

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

NEPR

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IN RE:

ENERGY EFFICIENCY AND DEMAND
RESPONSE THREE-YEAR PLAN

CASE NO.: NEPR-MI-2026-0002

SUBJECT: Motion to Comply with
Resolution and Order of September 22, 2026

MOTION TO COMPLY WITH RESOLUTION AND ORDER OF SEPTEMBER 22, 2026

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

COME now **LUMA Energy, LLC**, and **LUMA Energy ServCo, LLC** (jointly referred to as “LUMA”), and respectfully state and request the following:

I. Relevant Background

1. On March 2, 2026, LUMA filed a Three-Year Plan for Energy Efficiency (“EE”) and Demand Response (“DR”) (this plan, the “TYP”) covering the two-year period from July 1, 2026, through June 30, 2028. *See Motion to Submit the Three-Year EE and DR Plan* filed by LUMA in Case No. NEPR-MI-2020-0001, *In re: Energy Efficiency and Demand Response Transition Period Plan*.

2. On March 4, 2026, the Puerto Rico Energy Bureau of the Public Service Regulatory Board (“Energy Bureau”) issued a Resolution and Order (“March 4 Order”) initiating the referenced proceeding for the review of the TYP and setting forth a procedural calendar for such

purposes, which included a Virtual Technical Workshop for March 17, 2026, and associated comment periods.

3. On March 17, 2026, the Energy Bureau held the Virtual Technical Workshop in which LUMA gave a presentation about the TYP¹ and answered questions from the Energy Bureau and stakeholders.

4. On March 24, 2026, the Energy Bureau issued a Resolution and Order (“March 24 Order”) directing LUMA to submit responses to Requirements of Information attached therein (“March 24 ROIs”).

5. On April 20, 2026, LUMA submitted its responses to the March 24 ROIs. *See Motion to Comply with Resolution and Order of March 24, 2026.*

6. From April 7 to May 12, 2026, the Independent Consumer Protection Office (“OIPC” by its acronym in Spanish), Instituto de Competitividad y Sostenibilidad Económica, SunStrong Management LLC (“SunStrong”), the Electric Vehicle Association of Puerto Rico (“EVA-PR”) and the Solar Energy and Storage Association of Puerto Rico (“SESA”) submitted comments on the TYP. *See Comentarios de la Oficina Independiente de Protección al Consumidor (OIPC) sobre el Plan Trienal de Eficiencia Energética y Respuesta a la Demanda Sometido por LUMA* filed on April 7, 2026; *Instituto de Competitividad y Sostenibilidad Economica’s First Comments to 2026-2028 Three-Year EE and DR Plan* filed on April 7, 2026; *SunStrong’s Comments Regarding CBES Program Administration and Recommended Safeguards for the 2026-2028 EE and DR Plan*, filed on April 8, 2026; comments filed by EVA-PR via letter to the Energy Bureau submitted on April 28, 2026; and *Comments of the Solar and Energy Storage Association*

¹ LUMA submitted the presentation for this workshop on March 16, 2026. *See Motion to Submit LUMA’s Presentation for the Technical Workshop Scheduled for March 17, 2026.*

of Puerto Rico on LUMA's Proposed Energy Efficiency and Demand Response Three-Year Plan filed on May 12, 2026.

7. On May 29, 2026, the Energy Bureau issued a Resolution and Order (“May 29 Order”) in which it temporarily approved the implementation of the TYP and directed LUMA to implement its programs as stated in the TYP, focusing on maintaining program continuity and ensuring a smooth transition into Fiscal Year 2027 while the Energy Bureau completed its review and issuance of a final order for the approval of the TYP. *See* May 29 Order, p.2. In addition, the Energy Bureau directed LUMA to fund the programs using the EE rider at the currently established rate. *See id.*

8. On August 10, 2026, the Energy Bureau issued a Resolution and Order (“August 10 Order”) directing LUMA and SunStrong to respond to the Requirements of Information included in Attachment A of the August 10 Order.

9. On August 24, 2026, LUMA submitted its responses to the August 10 ROIs. *See Motion to Comply with Resolution and Order of August 10, 2026.*

10. On September 22, 2026, the Energy Bureau issued a Resolution and Order (“September 22 Order”) directing LUMA to respond to Requirements of Information related to the TYP in Attachment A of the September 22 Order (“September 22 ROIs”) within fourteen (14) days of notification of the September 22 Order. *See* September 22 Order, p. 2. The Energy Bureau

also indicates that it welcomes LUMA to “submit along with its responses any additional comments or responses it has to stakeholder comments.” *Id.*

II. Submittal of Responses to September 22 ROIs

11. In compliance with the September 22 Order, LUMA hereby submits, in *Exhibit 1*, LUMA’s responses to the September 22 ROIs.

WHEREFORE, LUMA respectfully requests that the Energy Bureau **take notice** of the foregoing; **accept *Exhibit 1* in compliance** with the September 22 Order.

RESPECTFULLY SUBMITTED.

In Guaynabo, Puerto Rico, this 6th day of October 2026.

We hereby certify that we filed this Motion using the electronic filing system of this Energy Bureau and that we will send an electronic copy of this Motion to alexis.rivera@prepa.pr.gov; nzayas@gmlex.net; mvalle@gmlex.net; hrivera@jrsp.pr.gov; javrua@sesapr.org; mrios@arroyorioslaw.com; jordgraham@tesla.com; forest@cleanenergy.org; customerservice@sunnova.com; pjcleanenergy@gmail.com; agraitfe@agraitlawpr.com; info@sesapr.org; cfl@mcvpr.com; mqs@mcvpr.com; apc@mcvpr.com.



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Exhibit 1

Responses to September 22 ROIs

FY2027-FY2028 EE and DR Three-Year Plan Requirements of Information NEPR-MI-2026-0002

Response: RFI-LUMA-MI-2026-0002-20260922-PREB-01

SUBJECT

LUMA's response to RFI-LUMA-MI-2026-0002 -20260324-PREB-13

REQUEST

1. Refer to LUMA's response to RFI-LUMA-MI-2026-0002-20260324-PREB-13.
 - a. Further explain how the T&D OMA prevents LUMA from implementing a financing program through the EE programs.
 - b. Explain the statement that "on-bill program mechanisms (items 1 and 2 above) cannot be implemented." Explain whether LUMA faces barriers related to the T&D OMA, technical billing capabilities, or other barriers.
 - c. Explain whether LUMA could implement Off-Bill Third-Party Administered Programs, which do not require an on-bill program mechanism. Explain whether there are legal or feasibility differences among capitalization, loan loss reserves, and interest rate buydowns. As part of the response, explain whether LUMA faces barriers related to the T&D OMA, technical billing capabilities, or other barriers.

RESPONSE

a. Act 83-1941, as amended, ("Act 83") does not instill PREPA with the power to provide customer financing. The same statutory limitation carries through to LUMA's obligations under the terms of the Transmission and Distribution System Operation and Maintenance Agreement (T&D OMA). As a result, LUMA is not authorized to originate, support, administer, or fund any financing program or mechanism intended to reduce customer upfront costs in Energy Efficiency programs.

Moreover, customer financing programs, — including issuing loans, recovering loan costs, or supporting customer-premises investments, — not only fall outside the scope of the T&D OMA because they inherently involve financial services, but also such activities may be and activities tied to interactions with customer-owned equipment located beyond the Point of Delivery (POD). Under the T&D OMA, LUMA's authorized activities are strictly limited to the operation and maintenance of the transmission and distribution system up to the POD governed by PREPA's Terms and Conditions.

b. On-bill mechanisms, such as tariffed on-bill repayment models or utility-administered on-bill loans, rely on the utility's billing system to recover the cost of customer-premises upgrades over time. While likely technically feasible, LUMA cannot implement these models because they constitute customer financing, which is prohibited under both Act 83 and the T&D OMA as stated in answer ("a") of this request.

The barriers, therefore, are legal and contractual rather than technical. LUMA's Customer Information System can apply charges for approved tariffs, riders, and utility-service-related items, but it cannot be used to administer repayment of customer loans or investments in behind-the-meter equipment. Since on-bill financing requires LUMA to act as a financial intermediary and recover costs in a manner not authorized by the OMA, LUMA is unable to implement these mechanisms under the current framework.

c. Off-Bill Third-Party Administered Programs may take place only in a limited, non-financial role. LUMA may coordinate with external entities (e.g., government agencies, financial institutions, the Green Energy Trust) by sharing program information, referring customers, and integrating EE incentives; however, LUMA cannot administer, fund, or partially fund any financing instruments under the T&D OMA.

Feasibility of each tool for LUMA

- Capitalization: Requires providing capital to a lender or program administrator to issue loans. This is a direct form of financing and is not permitted of LUMA under the T&D OMA.
- Loan Loss Reserves: Requires funding reserves to cover potential borrower defaults. This constitutes assuming financial risk, which LUMA is not authorized to perform.
- Interest Rate Buydowns: Requires LUMA to subsidize customer interest rates. This is also a financing activity and therefore prohibited.

Even though these mechanisms would operate off-bill, they still involve utility-supplied capital or utility-assumed financial risk. Accordingly, they remain prohibited under both Act 83-1941 and the T&D OMA.

Among the remaining barriers are the following:

- Legal/Contractual: Primary barrier. PREPA's ongoing Title III bankruptcy presents a fundamental barrier to implementing any financing-based program mechanism. In this environment, any financing structure would require present customers to bear the full cost upfront, rather than through the standard multi-year recovery that ensures intergenerational equity. Implementing new financing obligations under these conditions is not feasible.
- Feasibility: Third-party financing programs are feasible only if they are entirely funded, structured, and administered externally, without PREPA or LUMA financial participation.

FY2027-FY2028 EE and DR Three-Year Plan Requirements of Information NEPR-MI-2026-0002

Response: RFI-LUMA-MI-2026-0002-20260922-PREB-02

SUBJECT

Comentarios de la Oficina Independiente de Protección al Consumidor (OIPC) Sobre el Plan Trienal de Eficiencia Energética y Respuesta a la Demanda Sometido por LUMA

REQUEST

2. Refer to *Comentarios de la Oficina Independiente de Protección al Consumidor (OIPC) Sobre el Plan Trienal de Eficiencia Energética y Respuesta a la Demanda Sometido por LUMA*, dated April 7, 2026, page 7. Explain whether LUMA plans to coordinate with other entities such as PRDOH, HUD, the SBA, DDEC, and the Puerto Rico Green Energy Trust with regards to establishing financing programs.

RESPONSE

LUMA does not plan to establish or fund a customer financing program under the TYP.

Consistent with the limitations outlined above, Act 83 prohibits PREPA from providing customer financing, and this statutory restriction extends through the T&D OMA to LUMA, which is therefore not authorized to administer or fund any customer-financing mechanism.

LUMA maintains active collaboration with these and similar entities to discuss the EE ecosystem, program development, and shared portfolio insights. These entities already administer financing initiatives supported by federal or dedicated funds and do not face the OMA and Act 83 limitations applicable to LUMA. Given those existing programs, and in light of LUMA's contractual and statutory prohibitions, LUMA does not contemplate undertaking financing programs under the TYP.

FY2027-FY2028 EE and DR Three-Year Plan Requirements of Information NEPR-MI-2026-0002

Response: RFI-LUMA-MI-2026-0002-20260922-PREB-03

SUBJECT

Comentarios de la Oficina Independiente de Protección al Consumidor (OIPC) Sobre el Plan Trienal de Eficiencia Energética y Respuesta a la Demanda Sometido por LUMA

REQUEST

3. Refer to *Comentarios de la Oficina Independiente de Protección al Consumidor (OIPC) Sobre el Plan Trienal de Eficiencia Energética y Respuesta a la Demanda Sometido por LUMA*, dated April 7, 2026, page 5. Explain how LUMA applied the avoided cost study, and whether LUMA modified the application of the study, or otherwise only partially applied the study results.

RESPONSE

As described in Appendix B of the Three-Year Plan, LUMA developed the Puerto Rico Cost Test Tool to evaluate EE and DR measures, programs, and the portfolio under the Puerto Rico Benefit-Cost Test. The tool's calculation worksheets combine projected measure savings and program inputs with avoided costs to estimate benefits over each measure's useful life and calculate their present value. The avoided-cost inputs are primarily based on the Synapse Avoided Cost Study.

Appendix B identifies additional assumptions and treatments used in applying avoided costs. In particular, LUMA did not add a separate avoided cost for Renewable Portfolio Standard compliance: the study identified that component for further development, and LUMA concluded that it was already largely reflected in the study's avoided generation energy and capacity costs. For measures whose useful lives extend beyond 2045, LUMA carried the 2045 avoided costs forward at a constant real value. The tool also applies LUMA's technical line-loss factors to translate savings measured at the customer meter to the generator busbar. Appendix B identifies other benefit categories for which LUMA was developing estimates.

FY2027-FY2028 EE and DR Three-Year Plan Requirements of Information NEPR-MI-2026-0002

Response: RFI-LUMA-MI-2026-0002-20260922-PREB-04

SUBJECT

Comentarios de la Oficina Independiente de Protección al Consumidor (OIPC) Sobre el Plan Trienal de Eficiencia Energética y Respuesta a la Demanda Sometido por LUMA, dated April 7, 2026

REQUEST

4. Refer to *Comentarios de la Oficina Independiente de Protección al Consumidor (OIPC) Sobre el Plan Trienal de Eficiencia Energética y Respuesta a la Demanda Sometido por LUMA*, dated April 7, 2026, page 5.
 - a. Explain whether LUMA shares any costs between the EE programs and the CBES program. Identify which costs are shared, including labor- and non-labor-related costs.
 - b. For each shared cost LUMA identifies, explain in detail how LUMA tracks and allocates costs between EE and CBES. As part of the response, explain whether LUMA applies any cost allocation methods, explain how LUMA applies those cost allocation methods, and explain any factors that LUMA uses to allocate costs.

RESPONSE

- a. LUMA does not share costs between Energy Efficiency and Demand Response Programs. EE program costs are funded by the EE Rider, and the Demand Response Program's costs are funded by the Power Purchase Cost Adjustment (PPCA). Funds collected via the EE Rider are dedicated exclusively to EE program implementation and administration and are reconciled each year as part of PREB's annual EE Rider review process. Funds recovered through the PPCA are dedicated exclusively to PREB-authorized purchased-power and Demand Response program costs and are reconciled quarterly through the PREB-administered PPCA reconciliation process.
- b. Refer to answer 4.a

FY2027-FY2028 EE and DR Three-Year Plan Requirements of Information NEPR-MI-2026-0002

Response: RFI-LUMA-MI-2026-0002-20260922-PREB-05

SUBJECT

Comentarios de la Oficina Independiente de Protección al Consumidor (OIPC) Sobre el Plan Trianual de Eficiencia Energética y Respuesta a la Demanda Sometido por LUMA

REQUEST

5. Refer to Comentarios de la Oficina Independiente de Protección al Consumidor (OIPC) Sobre el Plan trianual de Eficiencia Energética y Respuesta a la Demanda Sometido por LUMA, dated April 7, 2026, pages 5-6.
 - a. Explain LUMA's approach to accounting for costs and savings that cross implementation years. For example, if a customer purchased an EE measure at the end of FY26, and submitted the rebate to LUMA at the beginning of FY27, to which year does LUMA attribute the savings and from which year's budget does LUMA pay for the rebate?
 - b. Explain how LUMA determines whether costs and savings are attributed to the TPP or the TYP. As part of the response, explain LUMA's accounting approach and processes.
 - c. Provide the number and dollar value of TPP rebate applications received but not yet paid as of the TPP close-out (June 30, 2026). Explain from which budget (TPP/FY26 or TYP/FY27) these will be paid, and to which plan the associated savings will be attributed in LUMA's reporting.

RESPONSE

- a. LUMA attributes rebate costs and associated savings to the fiscal year in which the rebate is paid. If a customer installs a measure in FY26 but the rebate is approved and paid in FY27, the cost and savings are assigned to FY27 and paid from the FY27 budget. The purchase/installation date is used only to confirm eligibility under the program rules it does not determine the fiscal year used for budgeting or reporting.
- b. LUMA uses the date on which the rebate payment is issued to determine whether the incentive cost, participation, and associated energy and demand savings are attributed to the TPP or the TYP. Rebates paid on or before June 30, 2026, are attributed to FY2026 and the TPP. Rebates paid on or after July 1, 2026, are attributed to FY2027 and TYP, including applications received before June 30, 2026, but not paid until FY2027.

The program implementation contractor tracks each rebate application through the receipt, review, approval, and payment process. The application records include the applicable program, application status, incentive amount, payment date, and associated energy and demand savings. LUMA uses the payment records to assign the incentive expenditure, participant, and associated savings to the applicable fiscal year and plan period.

At the close of FY2026, LUMA did not record the unpaid rebate applications as separate TPP accruals or encumbrances, and no separate TPP carryover or reserve was established to pay these applications. The FY2027 budget also did not include a separate line item or set-aside specifically designated for unpaid applications received during the TPP. Applications paid on or after July 1, 2026, are paid from the applicable FY2027 rebate program budget and the associated savings are attributed to the TYP.

- c. As of June 30, 2026, LUMA had received 223 rebate applications with a total incentive value of \$400,620.41 that had not yet been paid.

PROGRAM	APPLICATIONS NOT PAID	DOLLAR VALUE
Residential Rebates	170	\$83,920.41
Business Rebates	53	\$316,700.00
Total	223	\$400,620.41

These applications are being paid from the applicable FY2027/TYP rebate program budgets. Consistent with LUMA's reporting methodology, the associated participation and energy and demand savings are attributed to FY2027 and the TYP when the rebate payment is issued. These applications and their associated savings were not included in the TPP reported results because the rebate payments had not been issued as of June 30, 2026.

FY2027-FY2028 EE and DR Three-Year Plan Requirements of Information NEPR-MI-2026-0002

Response: RFI-LUMA-MI-2026-0002-20260922-PREB-06

SUBJECT

LUMA's response to RFI-LUMA-MI-2026-0002-20260324-PREB-24

REQUEST

6. Refer to LUMA's response to RFI-LUMA-MI-2026-0002-20260324-PREB-24.
 - a. Does LUMA anticipate hiring new employees to implement the CBES program during the TYP? If so, how many FTEs and what is their estimated annual salary?
 - b. Confirm that LUMA has not included the estimated \$2 million DERMS budget in its proposed FY27 and FY28 budgets.
 - c. LUMA indicates it is avoiding implementing a \$2 million DERMS and is proposing a \$3.4 million budget increase for program, planning, and administrative (PP&A) costs. Explain whether a DERMS would be a more cost-effective option than LUMA's proposed PP&A cost increases. As part of the response, indicate if there is overlap in the capabilities provided through a DERMS and LUMA's proposed PP&A cost increases.
 - d. Separately explain in detail the costs associated with: program management (\$1.96 million), professional services/IT/vendor/legal (\$2.35 million), and contingency reserve (\$0.59 million).
 - e. Explain why LUMA's proposed FY27 budget for PP&A is increasing faster than LUMA's proposed incentive budgets; increasing relative to both the planned FY26 budget and actual FY26 expenditures.
 - f. Explain whether PP&A costs increase linearly with customer enrollment, or if there are certain thresholds above which customer enrollment requires significant increases in PP&A costs. Identify those thresholds and explain why in detail.
 - g. Does LUMA consider the current CBES program a mature program, or are there additional steps needed to finalize the transition from a pilot to a program? If additional steps are needed, explain each step in detail and indicate the cost associated with each step.

- h. Does LUMA anticipate substantially greater enrollment volumes above and beyond the current CBES enrollment level? If so, explain LUMA's expectations in detail, including when and how enrollment is expected to substantially increase.

RESPONSE

- a. LUMA does not anticipate hiring new employees to implement the CBES program during the TYP. The CBES program is designed to operate with a stable, predominantly static administrative footprint, relying on third-party aggregators as the primary program activation and customer-facing channel, as reflected in the TYP and supporting filings.

Throughout the TPP and into the TYP, the foundational operating mechanisms of CBES have enabled LUMA to administer the program without requiring incremental permanent staff. Program growth drivers such as auto-enrollment expansion and increased installed battery capacity have been absorbed through existing processes and contractor support structures.

Based on LUMA's current assessment, maintaining CBES as a static, non-dynamic emergency DR program in the range of approximately 100–150 MW is operationally feasible with existing staffing levels. No new LUMA FTEs are expected to be required, and no incremental salary costs are projected for CBES implementation during the TYP.

- b. LUMA did not include edge DERMS costs in its proposed FY2027 and FY2028 budgets.
- c. An edge DERMS is not a substitute for the entire \$3.4 million increase. LUMA estimates that about \$0.8 million – \$1.2 million per year of the proposed PP&A pays for manual workarounds that further technology could mitigate as new programs are added or operational requirements of CBES change.

VALUE CATEGORY	CONSIDERATION
Operational Efficiencies	Reduced manual reconciliation, reporting, settlement support, and administrative effort required to manage a growing DER portfolio.
Platform Consolidation	Potential avoidance of future software platforms and program-specific solutions as additional DER programs are deployed.
DER Utilization & Resource Adequacy	Improved visibility into DER availability and performance may enable more effective utilization of customer-owned resources to support reliability and resource adequacy needs.
Reduced Reliance on Traditional Supply-Side Solutions	Expanded utilization of customer-owned resources may complement or reduce reliance on traditional generation solutions during periods of system need.
Targeted Grid Support	Ability to selectively deploy DER resources based on system conditions, location, and operational needs.

- d. The amounts identified in LUMA's response RFI-LUMA-MI-2026-0002-20260324-PREB-24 represented planning allocations within the proposed PP&A budget rather than separate contracted commitments or individual cost estimates for specific activities. The categories were intended to provide sufficient flexibility to support continued CBES operations, transition to more mature operating models and potential program growth during the TYP. The program management allocation was intended to support the ongoing administration and operation of

CBES as enrollment and program activity increased. The professional services / IT / vendor / legal allocation was intended to provide capacity for specialized external support, system and process improvements, technical needs, and other services that could be required as the Program evolved. The contingency reserve was intended to provide flexibility for unanticipated program needs, including enrollment growth or evolving operational requirements.

- e. PP&A grows faster than incentives because the two are driven by different factors. Incentives are paid per kWh delivered during emergency events, so they track event count and depth, which depend on generation shortfalls. PP&A tracks the size of the enrolled fleet and potential complexity, which grew from a 19,500-customer design to 82,000+ customers in about a year (currently near 115,000), whether or not events are called.

Two factors explain the difference:

1. FY2026 was run at a minimum level of complexity. FY2026 PP&A (about \$1.5M implied) was budgeted for the pilot-era program and did not grow with auto-enrollment. Staff absorbed the new volume by deferring functions such as real time verification, automated dispatch and reporting. The FY27 figure provides room for those functions to be implemented rather than adding new ones.
 2. Fixed setup costs land in FY2027 – FY2028. As LUMA is shifting from a minimal level to a more dynamic and sophisticated Virtual Power Plant, Integration tools, audit processes and vendor onboarding are one-time or front-loaded costs, which have been deferred, so the FY2027 – FY2028 step up is larger than later years.
- f. PP&A costs do not increase linearly with customer enrollment. Under the aggregator model, costs per customer are low and mostly borne by aggregators, but LUMA's PP&A rises in steps when the program crosses thresholds in aggregator count, fleet size, event frequency and grid significance. Without an integration and automation, the complexity of the steps is steeper, because each is met with added staff and/or custom tools. Above the approximate 100-150 MW thresholds, beyond strict static event blocks, at very restricted schedules, become prohibitive.
 - g. CBES has been a permanent program since May FY2025 as approved by PREB. The program performs effectively as a static emergency resource. Several strategic enhancements can be implemented to augment the positive impact of the program.

CBES is a permanent program in name and performs well in emergencies as a static “peaker plant”. Its administration, however, is still pilot-era: manual dispatch and settlement, per-aggregator communications and minimal staff. Three steps would complete the transition from the current operation model. This evolution requires more comprehensive automation—prioritizing DER communications—and would enhance core processes, expand dynamic capabilities, and reduce incremental workforce needs across CBES and future programs.

STEP	WHAT IT INVOLVES	EST. COST
1. Edge device management	Platform selection, setup, integration with System Operations and aggregators	\$2.5 million upfront deployment cost
2. Standard aggregator interface	One API/protocol for enrollment, DER locational dispatch and settlement	Approximately \$0.5 million to \$0.8 million technical (inside scope thereafter)

3. System Operations integration	Real time DER availability and event notification/activation.	Approximately \$0.8 million to \$1.2 million
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LUMA is not, at this time, proposing the implementation of a full grid-edge DERMS platform for the CBES Program. Instead, LUMA is actively evaluating the technical, operational, and regulatory requirements associated with such a system and is engaging with industry experts, technology providers, and implementation partners to assess how and when a platform of this nature could be introduced seamlessly into the existing CBES operating model.

The assessment currently underway is driven by LUMA's objective to ensure that any future DERMS platform delivers value well beyond the CBES Program. Our goal is to enable system-wide visibility, coordination, and control of distributed energy resources, which requires careful evaluation of technical requirements, integration pathways, and timing. Once this evaluation is complete and a data-driven determination is reached, LUMA will submit a formal proposal for the PREB's review and consideration.

- h. At this stage, with approximately 115,000 customers already enrolled, the available pool of eligible participants has contracted significantly. A significant portion of customers who possess the technical prerequisites such as paired solar-plus-storage systems and active Net Energy Metering participation have already been captured by aggregators during the initial phases of the pilot and early program rollout.

With an excess of 180,000 systems with paired battery and solar, as well as auto-enrollment, further leaps are potentially a reality as the current program closes the gap.

FY2027-FY2028 EE and DR Three-Year Plan Requirements of Information NEPR-MI-2026-0002

Response: RFI-LUMA-MI-2026-0002-20260922-PREB-07

SUBJECT

Program, Planning, and Administrative Costs

REQUEST

7. Submit a revised PP&A budget that reflects LUMA's current expectations for PP&A spending in FY27 and FY28, and not a budget based on significantly expanded enrollment. The budget should be based on LUMA's current expectations of customer enrollment and program needs including space for expected growth, rather than a theoretical cost ceiling.

RESPONSE

Assuming a static, well-defined program that remains largely consistent with its current design and retains key elements from the pilot period, the program is sized for an enrollment range of approximately 100–150 MW (115,000–130,000 participants) and continues to rely on the same mechanisms used during the pilot. Under this approach, spending is limited to:

- Program administration: approximately \$1.1 million

This provides room relatively flat to mild enrollment growth and for changes in program needs within the current design (restricted, non-dynamic, predictable), explicitly only minor changes. This scenario does not require additional staff.

Additionally, to ensure the continued operation, reliability, and strategic growth of the CBES Program, LUMA respectfully requests additional program incentive funding for FY27. This request reflects updated financial forecasts and increased market participation resulting from the program's strong performance.

The success of the CBES Program has generated significant interest from potential new aggregators. Two organizations are currently in the final stages of enrollment, collectively projecting the ability to onboard up to 10,000 additional customers. Based on historical participant performance and anticipated grid event activity for the remainder of FY27, we estimate that integrating these two aggregators will require approximately \$3.8 million to fund their incentive payments.

The program's FY27 incentive budget of \$24,509,185.80 has been adjusted to account for a Q4 FY26 payment obligation to aggregators totaling \$3,109,718.96. After applying this obligation, the remaining FY27 budget is \$21,399,466.84. Updated event-based cost forecasts for FY27, however, indicate that

total incentive expenditures are expected to reach \$27,736,293.00, resulting in a projected budget shortfall of \$6,336,826.16.

In addition, \$3.8 million is required to support the onboarding and operation of two new aggregators included in the FY27 program design. When combined, the program faces a total funding gap of \$10,176,826.16. Without this additional funding, the CBES Program will be unable to meet existing operational and contractual obligations, integrate new aggregators, or sustain the growth in customer participation necessary to deliver the program's grid-support and resiliency benefits. Current aggregators will reach their authorized funding limits and would be unable to continue participation, resulting in the temporary suspension of their operations until new budget authority is granted. This outcome would directly constrain program expansion and reduce the available event-based capacity needed to support system reliability. For these reasons, LUMA respectfully requests approval of an additional \$10,176,826.16 to ensure uninterrupted operation, timely integration of new aggregators, and continued expansion of the CBES Program throughout FY2027.

FY2027-FY2028 EE and DR Three-Year Plan Requirements of Information NEPR-MI-2026-0002

Response: RFI-LUMA-MI-2026-0002-20260922-PREB-08

SUBJECT

Comments of the Solar and Energy Storage Association of Puerto Rico on LUMA Energy's Proposed Energy Efficiency and Demand Response Three-Year Plan

REQUEST

8. Refer to the Comments of the Solar and Energy Storage Association of Puerto Rico on LUMA Energy's Proposed Energy Efficiency and Demand Response Three-Year Plan, dated May 12, 2026, page 3. SESA requests that auto-enrolled customers not be removed from the CBES program for any reason other than through the customer's decision to opt-out. Indicate the total number of customers who have been unenrolled from the CBES program. As part of the response, indicate the number of unenrolled customers that were auto-enrolled, the reason why the customers were unenrolled, and the MW capacity of the unenrolled customers.

RESPONSE

LUMA does not directly unenroll customers from the CBES program. Customer participation including enrollment, management, and unenrollment is administered by the aggregators who maintain the contractual relationship with each participating customer. As a result, LUMA only processes unenrollment requests when an aggregator formally instructs LUMA to do so, and LUMA does not receive information regarding the specific customer-initiated reasons for unenrollment in alignment with current program design.

Since 2024, a total of 202 customers have been unenrolled from the program. Of these unenrollments, LUMA's records indicate that 0 originated from auto-enrolled customers.

The total capacity associated with these 202 unenrolled customers is approximately 1.4 MW.

FY2027-FY2028 EE and DR Three-Year Plan Requirements of Information NEPR-MI-2026-0002

Response: RFI-LUMA-MI-2026-0002-20260922-PREB-09

SUBJECT

Water-heating measures

REQUEST

9. Refer to the Comments of the Solar and Energy Storage Association of Puerto Rico on LUMA Energy's Proposed Energy Efficiency and Demand Response Three-Year Plan, dated May 12, 2026, page 4.
 - a. Did LUMA consider including heat pump water heaters (HPWHs) in the TYP? If considered, explain why LUMA did not include HPWHs in the final proposed TYP.
 - b. Explain whether LUMA could add HPWH to the list of measures offered in the TYP. Identify any barriers or issues that would prevent LUMA from adding this technology.

RESPONSE

- a. Yes, LUMA considered heat pump water heaters (HPWHs) during development of the TYP. LUMA prioritized solar measures in the final proposed TYP because they were expected to be more broadly adoptable by customers in Puerto Rico and easier to implement within the program's initial design. Given the TYP's goals of reaching a wide customer base and launching measures efficiently, solar water heating was considered the better fit at the time the plan was developed.
- b. Yes, LUMA is currently evaluating the potential inclusion of HPWHs to the list of measures offered under the TYP. As part of this re-evaluation, LUMA is reviewing the factors needed to offer the measure effectively, including cost-effectiveness, incentive levels, and implementation requirements. While this evaluation is still underway, LUMA has not identified any barrier at this time that would prevent HPWHs from being added to the TYP.

FY2027-FY2028 EE and DR Three-Year Plan Requirements of Information NEPR-MI-2026-0002

Response: RFI-LUMA-MI-2026-0002-20260922-PREB-10

SUBJECT

Residential Rebates and Business Rebates program design

REQUEST

10. Refer to the Comments of the Solar and Energy Storage Association of Puerto Rico on LUMA Energy's Proposed Energy Efficiency and Demand Response Three-Year Plan, dated May 12, 2026, pages 4-5.
- a. Did LUMA consider adopting the Trade Ally Network and/or contractor-direct rebate pathway that SESA describes in its TYP? If considered, explain why LUMA did not include such a model in the final proposed TYP.
 - b. Explain whether LUMA could begin implementing the Trade Ally Network and/or contractor-direct rebate pathway that SESA describes. Identify any barriers or issues that would prevent LUMA from adopting such a program design.

RESPONSE

- a. Yes, LUMA did consider the contractor-direct rebate pathway described by SESA and evaluated integrating it into a more developed Trade Ally Network in the next TYP cycle. It was not included in the current TYP due to the plan's relatively short two-year duration, existing resource limitations, and the priority of maintaining program continuity and design consistency, as outlined in the TYP. To avoid introducing structural changes mid-cycle and to ensure improvements are implemented in a stable and coordinated manner, LUMA determined that this model would be more appropriately explored in the next TYP.
- b. LUMA could begin implementing the contractor-direct rebate pathway in the next TYP. As discussed in the response to 10 a) above, LUMA was planning to explore offering such a program in the next TYP. Key design challenges to overcome include: 1) whether and how such a pathway operates in parallel with customer incentives; 2) mitigating risk of fraudulent behavior; and 3) establishing qualifying contractor eligibility requirements. LUMA would work closely with stakeholders and the trade ally community on application, verification and anti-fraud requirements for such a program.

FY2027-FY2028 EE and DR Three-Year Plan Requirements of Information NEPR-MI-2026-0002

Response: RFI-LUMA-MI-2026-0002-20260922-PREB-11

SUBJECT

Midstream Incentive Program

REQUEST

11. Has LUMA considered offering a midstream incentive program for any measures in the TYP? If so, for which measures?
- If LUMA considered but did not propose a midstream program, explain the reasons LUMA did not propose a midstream program.
 - Explain whether LUMA could begin implementing a midstream incentive program. Identify any barriers or issues that would prevent LUMA from adopting such a program design.
 - Explain how a midstream approach would interact with or duplicate LUMA's proposed In-Store Discounts program and SESA's proposed contractor-direct rebate pathway, and whether LUMA sees these as complementary or overlapping delivery mechanisms.

RESPONSE

- LUMA considers the instant rebates provided through the In-Store Discounts program to be a form of midstream incentive because the incentive is paid directly to the retailer rather than to the customer. All program incentives are invoiced monthly by participating retailers and paid by LUMA upon validation, consistent with midstream program design. Therefore, LUMA is already proposing and operating a midstream incentive approach within the TYP.
- LUMA did evaluate whether a separate, standalone midstream incentive program was necessary in the TYP. However, LUMA determined that the three core programs, In-Store Discounts, Residential Rebates, and Business Rebates, already provide comprehensive and effective market coverage, including a midstream function through the direct-to-retailer design of the In-Store Discounts program. Introducing an additional midstream pathway would not meaningfully expand the program's reach and could create unnecessary duplication or confusion among customers, retailers, and trade allies.
Consistent with the TYP's overarching goal of maintaining continuity, minimizing program

disruption, and preserving market momentum, LUMA prioritized program designs that build on existing infrastructure rather than creating new, parallel channels. The current structure already delivers the benefits typically associated with midstream approaches, while ensuring that incentives remain simple to administer, predictable for retailers, and accessible to customers at the point of sale.

In assessing a separate midstream program, LUMA also considered several challenges similar to those presented by contractor-direct pathways, including: (1) defining how a midstream rebate would operate alongside established customer-facing incentives; (2) mitigating risks of fraud, improper claims, and verification challenges; and (3) establishing and enforcing eligibility requirements for midstream partners. Given these barriers, and the strong performance of the existing incentive channels, LUMA concluded that adding another midstream layer would not provide incremental value relative to the operational and market complexity it would introduce.

- c. A midstream approach could either overlap or be complementary depending on the specifics of the design of the midstream approach relative to other programs in the portfolio. If the programs covered the same energy efficiency measures and the same customer segments, a midstream approach would conflict with the In-Store Discount program or a contractor-direct rebate pathway and would create customer confusion. If there was no overlap in the measures covered or the target customer segment, a midstream approach could complement the In-Store Discount program and a contractor-direct rebate pathway. Any midstream approach LUMA would consider would need to be complementary in order to maximize savings and mitigate customer and trade ally confusion.

FY2027-FY2028 EE and DR Three-Year Plan Requirements of Information NEPR-MI-2026-0002

Response: RFI-LUMA-MI-2026-0002-20260922-PREB-12

SUBJECT

SESA's Recommendations

REQUEST

12. Refer to the Comments of the Solar and Energy Storage Association of Puerto Rico on LUMA Energy's Proposed Energy Efficiency and Demand Response Three-Year Plan, dated May 12, 2026, page 6. Explain whether LUMA could adopt and implement each of SESA recommendations regarding funding transparency. If not, explain why not for each recommendation in detail.

RESPONSE

LUMA supports the objectives of SESA's recommendations to improve transparency, customer confidence, and program continuity. LUMA's assessment of each recommendation is provided below.

- a. **Weekly Public Budget Reporting:** LUMA understands the importance of keeping the public informed, and agree with the intent behind SESA's recommendation. However, at this time it is not feasible for LUMA to implement weekly public budget reporting. LUMA already provides this information on a quarterly basis, which aligns with our current processes and resource availability.
- b. **Advance Notice of Program Suspensions:** LUMA supports providing advance notice when a program suspension or closure is reasonably foreseeable. LUMA has implemented budget thresholds and continues to provide prompt notice to the PREB in alignment with existing processes.
While LUMA supports efforts to enhance transparency, there may be circumstances, such as unexpected application volumes or funding, legal, security, fraud, technology, or operational issues, where providing 30 days' advance notice is not practicable. At this time, stakeholders are welcome to reference the notices submitted to the PREB and posted on their website for the most up-to-date information. LUMA will continue to act promptly while adhering to established communication channels.
- c. **Budget Scalability:** LUMA monitors program demand and request budget reallocations or supplemental authorization when demand exceeds available funding. However, LUMA cannot independently increase an approved program budget. Any adjustment would depend on

available EE Rider funds, the effect on other programs and savings targets, and PREB approval.

- d. Quarterly EE Rider Reporting: LUMA reports EE rider billed to customers and funds transferred from PREPA to LUMA by month under its existing quarterly reports submitted to the PREB, which aligns with our current processes, resource availability and PREB directives.

FY2027-FY2028 EE and DR Three-Year Plan Requirements of Information NEPR-MI-2026-0002

Response: RFI-LUMA-MI-2026-0002-20260922-PREB-13

SUBJECT

Energy Efficiency Performance Incentive Metrics and Associated Targets

REQUEST

13. Refer to LUMA's April 20, 2026, Motion, Exhibit 2: Energy Efficiency Performance Incentive Metrics and Associated Targets.
- Explain how these metrics incentivize the utility to achieve energy reduction targets.
 - Explain how the proposed metrics and targets are specific to LUMA's proposed TYP and consistent with Section 4.02(D)(6) of the EE Regulation. As part of the response, explain how the proposed targets are connected to LUMA's TYP, including available budget, proposed programs, savings projects, etc.
 - Explain how LUMA developed the specific percentage targets for each metric.
 - Provide the annual savings, in MWh and MW, that LUMA must achieve to receive 0%-150% of the possible incentive.
 - Explain whether the 100% performance level corresponds to LUMA's proposed TYP savings. If not, explain why not.
 - Provide the forecasted energy sales (MWh) and forecasted peak demand (MW) that LUMA assumes in developing these metrics.
 - Explain whether LUMA proposes to hold constant the forecasted energy sales (MWh) and forecasted peak demand (MW) between planning and actual metric achievement.
 - Explain why LUMA proposes to base the performance metrics on forecasted energy sales and forecasted peak demand, rather than using the FY2019 baseline used to calculate the statutory 30 percent energy savings by 2040 goal.
 - Explain whether "annual energy savings achieved" and "annual peak demand savings achieved" refer to first-year savings from measures installed during that year, or to cumulative annual savings from all measures installed during the TYP.

- j. Explain why LUMA proposes to use gross, rather than net, savings for its performance incentive metric.
- k. Explain whether savings from the CBES program would count towards either or both performance metrics.
- l. Explain in detail how LUMA will calculate its actual performance for each metric.
- m. Explain whether LUMA considered other performance metrics when developing the TYP. If not, explain why not. If so, explain why they were not included in the final plan.
- n. Explain whether LUMA considered other performance targets when developing the TYP. If not, explain why not. If so, explain why they were not included in the final plan.

RESPONSE

- a. The proposed metrics are based on actual kWh and kW savings achieved. In combination with the proposed annual targets, the proposed metrics will drive LUMA to focus its EE/DR efforts on 1) achieving kWh and kW savings, and 2) maximizing these savings to achieve the annual energy reduction targets. In simple terms, the proposed metrics and associated targets will drive LUMA's portfolio towards the delivery of measurable energy and demand reductions and towards the optimization of those savings to meet established annual reduction objectives.
- b. The proposed metrics and targets are specific to LUMA's proposed TYP because the proposed kWh and kW savings from the TYP fall within the range of proposed targets. As shown in response to 13 d), the proposed kWh savings for FY27 would yield an incentive in the range of 50% - 100% based on LUMA's belief that realizing the proposed savings would be a significant achievement given the relative immaturity of LUMA's energy efficiency programs. In contrast, the proposed kWh savings for FY28 would not meet the Minimum Performance Requirement and no incentive would be paid based on LUMA's belief that the PREB and stakeholders will expect LUMA to ramp up the savings in FY28 over FY27. With respect to kW savings, as shown in response to 13 d), the proposed kW savings in FY27 and FY28 would yield an incentive in the range of 125% to 150% because LUMA believes that realizing the proposed kW savings would be an exceptional achievement in either year.

Since the proposed savings in the TYP are reflective of the available budget and proposed programs and the targets and incentives are related to the proposed savings, the targets and incentives are intrinsically linked to the available budget and proposed programs. If the budget or programs change, the projected savings are likely to change and, as a result, it would be appropriate to modify the proposed targets.

The proposed metrics and targets are consistent with Section 4.02(D)(6) of the EE Regulation for the following reasons.

- 1. The performance incentive rewards program performance that makes significant progress towards securing cost-effective energy efficiency resources as efficiently as possible (i.e., within the available budget given the need to allocate program

spending across various customer segments and end-uses). This is consistent with subsection 1 of Section 4.02(D)(6) of the EE Regulation.

2. The performance incentives provides incentives for annual MWh savings and MW savings, both of which are consistent with the goals of Act 17-2019. This is consistent with subsection 2 of Section 4.02(D)(6) of the EE Regulation.
 3. The performance incentives have clear metrics for determining performance which is consistent with subsection 3 of Section 4.02(D)(6) of the EE Regulation.
 4. The maximum performance incentive represents a small portion of the projected net benefits which ensures that customers retain most of the benefit from the implementation of energy efficiency. This is consistent with subsection 4 of Section 4.02(D)(6) of the EE Regulation.
- c. In developing the specific percentage targets for each year, LUMA first determined what level of savings should represent the Minimum Performance Level that must be met. Secondly, it determined what level of savings should be considered exemplary given the overall operating environment, maturity of the portfolio and legislative and regulatory requirements. The 100% incentive performance target was set to reflect these exemplary levels for each year and for each performance metric (i.e., energy savings or peak demand savings). The targets for all the other incentive levels were then determined pro-rata from the percentages for the Minimum Performance Level and the 100% incentive level.

In determining the percentage targets for Year 2, LUMA considered that it would be the first year of performance incentives after the TPP for which there was effectively no Minimum Performance Level. For this reason, LUMA felt it was appropriate to set the Minimum Performance Level to 0% for both kWh and kW targets. As discussed in the response to 13 b) above:

- the proposed kWh savings for FY27 would yield an incentive in the range of 50% - 100% based on LUMA's belief that achievement of the proposed kWh savings would be a significant achievement given the relative immaturity of the energy efficiency portfolio.
- the proposed kW savings would yield an incentive in the range of 125% to 150% because LUMA believes that realizing the proposed kW savings would be an exceptional achievement.

In determining the percentage targets for Year 3, LUMA considered that given that this would be the second year under a performance incentive, the proposed kWh savings for FY28 would NOT meet the Minimum Performance Requirement and no incentive would be paid based on LUMA's belief that the PREB and stakeholders will expect LUMA to ramp up the savings in FY28 over FY27. In contrast, the proposed kW savings for Year 3 would yield an incentive in the range of 125% to 150% because LUMA believes that the proposed kW savings for Year 3 would be an exceptional achievement.

- d. The annual savings, in MWh and MW, that LUMA must achieve to receive 0% - 150% of the possible incentive is given below. Note that these values are based on the forecast energy sales and peak demand for FY27 and FY28. The energy savings and peak demand savings are based on the proposed energy savings and peak demand savings targets filed in Exhibit 2: Energy Efficiency Performance Incentive Metrics and Associated Targets, NEPR-MI-2026-0002, April 20, 2026.

Proposed Energy Savings Incentive Metrics and Associated Targets						
	Minimum Performance Level	25%	50%	100%	125%	150%
Baseline	N/A	N/A	N/A	N/A	N/A	N/A
Year 1	N/A	N/A	N/A	N/A	N/A	N/A
Year 2	0	0.06%	0.13%	0.25%	0.31%	0.38%
Year 3	0.25%	0.29%	0.33%	0.40%	0.44%	0.48%

Converted to MWh Based on Forecast FY27 and FY28 Sales							
	Forecast Sales (MWh)	Minimum Performance Level	25%	50%	100%	125%	150%
Baseline	N/A						
Year 1	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Year 2	15,655,215	0	9,785	19,569	39,138	48,923	58,707
Year 3	15,389,528	38,474	44,245	50,016	61,558	67,329	73,100

Proposed Peak Demand Incentive Metrics and Associated Targets						
	Minimum Performance Level	25%	50%	100%	125%	150%
Baseline	N/A	N/A	N/A	N/A	N/A	N/A
Year 1	N/A	N/A	N/A	N/A	N/A	N/A
Year 2	0	0.03%	0.05%	0.10%	0.13%	0.15%
Year 3	0.10%	0.13%	0.15%	0.20%	0.23%	0.25%

Converted to MW based on Forecast FY27 and FY28 Peak Demand							
	Forecast Sales (MW)	Minimum Performance Level	25%	50%	100%	125%	150%
Baseline	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Year 1	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Year 2	3,059	-	0.8	1.5	3.1	3.8	4.6
Year 3	2,999	3.0	3.7	4.5	6.0	6.7	7.5

- e. The 100% performance level corresponds to LUMA's proposed TYP energy savings or peak demand savings in FY27 or FY28.

- f. The forecasted energy sales (MWh) and forecasted peak demand (MW) that LUMA assumed in developing these metrics is provided in response to 13 d) above.
- g. LUMA proposes to hold constant the forecasted energy sales (MWh) and forecasted peak demand (MW) between planning and actual metric achievement. In simple terms, LUMA believes that the denominator used in determining the percentage savings should be based on the forecast value for that year and not on the actual value for the year. Otherwise, LUMA's performance according to the proposed performance metrics could vary solely due to changes in actual sales even if the actual savings are unchanged. This would introduce variability into LUMA's performance independent of the actual savings realized.

This approach provides greater planning certainty to both LUMA and the PREB because the incentive for a specific level of savings will be known in advance and will not be subject to exogenous factors such as weather, generation outages or transmission outages affecting actual energy sales or peak demand during the year.

It is also important to note that LUMA is proposing that the numerator used in determining the percentage savings should be based on actual verified gross savings realized.

- h. LUMA considered basing the performance metrics on the FY2019 baseline used to calculate the statutory 30 percent energy savings by 2040 goal, but ultimately rejected this approach for four reasons:
 - 1. The forecast sales in future years will become increasingly different from the FY2019 baseline and, as a result, the percentage savings based on the FY2019 baseline would be an increasingly inaccurate and meaningless metric over time.
 - 2. Most other jurisdictions report energy savings as a percentage of current year sales, so basing the percentage savings on the FY2019 baseline would complicate benchmarking with other jurisdictions.
 - 3. Achievement of the statutory 30 percent energy saving goal is based on cumulative energy savings rather than annual first year energy savings. The focus in any given year should be on maximizing the annual first year energy savings realized in that year. Savings from prior years, which contribute to the cumulative savings, have absolutely no impact on the annual first year energy savings achieved in a given year.
 - 5. Lastly, setting performance targets within a TYP is a very different exercise that is done for very different reasons than developing and providing a long term savings forecast to assess compliance with the statutory 30 percent energy savings by 2040 goal. Ultimately, compliance with the 2040 goal will be based on the cumulative kWh savings in 2040 which have been expressed for convenience as a percentage of the FY2019 baseline. LUMA appreciates that this approach fixes the baseline rather than letting it vary with actual sales in any given year (similar to LUMA's proposed use of forecasted sales as noted in the response to 13 g) above) and that the statutory 30 percent energy savings by 2040 goal can be readily converted to an actual energy baseline in kWh for the purpose of assessing compliance.
- i. "Annual energy savings achieved" and "annual peak demand savings achieved" refer to first year savings from measures installed that year. This approach is consistent with the approach generally used in other jurisdictions and ensures that the performance incentive solely reflects

performance in the year and is not impacted by prior year performance (such as would be the case if the savings achieved reflected cumulative savings).

- j. LUMA proposes to use gross, rather than net, savings for its performance incentive metric because there is no historical information regarding either net savings or program-specific net-to-gross ratios for EE / DR in Puerto Rico. On the other hand, all parties – LUMA, the PREB and stakeholders – have a good understanding of how program participation leads to gross savings based on historical results. Ultimately, there is currently a direct “line of sight” between measure / program participation and gross savings whereas there is no such “line of sight” between participation and net savings. For these reasons, LUMA believes that gross savings should form the basis for the performance incentive metric.
- k. Savings from the CBES program would only count towards the “annual peak demand savings achieved” (kW savings).
- l. LUMA proposes to calculate its actual performance for each metric as follows:
 - 1. The “annual energy savings achieved” and “annual peak demand savings achieved” will be based on the actual verified gross savings for the period as determined by the EM&V contractor.
 - 2. The “annual energy savings achieved” will then be divided by the forecasted energy sales for the year and expressed in percentage terms to determine the energy savings performance metric for the year. Similarly, the “annual peak demand savings achieved” will then be divided by the forecasted peak demand for the year and expressed in percentage terms to determine the peak demand savings performance metric for the year.
 - 3. Expressed in percentage terms to determine the peak demand savings performance metric for the year.
- m. LUMA considered other performance metrics when developing the TYP, but ultimately determined that keeping the performance metrics simple and reflective of the primary objective of the EE / DR programs – achieving energy and peak demand savings – would help focus LUMA’s efforts on achieving energy savings and peak demand reduction.

LUMA is aware that some other utilities have several performance metrics and targets associated with their EE / DR portfolio, but LUMA does not believe such a complicated approach would be beneficial in these early stages of EE / DR in Puerto Rico. Instead, LUMA fears that having more than two performance metrics and targets would distract and detract from achieving energy and peak demand savings.

Furthermore, not all of the performance metrics used by other utilities are used in determining their performance incentives. Similarly, there will be other performance metrics that LUMA will be tracking and reporting on, such as Low Income spending as a percentage of total spending, that are important but should NOT be used in determining performance incentives.

- n. Having determined that the performance metrics should be based on “annual energy savings achieved” and “annual peak demand savings achieved”, LUMA focused on determining the appropriate performance targets based on these metrics as discussed above.

LUMA did not develop performance targets for any of the other performance metrics that it explored because, as explained in 13 m) above, LUMA ultimately rejected targets based on other performance metrics in order to keep the performance metrics driving the performance incentives simple and reflective of the primary objective of the EE / DR programs – achieving energy and peak demand savings.

FY2027-FY2028 EE and DR Three-Year Plan Requirements of Information NEPR-MI-2026-0002

Response: RFI-LUMA-MI-2026-0002-20260922-PREB-14

SUBJECT

Proposed Plan to Achieve 30% savings Goal by 2040

REQUEST

14. Refer to LUMA's April 20, 2026, Motion, Exhibit 3: Proposed Plan to Achieve 30% savings Goal by 2040.
- Explain how LUMA considered the market baseline and potential study in developing these targets.
 - Explain why LUMA proposes savings will gradually ramp up from 137 GWh in 2029 to 150 GWh by 2033 and then decrease to 83 GWh in 2034.
 - Explain how LUMA expects to ramp up its programs from the current FY27-FY28 TYP to the next FY29-FY31 TYP to achieve the estimated savings at the proposed cost.

RESPONSE

The savings trajectory in Exhibit 3 is based on the PR100 study because its forecast was incorporated into the IRP and used to develop LUMA's long-term load forecast at a time when the Market Baseline and Potential Study was not yet available. As updated potential data becomes available, LUMA will integrate those findings into future Three-Year Plans to ensure alignment with the most current and jurisdiction-specific information.

- The projections shown in Exhibit 3: Proposed Plan to Achieve 30% Savings Goal by 2040 were developed by the PR100 team during development of the PR100 report and presented to the contributors as the "ground-up" estimate of energy efficiency savings through 2040. These projections were developed prior to the finalization of the market baseline and potential studies. Therefore, the market baseline and potential studies could not have been considered during the development of these projections.

However, as LUMA develops future Three-Year Plans—including the FY29–FY31 TYP—LUMA intends to incorporate the findings of the market baseline and potential studies to ensure that future program designs, savings estimates, and cost projections are fully aligned with the most current and jurisdiction-specific potential data.

- b. LUMA was a contributor to the PR100 study but was not the primary author of the study. Similarly, LUMA did not create the “ground-up” estimate that was provided as the projections shown in Exhibit 3: Proposed Plan to Achieve 30% Savings Goal by 2040. As such, LUMA is not able to explain why the savings gradually ramp up to 150 GWH in 2033 and then decrease to 83 GWH in 2034.
- c. As noted, the projections shown in Exhibit 3: Proposed Plan to Achieve 30% Savings Goal by 2040 were developed by the PR100 team during development of the PR100 report and presented to the contributors as the “ground-up” estimate of energy efficiency savings through 2040. LUMA is not suggesting that the estimated savings and costs provided in Exhibit 3 for 2029 – 2031 represent the expected savings or costs for the next TYP. Instead, LUMA is planning to develop the next TYP during the current FY27-FY28 TYP. The next TYP will provide projected savings and costs for the period FY29 – FY31 and fully explain how the current programs ramp up.