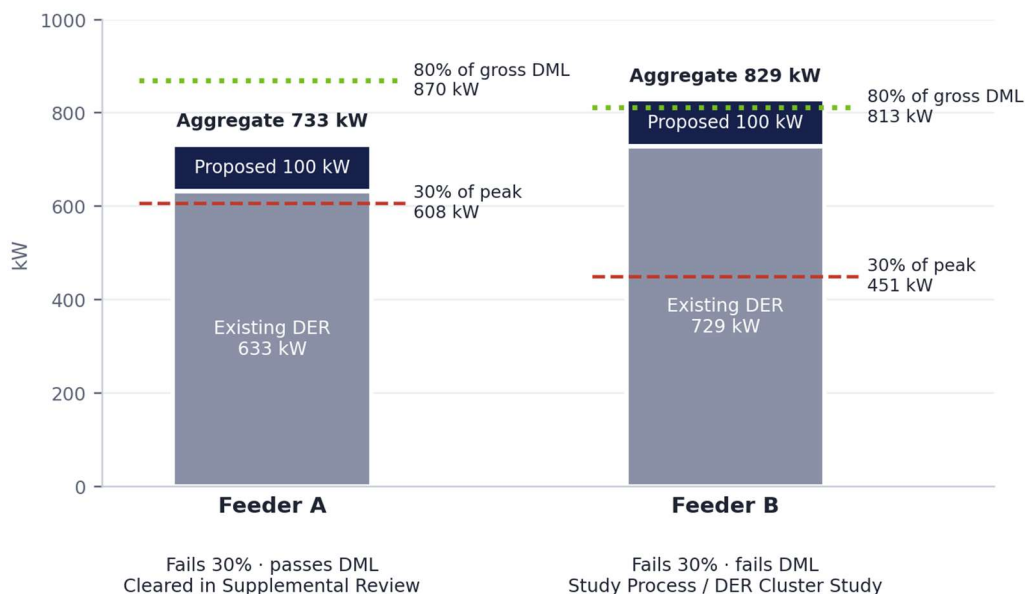
The peak-load screen compares DER to the highest demand on the feeder. Reverse power flow and voltage rise occur under a different condition: low demand while solar output is high. DML addresses that condition. As a secondary screen, it distinguishes feeders where the DER penetration concept is conservative from those where cumulative DER creates a real risk of reverse power flow.

The draft follows the IREC model in using net DML: existing generation already reflected in the measured minimum load is not counted again. Net DML is the data LUMA has, but it credits existing DER only with what it produced in the measured interval. When that DER produces more, the net value overstates the room available, and the error grows with penetration. Hawaiian Electric, which faces the same condition on its island systems, uses gross DML: measured net DML plus the photovoltaic output at the DML condition, estimated as a percentage of installed photovoltaic nameplate where irradiance is not measured. A common factor is seventy-five percent (75%) of installed nameplate.

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LUMA recommends the same method. Gross DML is the Measured Net Daytime Minimum Load plus seventy-five percent (75%) of the Nameplate Rating of existing DER, with validated production data allowed to replace the factor where available. The screen is set at eighty percent (80%) of gross DML, rather than the one hundred percent (100%) in the draft, because the production factor is an estimate, because only feeder-head measurement is available. The graph below illustrates both outcomes on two feeders of LUMA's system:

Secondary DML screen applied to a 100 kW Fast Track application on two 4.16 kV feeders



Feeder data from LUMA's system; feeder identities withheld. Feeder A: peak 2,025 kW, net daytime minimum 613 kW, existing DER 633 kW. Feeder B: peak 1,502 kW, net daytime minimum 469 kW, existing DER 729 kW. Gross DML adds back 75% of existing DER. Both applications fail the 30% screen; Feeder A clears in Supplemental Review and Feeder B proceeds to study.

Energy Storage, Hybrid Systems and Microgrids

For these resources the hours of export are set by design, not by the sun. They should be evaluated against the lowest Minimum Load within the export hours of the approved Operating Profile, which the draft already defines in Section 1.09. This should apply only where the Operating Profile is enforced by export or power control equipment that complies with Section 7.09 and is certified to UL 1741 for Power Control Systems. Otherwise, nothing prevents export at the lowest-load hour, and the Absolute Minimum Load applies.

Data Parameters and Feeder-Head Measurement

LUMA's definition of DML delegates its data parameters to the TIR. DML should represent the feeder in its normal configuration under normal operation: abnormal intervals are excluded and documented, while genuine low-load days are kept, because they set the actual minimum.

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LUMA measures demand at the feeder head through substation SCADA and does not have Line Section measurement. Until it does, Line Section values should be derived from the feeder-head value by allocation or from a power flow model, as the draft already permits, with the method documented. This is one of the reasons for the eighty percent (80%) margin: a feeder-head value can mask a downstream Line Section with concentrated DER.

The draft uses “minimum load,” “absolute minimum load” and “Mainline” without defining them. The table below proposes clarifications to certain definitions.

Proposed definitions and revisions to Section 4.04.C

Provision	LUMA proposed language
Minimum Load (new)	“Minimum Load” – means the Daytime Minimum Load or the Absolute Minimum Load of a feeder or Line Section, as applicable to the type of Distributed Energy Resource under Section 4.04.C, determined in accordance with the TIR.
Absolute Minimum Load (new)	“Absolute Minimum Load” – means the lowest valid demand of a feeder or Line Section over all hours of the data period, determined in accordance with the TIR.
Daytime Minimum Load (revised)	“Daytime Minimum Load” or “DML” – means the lowest valid Measured Net Daytime Minimum Load within the applicable daytime evaluation window over the data period, plus the estimated output of existing Distributed Energy Resources on the feeder or Line Section at the same interval, determined in accordance with the TIR.
Mainline (new)	“Mainline” – means the three-phase backbone of a distribution circuit, typically constituted by conductors of 4/0 AWG, 336.4 kcmil, 397.5 kcmil, 477 kcmil or 795 kcmil, or other conductors identified as Mainline in the TIR. ¹⁰
Section 4.04.C(1) – Minimum Load Screen	“The aggregate Nameplate Rating of all Distributed Energy Resources on the feeder or Line Section, including existing, higher-queued and proposed Distributed Energy Resources, shall not exceed eighty percent (80%) of the applicable Minimum Load for all Line Sections bounded by automatic sectionalizing devices upstream of the proposed interconnection. Minimum Load shall be determined in accordance with the TIR from measured data or, where measured data are insufficient, calculated, estimated or determined from a power flow model, with the method documented in the Supplemental Review results notification.”
Section 4.04.C(2) – Type of generation	“Solar photovoltaic systems without Energy Storage shall be evaluated against the Daytime Minimum Load. Energy Storage, hybrid systems and Microgrids shall be evaluated against the lowest Minimum Load within the export hours of the approved Operating Profile, where that Operating Profile is enforced by equipment that complies with Section 7.09 and is certified to UL 1741 for Power Control Systems; otherwise, against the Absolute Minimum Load. All other Distributed Energy Resources shall be evaluated against the Absolute Minimum Load.”
Section 4.04.C(2)(ii) – Existing generation	Replace with: “Existing Distributed Energy Resources shall be included in the aggregate at their Nameplate Rating. Their estimated output at the Minimum Load interval is added to the measured net demand in determining the Daytime Minimum Load.”

¹⁰ FERC, pro forma Small Generator Interconnection Procedures, footnote to Section 2.2.1.
<https://www.ferc.gov/sites/default/files/2020-04/sm-gen-procedures.pdf>

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6.0 Proactive Hosting Capacity

POSITION

LUMA supports proactive hosting-capacity planning when it is grounded in operational reality and supported by accurate system data. The Regulation should not include a separate hosting capacity requirement. Its objectives are served by the screens and studies proposed in Sections 1.0 and 2.0, the public queue in Section 12.01, and the tools LUMA already maintains. LUMA also recommends deleting the requirement in Section 2.02 to publish Pre-Application Report data and establishing the scope of the Pre-Application Report in the TIR.

JUSTIFICATION

What Hosting Capacity Analysis Can and Cannot Do

A hosting capacity analysis pre-computes, for each feeder or segment, the additional DER that can interconnect before a thermal, voltage, protection or reverse power limit is reached. It is commonly used for three functions. Table below shows how each applies under the framework proposed in these comments.

Hosting capacity functions under the proposed framework

Function	Role	Reason
Queue screening	No gating role for systems of 25 kW or less	Act No. 114-2007 provides that a feeder exceeding its capacity is not an obstacle for systems of 25 kW or less. The screens in Section 1.0 determine the obligations that attach to an interconnection, not whether it proceeds. For larger systems, screening is performed by the Fast Track and Supplemental Review screens against current values, not by a pre-computed hosting capacity figure.
Cost responsibility	Determined by study	Network Upgrade cost is attributed to the cost-causer identified in a DER Cluster Study or individual study (Section 1.5). A published capacity figure is indicative and may be outdated by the time an application is submitted.
Capital and reliability planning	Predictability	Identifies feeders approaching their limits, so that Network Upgrades are planned ahead of the queue rather than in response to it. Depends on data readiness, not on the Regulation.

Pre-Application Report

Section 2.02 requires that, once a Pre-Application Report is prepared for a substation, area bus, bank or circuit, the EPS Operator publish all relevant generation information,

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grid data and reports on its website, with confidential information redacted. LUMA recommends deleting this requirement, for two reasons:

- **Confidentiality.** The report reaches the customer level. The draft deems design, operating specifications and Metering data provided by an Interconnection Customer to be Confidential Information whether or not it is marked. On circuits and transformers that serve few customers, redacting names does not prevent identification.
- **Indicative data.** The report is non-binding and contains existing data only. Section 2.02 already states that the available capacity it reports “does not imply that an interconnection up to this level may be completed without impacts,” and that its data may become outdated. Publication invites third parties to treat indicative information as official, study-level results, which it is not.

The Pre-Application Report itself remains. It would continue to be provided to the requesting Interconnection Customer, on a non-binding basis, with its content and format established in the TIR so that it can evolve with data availability without amending the Regulation.

Transparency Without a Separate Requirement

The transparency a hosting capacity requirement would serve is already provided:

- Section 12.01 requires a public queue, updated at least monthly in a sortable format, identifying each application by substation and feeder, with screen results and, where Network Upgrades were needed, their estimated and final cost.
- Feeder-level screen values under Sections 1.0 and 2.0, published in accordance with the TIR, function as the simplified feeder-level capacity indicator LUMA recommended on June 11, 2026. Unlike Pre-Application Report data, they are aggregate values against which the screens are applied, carry an effective date, and are not presented as study results.
- LUMA maintains feeder voltage-class maps, monthly DER-penetration maps, incremental hosting-capacity maps where field data exist, and the DER Information Web Tool.

Planning Capability: Phased, Not Dated

Full hosting capacity analysis requires complete GIS and connectivity data, load and DER visibility, and an integrated analytical engine, none of which is presently in place. As LUMA explained on June 11, 2026, connecting GIS, AMI, SCADA, load monitoring and DER registration into a single analytical platform is a multi-year capital program, not a configuration task, and its costs require recovery through the appropriate mechanisms. LUMA recommends that hosting capacity be developed as a phased planning program tied to verifiable data milestones and approved cost recovery, and that the Regulation not set a delivery date.

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Proposed Language

Proposed revisions to Section 2.02

Provision	Revised Preliminary Draft	LUMA proposed language
Section 2.02 – Publication	Once a Pre-Application Report is conducted for a substation, area bus, bank or circuit, the EPS Operator publishes all relevant generation information, grid data and reports on its website within 30 days, with confidential information redacted.	Delete.
Section 2.02 – Report contents	Lists the information the Pre-Application Report shall include.	Replace with: “The content and format of the Pre-Application Report shall be established in the TIR. The Pre-Application Report shall be provided only to the requesting Interconnection Customer, is indicative and non-binding, and shall not be construed as the result of an interconnection study.”
Section 2.02 – Non-binding disclaimer	Available capacity does not imply that an interconnection may be completed without impacts; data may become outdated.	Retain.
Hosting capacity	No provision.	No separate hosting capacity requirement.

7.0 Compensation for Curtailment

POSITION

LUMA opposes compensation for curtailment, whether in the form of bill credits, monetary payments, or any other mechanism. Curtailment is a safety measure implemented to protect the stability, security, and reliability of the entire T&D System for all customers, not for any single customer or class of customers. Compensating individual DG owners for such curtailment would impose an unjustified cost burden on all ratepayers while undermining the very grid protections that benefit everyone.

JUSTIFICATION

While compensation for curtailment has not been a formal agenda item in the stakeholder workshops conducted thus far, the topic has been discussed and LUMA understands that this important issue should not be left unaddressed. The stability and reliability of the grid are paramount, and the primary obligation of the utility is to support the stability, security, and reliability of the electric system for all customers connected to the T&D System. The proliferation of uncontrolled distributed generation has caused instability in the T&D System operating parameters, and curtailment serves as a necessary protective mechanism for all customers. Requiring compensation for such protective actions would effectively prioritize individual economic interests over collective grid security.

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Statutory Framework: Act 22-2016 Prohibits New Subsidies Without Legislative Authorization

Act 22-2016, the *Ley para la Reforma de Subsidios y Pago de Atrasos de Servicios de Energía Eléctrica y Acueductos y Alcantarillados del Estado Libre Asociado de Puerto Rico*,¹¹ establishes the legal framework governing subsidies, credits, and grants for electric power services in Puerto Rico. Under this Act, a “Subsidy” is defined as “any subsidy, aid, credit, tax credit, or grant created by law or regulations whose effect or purpose is to reduce the cost of the electric power or water bill of a customer.” 22 L.P.R.A. § 802(y). A curtailment credit would fall squarely within this definition, as its effect would be to reduce the electric power bill of DG customers.

Article 2.4 of Act 22-2016 imposes strict limitations on future subsidies. Prior to creating any new electric power credit, subsidy, or grant, the Legislative Assembly must assess the need for and convenience of the proposed subsidy, taking into account existing subsidies and grants, the impact on the finances of the public corporation and the General Fund, and the number of customers who would benefit. 22 LPRA § 814. No law or resolution authorizing a new credit, subsidy, or grant may be approved without first obtaining certifications from the Office of Management and Budget and the Department of the Treasury attesting to the availability of funds and expressly identifying the maximum amount and source of funds. Critically, the Act explicitly provides that “[t]he funds used to finance said subsidies shall not be derived from the revenues generated by PREPA.” *Id.*

Creating a curtailment credit via regulation, without legislative authorization, would therefore conflict with Act 22-2016’s prohibition on new subsidies without Legislative Assembly approval, the required governmental certifications, and an identified funding source that *does not* derive from PREPA revenues. Because Act 22-2016 prohibits funding new subsidies from PREPA revenues, any curtailment credit would presumably require Commonwealth appropriations. The Financial Oversight and Management Board (FOMB) must approve the commitment of Commonwealth funds before they are appropriated. Accordingly, establishing curtailment compensation via regulation, without legislative authorization and FOMB approval of the funding source, would face significant legal obstacles.

Act 114-2007 Does Not Provide a Basis for Curtailment Compensation

Act 114-2007 governs credits for energy exported to the grid through the Net Metering Program, not compensation for energy curtailed. A curtailment credit would be an entirely different economic construct with no basis in current legislation. Unlike exported energy, which represents actual delivery of kilowatt-hours to the grid that can be measured and credited, curtailment represents the absence of generation: energy that was never produced or delivered. There is no statutory mechanism authorizing the

¹¹ Puerto Rico Commonwealth Act for the Reform of Utility Subsidies and the Payment of Delinquent Service Charges of Electric Energy and the Puerto Rico Aqueduct and Sewer Authority, Act No. 22-2016, PR Laws Ann. tit. 22, §§ 801-832.

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creation of credits for energy that was not generated, and any such mechanism would require new legislative action subject to the requirements of Act 22-2016.

Grid Safety and Reliability: Curtailment Protects All Customers

The high and uncontrolled penetration of distributed generation is causing operational problems throughout the electric system. Many load shedding events during Calendar Year 2025 were caused by variable generation sources, with most of those events attributed to distributed generation. Additionally, the transmission and distribution system experiences sudden generation reductions each time a load shedding event occurs due to low frequency.

The duty and primary obligation of LUMA is to support the stability, security, and reliability of the electric system for all customers. This is a responsibility mandated by the T&D OMA and applicable law. Consequently, when faced with any action or event that threatens the stability, security, or reliability of the system, the utility is moved to act to remove or minimize that threat. Curtailment serves all customers by preventing grid instability, outages, or equipment damage. Imposing a new compensation obligation on the broader ratepayer base for safety-driven curtailment would effectively prioritize individual economic interests over collective grid security.

Ratepayer Fairness: Compensation Would Shift Costs to Non-DG Customers

Requiring all ratepayers to compensate a particular customer for curtailment, when that curtailment is implemented to protect the safety and reliability of the entire T&D System, raises serious fairness concerns. The costs associated with grid improvements necessary to accommodate the development of DGs should be borne by the proponents of DGs and not passed on to other consumers.

Contrary to arguments that DG interconnection is an automatic right, the utility has the duty to disconnect DGs that represent a threat to the stability, security, and reliability of the system. By extension, compensating DG owners for curtailment actions taken to protect grid stability would undermine this fundamental principle and create unjust incentives that could compromise system reliability.

LUMA, as the T&D System Operator, strives to serve all customers in a just and reasonable manner. In alignment with this principle, LUMA argues that such an approach should apply with equal force to curtailment compensation: DG owners who benefit from interconnection should not receive additional compensation when the grid operator must curtail their output to protect system reliability for all customers.

Reservation

The comments and positions set forth in this document are based on the information available to LUMA as of the date of submission. LUMA reserves the right to update, supplement, or modify these comments and positions from time to time based on new information, data, or analyses produced during evidentiary hearings, technical

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