

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

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IN RE:

REQUEST FOR PROPOSALS FOR
TEMPORARY GENERATION

CASE NO.: ~~NEPR-AP-2019-0001~~ NEPR-AP-2020-0001

NEPR-AP-2019-0001

SUBJECT:

Request for Approval of Requests for
Proposals Under Regulation 8815

**NOTIFICATION AND URGENT REQUEST FOR APPROVAL OF REQUEST
FOR PROPOSALS FOR TEMPORARY EMERGENCY GENERATION**

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

COMES NOW the Puerto Rico Electric Power Authority through the undersigned legal representation and respectfully sets forth and pray:

On January 6, 2020, a magnitude 5.8 earthquake struck the southwest region of Puerto Rico causing considerable damage to homes and other private and public structures as well as a partial electric power blackout. Then, on January 7, 2020, Puerto Rico's most destructive earthquake in a century, a magnitude 6.4 earthquake that jolted residents, caused major damage to private and public structures and infrastructure, including mechanical and structural damage to the Puerto Rico Electric Power Authority (PREPA)'s Costa Sur power plant, an 820MW power plant providing nearly 25% of the electric power on the island. The island suffered a complete electric power blackout as a result of the earthquake and the Costa Sur power plant failure. On January 11, 2020, a magnitude 5.9 earthquake once again rattled Puerto Rico's southwestern coast.

Since late December 2019, there have been more than 100 earthquakes or aftershocks of magnitude 3 or higher, which were strong enough for residents near the epicenters to feel, according to the U.S. Geological Survey. Various earthquakes of magnitude 5 or higher have also struck the island.

At present and with the information available to date, the time to repair the Costa Sur power plant has been estimated at approximately twelve (12) months. The damage assessments are still underway as damages are significant and this is the first event of this magnitude affecting a large power plant in PREPA's fleet. However, a full inspection has not been completed to the continuing earthquakes/aftershocks affecting the power plant structure. Some experts have preliminarily indicated that the plant may not be viable for use due to safety concerns.

On January 17, 2020, the Energy Bureau of the Puerto Rico Public Service Regulatory Board (the "Energy Bureau") initiated an investigation related to the seismic events and their impacts to PREPA's generation fleet and operations.¹ In furtherance of the investigation, the Energy Bureau held a Technical Conference in which it inquired on the impact of the seismic events to PREPA's assets and operations and also, PREPA's response to the emergency and related blackout. During the Technical Conference, PREPA advanced to the Energy Bureau that it was considering issuing a request for proposal for temporary emergency generation to compensate the generation produced by the Costa Sur power plant.

Pursuant to the Puerto Rico Energy Transformation and RELIEF Act² and Regulation 8815 of the Energy Bureau: *Joint Regulation for the Procurement, Evaluation, Selection, Negotiation and Award of Contracts for the Purchase of Energy and for the Procurement, Evaluation, Selection, Negotiation and Award Process for the Modernization of the Generation Fleet*, PREPA

¹ *In Re: Impacto de los Recientes Eventos Sismicos en el Sistema Electrico de Puerto Rico*, case no. NEPR-MI-2020-0003

² 22 L.P.R.A. § 1051 *et seq.*

hereby submits for the consideration and approval of the Energy Bureau the draft Request for Proposals for Temporary Emergency Generation.

WHEREFORE, the Puerto Rico Electric Power Authority requests the Energy Bureau to review and approve the draft Request for Proposals for Temporary Emergency Generation.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 12th day of February 2020.

/s Katuska Bolaños
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Exhibit A

PREPA's Chief Executive Officer Recommendation Letter



Gobierno de Puerto Rico
Autoridad de Energía Eléctrica

12 de febrero de 2020

Comisionados
Negociado de Energía de Puerto Rico
268 Avenida Muñoz Rivera
Edificio World Plaza, Suite 202
Hato Rey, Puerto Rico 00918

Estimados señores Comisionados:

En conformidad con el "*Joint Regulation for the Procurement, Evaluation, Selection, Negotiation and Award of Contracts for the Purchase of Energy and for the Procurement, Evaluation, Selection, Negotiation and Award Process for the Modernization of the Generation Fleet*", presentamos ante su consideración los documentos para el proceso de Solicitud de Propuestas para Generación Temporal, luego del terremoto del 7 de enero de 2020.

Agradeceremos la evaluación expedita del Negociado de Energía de Puerto Rico y reiteramos que los recursos de la Autoridad de Energía Eléctrica de Puerto Rico están a su disposición para atender cualquier solicitud.

Cordialmente,

José F. Ortiz Vázquez
Principal Oficial Ejecutivo

Anejos

Principal Oficial Ejecutivo

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Exhibit B

Request for Proposals for Temporary Emergency Generation
February 12, 2020 Confidential Draft³

[This exhibit has been submitted under seal]

³ The attached draft contract is intended to be used for dual-fuel energy projects only. PREPA is preparing a draft version for renewable energy projects that will be part of the request for proposals and, as such, will be presented to the Energy Bureau for its approval. The draft contract will be submitted promptly.

Exhibit C

Business Case Assessment

[This exhibit has been submitted under seal]

