



# Monthly Report on the T&D System

For the Month of August 2022

October 10, 2022

# Contents

1.0	Mission, Goals and Areas of Responsibility .....	1
2.0	Monthly Sales Summary .....	1
3.0	Outage Summary.....	2
4.0	PREB Filings & Hearings .....	3
5.0	Legislative and Legal Matters.....	5
6.0	Material OMA Items .....	10

# 1.0 Mission, Goals and Areas of Responsibility

LUMA assumed operations of Puerto Rico's Transmission and Distribution System (T&D System) on June 1, 2021, with the mission to recover and transform the energy grid and deliver customer-centric, reliable, resilient, safe and sustainable electricity at reasonable prices for the 1.5 million customers LUMA is proud to serve. LUMA manages and operates the government-owned T&D Assets under the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement ("T&D OMA") executed on June 22, 2020, among the Puerto Rico Electric Power Authority ("PREPA"), the Puerto Rico Public-Private Partnerships Authority ("P3A") and LUMA Energy, LLC and LUMA Energy ServCo, LLC (collectively, "LUMA").

This report outlines LUMA's key activities for the month of August 2022.

## 2.0 Monthly Sales Summary

The information included in this report is based on *preliminary data*<sup>1</sup> for August 2022 and is subject to change.

- Consumption was lower in August both month over month (6.7%) and year over year (6.0%).
- Energy sales in August decreased 24.4% from the previous month and increased 8.35% compared to the same month a year ago.
- Fuel costs for PREPA's generation facilities and EcoEléctrica are substantially higher compared to the same month last year due to increased global market prices and updated supply contract terms. These costs are reflected in higher Fuel Charge Adjustment compared to last year.

**Table 2-1. Energy billed by customer segment**

Consumption (GWh)	Residential	Commercial	Industrial	Public Lighting	Agriculture	Other Authorities	Total
2022 August	611.8	613.7	159.1	23.4	3.4	2.2	1,413.6
2022 July	649.2	677.0	160.1	22.9	2.3	3.1	1,514.6
2021 August	661.6	599.4	217.2	20.7	2.1	3.2	1,504.2

**Table 2-2. Energy sales by rate component**

Energy Sales (\$M)	Base	FCA <sup>2</sup>	PPCA <sup>3</sup>	CILT & Subsidies <sup>4</sup>	Total
2022 August	92.8	232.3	43.1	28.3	396.5
2022 July	71.7	370.3	45.2	37.5	524.7
2021 August	103.8	191.1	49.9	21.1	365.9

<sup>1</sup> Fuel data for the month has not been provided to LUMA from PREPA and so FCA data is estimated and subject to material change.

<sup>2</sup> FCA: Fuel Charge Adjustment

<sup>3</sup> PPCA: Purchased Power Charge Adjustment

<sup>4</sup> CILT: Contribution In Lieu of Taxes

Table 2-3. Energy sales by customer segment

Energy Sales (\$M)	Residential	Commercial	Industrial	Public Lighting	Agriculture	Other Authorities	Total
2022 August	176.4	166.6	42.8	9.1	0.7	0.9	396.5
2022 July	230.1	225.2	56.6	10.9	0.8	1.1	524.7
2021 August	151.5	162.0	50.7	0.5	0.7	0.5	365.9

## 3.0 Outage Summary

### Reported Events

- On August 17, 2022, the LUMA Emergency Operation Center (LEOC) was activated to manage an outage.
- Several generation forced outages occurred throughout the month.
- LUMA continues to have serious concerns regarding reserve margins as a direct result of PREPA's ongoing planned outages taking significantly longer than planned. For instance, Aguirre 1 continues to be offline, over ten weeks (two and a half months) after PREPA's original return to service planned for June 4, 2022.

Table 3-1: Significant Generation Outages

Date	Description of outage
08/01/2022	Palo Seco 3: Derated AES 1: Derated
08/02/2022	Palo Seco 3: Derated
08/03/2022	AES 1: Derated
08/05/2022	AES 1: Derated Palo Seco 3: Derated Aguirre 2: Derated
08/06/2022	AES 1: Derated Palo Seco 3: Derated
08/07/2022	San Juan 9: Derated
08/09/2022	Costa Sur 5: Maintenance outage AES 2: Derated
08/10/2022	Eco Ct1: Forced outage load shed AES 2: Forced outage load shed Costa Sur 6: Derated San Juan 9: Derated
08/11/2022	Costa Sur 5: Derated AES 2: Derated
08/12/2022	AES 2: Forced outage load shed Aguirre 2: Forced outage load shed
08/13/2022	AES 1: Derated Palo Seco 3: Derated

08/14/2022	Costa Sur 6: Derated AES 1: Derated
08/15/2022	Aguirre 2: Derated San Juan 5: Forced outage
08/16/2022	AES 1: Derated AES 2: Derated Aguirre 2: Forced outage load shed
08/17/2022	AES 1: Forced outage and load shed AES 2: Forced outage and load shed
08/20/2022	San Juan 6: Maintenance outage
08/21/2022	San Juan 7: Forced outage San Juan 5: Forced outage San Juan 9: Forced outage
08/22/2022	AES 1: Derated AES 2: Derated
08/24/2022	Costa Sur 6: Derated
08/25/2022	AES 1: Forced outage
08/27/2022	Palo Seco 3: Maintenance Outage
08/29/2022	Costa Sur 6: Derated

**Table 3-2: Significant Transmission Outages**

Date	Description of outage
08/10/2022	Line 51200 tripped and reclosed
08/12/2022	Line 50200 tripped
08/15/2022	Transmission event on Lines 50500, 51100, and 51200
08/17/2022	Line 50700 and 50700-1 tripped, load shed Line 50200 tripped, contingency load shed
08/21/2022	Breaker failure 0090 in San Juan substation
08/26/2022	Line 50500 tripped
08/28/2022	Line 50500 tripped

## 4.0 PREB Filings & Hearings

As part of LUMA's commitment to transparency, LUMA participated in and supported discussions with the Puerto Rico Energy Bureau (PREB) across a broad range of topics.

- [NEPR-AP-2020-0025](#) | **LUMA's Performance Metrics** – On August 1, 2022, the PREB issued a Resolution and Order (R&O) denying LUMA's request to vacate or grant LUMA relief from December 22, 2021 R&O, and additional metrics. The PREB ordered LUMA to file a revised Annex IX including targets and metrics on Interconnection, Energy Efficiency/Demand Response and Vegetation Management and associated testimony.
- [NEPR-MI-2019-0007](#) | **Performance Metrics** – On August 18, 2022, the PREB issued an unscheduled and unprecedented R&O, providing a 12-Month Metrics Summary. Included in this summary were several orders regarding monthly peak data, non-technical losses, and requests

for LUMA to explain causes for places where ‘negative performance’ was labeled by PREB. Several of the areas cited for “negative performance” are not performance metrics and cannot be affected by LUMA – they are simply system data. In addition, PREB had several examples and/or graphs that had incorrect data, including reporting that LUMA had almost half of the employees that LUMA actually reported. LUMA teams are currently working on responses to the information requested by the PREB. On August 30, 2022, LUMA filed its Motion in compliance with resolution and Order informing the name of the LUMA designated representative to address the monthly peak data.

- [NEPR-MI-2020-0012](#) | **IRP** – On August 31, 2022, LUMA filed a Motion to request approval of qualified consultants in compliance with the approved IRP process. Once PREB approves the list of qualified consultants, LUMA will begin negotiations and select the final candidate.

Regarding renewable procurement, on August 15, 2022, LUMA responded to the PREB’s July 20, 2022, R&O regarding use of federal funds for system upgrades. In the motion, LUMA outlined the consequences of the PREB’s decision and requested a technical conference to discuss solutions. On August 16, 2022, LUMA sent a letter to the P3A on this topic (LUMA-P3A-T-00360), reiterating the negative impact on LUMA’s FY 2023 Certified Budget and a potential solution which will still advance PREB’s objectives and keep costs outside of LUMA’s budgets. On August 18, 2022, the PREB issued an R&O determination that it requires a Class 3 Estimate before addressing the consequences raised by LUMA in the August 15, 2022 motion.

- [NEPR-MI-2019-0016](#) | **DG Interconnection** – On August 15, 2022, LUMA submitted the Interconnection Quarterly Progress Report for the periods of May to July. On August 31, 2022, LUMA submitted the Suggested Interconnection Quarterly Progress Report which includes the new presentation and requests that the schedule for reports be aligned to LUMA fiscal year.
- [NEPR-MI-2020-0001](#) | **Streetlight Report** – On August 11, 2022, LUMA submitted the July Streetlight Progress report.
- [NEPR-IN-2022-0004](#) | **August 17<sup>th</sup> Incident** – On August 22, 2022, LUMA submitted an initial report on the incident.
- [NEPR-IN-2022-0002](#) | **April 6<sup>th</sup> Incident** – On August 26, 2022, LUMA submitted the Breaker Forensic Analysis Report for the Incident.
- [NEPR-IN-2022-0003](#) | **July 12<sup>th</sup> Incident** – On August 31, 2022, LUMA submitted a progress report for incident focused on restoration activities.
- [NEPR-MI-2022-0002](#) | **Resource Adequacy Study** – On August 30, 2022, LUMA submitted the Resource Adequacy Study and requested that a new docket be created to facilitate the review and publication of the study.
- [NEPR-MI-2021-0004](#) | **LUMA’s Initial Budgets** – On August 3, 2022, PREB approved LUMA’s FY2022 Budget Amendment and acknowledged that it is compliant with the base rate and does not result in an increase in LUMA’s aggregate expenditure.

On August 8, 2022, LUMA submitted a Motion requesting to modify the Procedural Calendar to extend the term provided for the filing of additional information related to FY2023 budget until August 31, 2022. On August 12, 2022, PREB issued an R&O setting a Procedural Calendar, establishing the Virtual Technical Conference for September 9, 2022, on FY2023 Annual Budget and setting the Agenda. On August 15, 2022, LUMA filed a motion requesting PREB to align the

fourth quarterly reporting requirements with the annual year-end financial report due 120 days after fiscal year-end. PREB issued an R&O in response to PREPA's request, on August 19, 2022, where they amended the procedural calendar, re-scheduled the Virtual Technical Conference for September 13, 2022 and issued additional RFIs. On August 26, 2022, PREB denied LUMA's Request for Alignment of the Filing of Quarterly Report for the Fourth Quarter of each Fiscal Year with the Year-End Report, as well as LUMA's Request for Modification of Procedural Calendar. PREB directed LUMA to file on or before September 2, 2022, the Q4 Report with financial actuals for said quarter of FY 2022. On August 29, 2022, LUMA submitted a comparison between the FY2023 Certified Budgets and the FY2022 Budget as approved by PREB on August 2, 2021. On August 31, 2022, LUMA filed a Motion for Partial Reconsideration of the August 26, 2022, R&O and to Alter Schedule for Submission and Consideration of Financial Actuals. LUMA proposed an alternate schedule to submit a year-end report that would include the Q4 financial actuals on or before October 28, 2022.

- [NEPR-MI-2021-0002](#) | **Federal Funding** – On August 10, 2022, LUMA submitted two initial Scopes of Work, one for the IT OT Telecom Systems & Network, one for the Substations Rebuilds T&D projects, and an updated Project List. On August 11, 2022, LUMA submitted nine FEMA approvals, including six for the Distribution Pole and Conductor Repair, one for the Substations Rebuilds, one for the Transmission Priority Pole Replacements, and one for the Transmission Line Rebuild T&D projects.
- [NEPR-MI-2020-0001](#) | **Permanent Rate** – On August 4, 2022, PREB issued an R&O ordering LUMA to submit on or before August 19, 2022, a summary of its energy conservation campaign plan. On August 10, 2022, not having received data from PREPA, LUMA filed a motion with PREB requesting an extension to the July reconciliation deadline. On August 12, 2022, PREB issued an R&O granting LUMA's extension request for the July Reconciliation deadline. On August 16, 2022, LUMA filed with PREB an informative motion informing PREB that the July 2022 reconciliation was below the \$20 million threshold. On August 19, 2022, LUMA filed with PREB a response to PREB's information request regarding LUMA's energy conservation campaign.
- [NEPR-AP-2018-0004](#) | **Unbundling of Assets** – On August 10, 2022, PREB issued an R&O (August 8<sup>th</sup>, R&O) denying LUMA's April 4, 2022, motion for reconsideration and ordering LUMA to submit a formal version of the wheeling customer rider, scheduled a technical conference, and requesting stakeholder comments. On August 24, 2022, LUMA filed a motion submitting wheeling rider in compliance with the August 8, 2022, R&O. On August 26, 2022, LUMA filed a motion with PREB requesting an MI Docket and a technical conference agenda. On August 30, 2022, LUMA filed a motion submitting stakeholder comments.
- **Resource Adequacy** – On August 30, 2022, LUMA filed a resource adequacy assessment with PREB and requested a technical workshop with PREB to discuss the findings.

## 5.0 Legislative and Legal Matters

- Monitoring legislative activity, responding to requests for comments and preparing LUMA employees for public hearings is an important and significant responsibility, requiring multiple interactions with members and staff of the Puerto Rico Senate and House of Representatives over the course of many weeks and months on some occasions.
- Responding to these inquiries requires considerable resources and time from LUMA.

**Table 5-1: Summary of Requests for Comments or Legislation Filed in the Puerto Rico Senate or House of Representatives**

Committee	Bill or Resolution	Requesting Comments On or Filed	LUMA Response or Legislation Title
<b>Senate Committee on Innovation, Telecommunications, Urban Planning, and Infrastructure Committee</b>	Senate Resolution 465	August 11, 2022 “On-site Hearings”	<p>The SR465 orders the Committee on Innovation, Telecommunications, Urbanism and Infrastructure of the Senate of Puerto Rico to conduct an ongoing investigation on the conditions of the infrastructure of the country; the opportunities for development through innovation; the needs of society to improve the telecommunications system; the use of planning and urbanism mechanisms; the performance of public instrumentalities in relation to these issues; the statutes and regulations in force related to the disciplines outlined, as well as the recommendations to be followed to address the problems of Puerto Rico in these matters.</p> <p>On August 11, 2022, LUMA participated in the Committee’s On-Site Hearing in the Candelaria Community in Vega Alta.</p>
<b>Senate Committee on Innovation, Telecommunications, Urban Planning, and Infrastructure Committee</b>	Senate Bill 956	August 17, 2022	<p>Senate Bill 956 establishes the Act for the “Transformation of Public Roads for the Production of Renewable Energy Act”.</p> <p>On August 17, 2022, the Committee requested comments from LUMA.</p>

**Table 5-2: Material Litigation Activity<sup>5</sup>**

Case No.	Party Names	Description	Significant Updates
<b>Adv. Proc. No. 21-00041</b>	UTIER v. Pierluisi et al.	Plaintiffs are requesting the annulment of the OMA because they claim that it violates the Contracts Clause and does not comply with Act 120-2018, given that it	The Court has not yet ruled on the pending Motion to Dismiss.



Case No.	Party Names	Description	Significant Updates
		allegedly does not recognize UTIER's collective bargaining agreement.	
<b>Adv. Proc. No. 21-00049</b>	SREAE v. PIERLUISI et al.	Similar claims to 21-00041. In addition, alleges that the OMA violates ERISA and would damage the SREAE due to lack of funds.	The Court has not yet ruled on the pending Motion to Dismiss.
<b>Case No. KLRA202100406</b>	In re Revisión de los Términos de Servicio de LUMA	ICSE seeks order to annul and overturn PREB's approval of Modified Terms of Service and Liability Waiver. They argue the waiver is an infringement of PR's Civil Law tradition as it goes against the Law, Moral, and Public Order.	<p>On March 10, 2022, the Puerto Rico Court of Appeals dismissed ICSE's petition due to lack of standing to pursue the remedy claimed. Petitioner did not request reconsideration and represented before PREB that it will not seek recourse from the Puerto Rico Supreme Court.</p> <p>On April 11, 2022, Petitioner filed a Motion requesting Adjudicative Procedure before the PREB and a Motion requesting Investigation and Relief. The Independent Office for Consumer Protection (ICPO) filed a similar request on the same date and requested that the proceeding to evaluate the Liability Waiver of the Modified Terms of Service be consolidated with the PREB's</p>

Case No.	Party Names	Description	Significant Updates
			investigation of the April 6, 2022, incident. On April 14, 2022, PREB accepted ICSE's and ICPO's motions requesting the opening of the adjudicative proceeding to evaluate the Limited Liability Waiver of the Modified Terms of Service, announced its decision to initiate an adjudicative proceeding regarding the Modified Terms of Service and notified the parties that a procedural itinerary would be issued.
<b>SJ2022CV02868</b>	Ismael Herrero Domenech and the class composed of all residential electrical energy consumers that are customers of LUMA Energy LLC v. LUMA Energy LLC, Wendco of Puerto Rico Inc. et al. v. LUMA Energy LLC	The residential and commercial customers in the consolidated class actions filed with the Puerto Rico State Court ("Plaintiffs"), seek to be compensated for damages for LUMA's alleged failure to properly maintain and operate certain equipment pursuant to the T&D OMA that caused an island-wide blackout on April 6, 2022. Plaintiffs claim over \$500 million in damages. LUMA was served on July 19, 2022, and on July 29, 2022, we filed a Notice of Removal with the Title III. Bankruptcy court.	On August 26, 2022, the Plaintiffs filed a Motion to Remand. LUMA has until September 13, 2022, to respond. The Replies are due on September 20, 2022.

Case No.	Party Names	Description	Significant Updates
<b>SJ2022CV05387</b>	CADFI Corp. v. PREPA, LUMA and Municipality of San Juan	Plaintiff, CADFI Corp. (Broad Coalition for Functional Diversity on Equality), and other individual Plaintiffs, allege that some electric posts are located in the middle of some sidewalks in San Juan in violation of the American with Disabilities Act (“ADA”) and the Standards for Accessible Design promulgated by the US Department of Justice. The Plaintiffs seek from the codefendants the following remedies: (1) a permanent injunction pursuant to ADA Title II and other federal regulation (28 C.F.R. §§35.151(a),(b),(c), or (i); 45 C.F.R. §§84.22) ordering the Defendants to remedy, reinstall, and/or relocate the electric posts in the sidewalks of San Juan so that they do not interfere with the free mobility of persons with disabilities; (2) nominal damages for \$1 pursuant to ADA and the Rehabilitation Act, and (3) costs and attorneys’ fees pursuant to 42 U.S.C. 12205. As provided by the Operations team, a rough estimate of the costs that LUMA would have to incur if the Complaint was to be granted exceeds \$1.5 million.	On July 27, 2022, the Municipality of San Juan removed the case to the Puerto Rico District Court. LUMA and PREPA, both co-defendants, consented to the Removal. On Aug. 29, the Municipality of San Juan filed a Motion to dismiss. Plaintiffs’ deadline to respond is Sept. 14. Also, PREPA requested until Sept. 9 to answer the Complaint. The Court granted the extension. LUMA also filed for an extension, but it has not been yet granted by the Court.

**Footnote**

5: Material Litigation Activity refers to all litigation related to challenges to the OMA, matters that could impede the OMA work or litigation with significant financial risk. This does not include ordinary litigation proceedings that originate as part of the operation of the T&D System, including but not limited to pre-litigation dispute resolution, management of active litigation, discovery, PREB invoice challenges, and other litigation procedures.

## 6.0 Material OMA Items

- **PREPA Reorganization and Title III Exit**
  - The Reorganization of PREPA continues to miss key milestones outlined in the Fiscal Plan. This on-going delay is impeding critical progress on the PREPA Transformation.
  - Although PREPA, P3A, and LUMA agreed on a final version of the PREPA-GenCo-HydroCo Operating Agreement (PGHOA), PREPA has not yet submitted the PREPA Reorganization plan (approved by the PREPA Governing Board in December 2021) or PGHOA to the PREB for review and approval.
  - Title III mediation deadlines have been extended on multiple occasions and the timing of Title III exit remains uncertain.
  - LUMA continues to dedicate resources to work with PREPA on supporting a cooperative and collaborative relationship while addressing key issues as they arise. However, LUMA remains concerned by PREPA's slow responsiveness on many key issues and ignoring division of responsibilities stipulated in the T&D OMA that are having a negative impact on LUMA's ability to perform its obligations in the T&D OMA.
- **FY2023 Budget Process and Generation Allocation**
  - Following significant efforts by P3A, the FOMB and LUMA to reach a consolidated FY2023 Certified Budget by June 30, 2022, LUMA submitted LUMA's revised FY2023 Budget documents to P3A on July 14, 2022, as requested in P3A's June 28, 2022 letter and informatively to PREB on July 13, 2022.
  - On July 16, 2022, PREB initiated a budget review and approval process by which they issued additional information requests (many pertaining to the unchanged T&D Budgets, for which PREB previously issued information requests in May 2022 and LUMA provided responses in June 2022) and set a procedural schedule which required multiple updates, including rescheduling the August 17, 2022 technical conference to September 9, 2022, then to September 13, 2022, and to September 27, 2022. Lastly, PREB expanded it over multiple days, with the next technical conference being held on October 7, 2022.
- **PREB directives on Allocation of Generator Network Upgrade Costs to LUMA's Budget**
  - Following PREB's June 13, 2022, R&O in NEPR-MI-2020-0012, requiring transmission system network upgrade projects associated with selected Tranche 1 to be funded from LUMA's Non-Federally Funded Capital Budget or, if approved by FEMA, from the Federally Funded Capital Budget and LUMA's motion for reconsideration and stay on June 22, 2022, PREB issued an R&O denying LUMA motion for reconsideration.
  - PREB's directives on this matter which potentially favor specific generators and are in violation of the text of the public RFP document were issued without a hearing, presentation of evidence or any opportunity to be heard.
  - LUMA continues to have grave concerns for the potential negative impacts to reliability and resilience of the system and increased costs to customers if these directives are carried out. If similar directives are made with the next renewable RFP Tranches, this will have a cascading effect on LUMA's ability to remediate identified critical System

Remediation Plan Improvement Programs, meet Contract Standards and Performance Metrics and limit LUMA's rights under Section 7.4 of the T&D OMA.

- **PREB directives regarding LUMA's Incentive Performance Metrics**
  - On August 1, 2022, the PREB issued an R&O denying LUMA's February 17, 2022, Opposition and Objection of the PREB's R&O requiring additional metrics after deeming LUMA's Annex IX filing as incomplete and based on partial testimony. The PREB ordered LUMA to file a revised Annex IX to the OMA including targets and metrics on Interconnection, Energy Efficiency/Demand Response and Vegetation Management, in addition to requiring that LUMA file supplemental or revised testimony for these additional metrics.
  - LUMA continues to have grave concerns regarding the PREB's handling of these proceedings including PREB's management of the administrative docket, and PREB's stance on the imposition of penalties and its rights over the payment of the Incentive Fee. LUMA's concern extends to the PREB's current handling of the administrative docket and the proceedings in the context of due process and its impact on the performance Incentive Fee under the T&D OMA which would be directly impacted by regulatory actions by the PREB and could result in a reduction of the likelihood of LUMA earning the Incentive Fee.
- **PREB directives regarding PREPA's Performance Metrics (Docket No. NEPR-MI-2019-0007)**
  - On August 18, 2022, the PREB issued an R&O, on —what was referred to as— the June 2021 – May 2022, 12-Month Metrics Summary. This unscheduled and unprecedented R&O ordered LUMA to, among other things, designate a representative to work with the PREB to develop a process to collect and report monthly peak data, to provide a detailed timeline on when LUMA anticipates reporting the metric that denotes the Percent of Automatically Generated NTL Leads found to be occurrences of theft metric and to file a bi-monthly progress report on efforts to commence reporting said metric.
  - Additionally, the August 18, 2022, R&O states that for the period examined —June 2021 to May 2022— LUMA's performance remained within the expected baseline target for approximately 84% of the metrics evaluated, while PREPA remained at approximately 50%. Based on these findings, the PREB ordered PREPA and LUMA to file respective motions explaining the causes of the negative performance along with the plan for corrective actions to be taken to remediate the performance.
  - LUMA is gravely concerned about the way the PREB has depicted LUMA's performance, including statements made by Commissioners to the media, and the PREB's utilization of the data reported by LUMA since June 1, 2021. For that reason, LUMA is working on a motion contesting some of the conclusions reached by the PREB, as well as requesting the correction of data as multiple charts and assertions made by the PREB that misrepresent LUMA's performance. Some of the issues found are charts plotted with data points that are not based on LUMA's filings over the period allegedly analyzed by the PREB, charts and graphs that do not depict LUMA's actual performance, and alleged "non-performance" on metrics that are the result of actions/omissions of PREPA that are not attributable to LUMA. Likewise, PREB utilized statistics that depict data that responds to statutory mandates required by agencies and municipalities on issues like the implementation of energy efficiency measures but are represented in a way that incorrectly implies that LUMA can influence the results of the implementation of those statutory mandates and/or policies that are not LUMA's responsibility.

- **Resource Adequacy Study**

- Resource Adequacy is a utility planning term to describe the ability of a utility or other load serving entity to call on sufficient resources to satisfy demand reliably and within acceptable risk tolerance. As part of our broad responsibilities, LUMA is also the System Operator for Puerto Rico. While we do not own or operate any generation facilities, we carefully monitor and dispatch available generation resources—operated by PREPA, EcoEléctrica, AES Puerto Rico and others—to meet customer demand.
- LUMA has recently completed Puerto Rico's first Resource Adequacy Study and the results of the Study indicate that the risk of insufficient supply for Fiscal Year 2023 (the period of July 1, 2022, to June 30, 2023) is very high, leading to heightened risk of "load shedding" power outages during periods of high energy demand. The resource adequacy report is the first of its kind in Puerto Rico's history. LUMA filed this report with the PREB in compliance with our contract as an important tool for increasing transparency in Puerto Rico's electric system ([Docket NEPR-MI-2022-0002](#)).
- The result of the Resource Adequacy report is a statistical analysis of how many days there is a probability of not enough generation capacity being produced by PREPA and the other generators to meet customer demand. Loss of load expectation (LOLE) is a widely utilized metric across the electric utility industry to measure Resource Adequacy. The Resource Adequacy report concluded that the LOLE, or the probability of not being able to serve all customer demand because of a generation shortfall, is 88 times higher than the LOLE planning standard for North American utilities. Currently, Puerto Rico has inadequate supply resources to deliver reasonable system reliability.
- As we have publicly stated many times, the energy system in Puerto Rico has suffered from years and decades of neglect. The challenges across generation availability are well documented and PREPA should address those. In recognition of the system constrained reserve margins, LUMA is also emphasizing several demand side mitigation efforts including demand response program, increased consumer outreach related to energy efficiency, and voluntary conservation efforts. LUMA will also continue to work with PREB and key stakeholders that may offer other distributed energy resources that can provide some additional system reserve support, however this alone will not solve the current reserve shortfalls on the system.
- Even with all of these efforts, PREPA cannot make up for the lack of generation on the island. In order to meet minimum industry standards, Puerto Rico needs significant additional dispatchable generation (available 24 hours/7 days).