

**GOBIERNO DE PUERTO RICO  
JUNTA REGLAMENTADORA DE SERVICIO PÚBLICO  
NEGOCIADO DE ENERGÍA DE PUERTO RICO**

**NEPR**

**Received:**

**Jan 18, 2022**

**11:07 PM**

**IN RE:** ENMIENDAS A CONTRATO DE  
COMPRAVENTA DE ENERGÍA:  
PROYECTO NO-OPERACIONAL (CIRO  
ONE SALINAS, LLC)

**CASO NÚM.:** NEPR-AP-2021-0001

**ASUNTO:** Moción para Presentar Informe  
Mensual de Progreso de Diciembre 2021

**MOCIÓN PARA PRESENTAR  
INFORME DE PROGRESO DE DICIEMBRE 2021**

AL HONORABLE NEGOCIADO DE ENERGÍA:

COMPARECE la Autoridad de Energía Eléctrica de Puerto Rico (la “Autoridad”) a través de la representación legal que suscribe y muy respetuosamente expone y solicita:

1. El 10 de junio de 2021, el Negociado de Energía de la Junta Reglamentadora de Servicio Público (el “Negociado” o “Negociado de Energía”) notificó *Resolución Final y Orden* (la “Resolución Final”) mediante la cual aprobó, sujeto a algunas condiciones, la *Petición de Aprobación de Enmienda a Contrato de Compraventa de Energía Renovable con CIRO One Salinas, LLC* (la “Petición”) radica por la Autoridad el 17 de marzo de 2021.

2. La Resolución Final ordena a que, entre otras cosas, la Autoridad y CIRO One Salinas LLC (“CIRO”) presenten ante el Negociado de Energía informes mensuales de progreso sobre el estatus del Proyecto (el “Informe Mensual”). El Negociado ordenó también a que dichos informes incluyeran información sobre el estatus de la asunción del contrato de compraventa de energía renovable entre la Autoridad y CIRO (el “Acuerdo Enmendado”) en el Caso bajo el Título

III<sup>1</sup>, permisos, interconexión del Proyecto, contratación de terceros para construcción del Proyecto y financiamiento, entre otros.

3. En cumplimiento con la Resolución Final, las Autoridad presenta el *Project Monthly Status Report* correspondiente a diciembre 2021. Exhibit A.

4. Con relación a la asunción del Acuerdo Enmendado en el Caso bajo el Título III respetuosamente se informa que el 8 de diciembre de 2021 el Tribunal de Distrito emitió la orden por escrito autorizando el que la Autoridad asuma el Acuerdo Enmendado.<sup>2</sup> Exhibit B.

POR TODO LO CUAL, la Autoridad solicita respetuosamente al Negociado de Energía que tome conocimiento de lo aquí informado, acepte el Informe Mensual y resuelva que la Autoridad ha cumplido con la Resolución Final.

RESPETUOSAMENTE SOMETIDO.

En San Juan, Puerto Rico, este 18 de enero de 2022.

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<sup>1</sup> *In re P.R. Elec. Power Auth., Bankruptcy Case No. 17-BK-4780 (LTS) (D.P.R. July 7, 2017)* (el “Caso bajo el Título III”). El Caso bajo el Título III se encuentra ante la consideración ante el Tribunal de Distrito de los Estados Unidos para el Distrito de Puerto Rico (el “Tribunal de Distrito”).

<sup>2</sup> *Amended Order Approving PREPA’s Assumption of Power Purchase Agreements* (December 8 2021).

Exhibit A

## Project Monthly Status Report

**Project:** CIRO One Salinas, LLC.  
**Date:** December 2021  
**Recipients:** Puerto Rico Electric Power Authority (PREPA)  
Puerto Rico Energy Bureau (PREB)

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**Brief:** Project Team Monthly Status Report - As required on Section (d) of Article 4.1 of the Power Purchase and Operating Agreement (PPOA) between Puerto Rico Electric Power Authority and Ciro One Salinas, LLC. dated as of July 14, 2021.

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### **Reference: Report Content Overview**

**1. Material Updates and Critical Issues** – Summary of material updates and critical issues that could impact the project development and/or construction.

**2. Review the status of each significant element of the Project Schedule**

- I. Permitting
- II. Engineering
- III. Procurement
- IV. Construction
- V. Project Milestones & Notice Requirements

**3. Corporate Responsibility / Community Involvement**

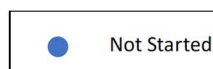
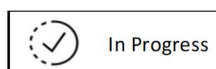
- I. Local Vendors / Services
- II. Domestic Content (Corporate Wide)

**4. Next Steps: Action Items**

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### **Status Report:**

#### Tasks and Milestones Table Legend



**1. Material Updates and Critical Issues:** Summary of material updates and critical issues that could impact the project development and/or construction.

**I. Material Updates:** Since the last monthly status report.

- **General:**
  - Ciro One Salinas (COS) Project Team has continued to work with LUMA, PREPA, engineers, suppliers and Contractors (General and Local) to complete engineering of the facility, and place purchase orders for pending components.
  - PREPA, LUMA and COS Project Team visited the facilities of Aguirre TC to meet with facility manager and personnel, to validate certain site-specific requirements for Interconnection. Several engineering meetings have been held.
  - Project
  - Official notice of assumption has been received.
  - Development initiatives have continued as reported (see below)
- **Section II: Engineering** (Refer to SECTION II for details)
  - Hydrology and Drainage Study was completed
  - Geotech / Pile Testing (PV Plant) was completed
  - Corrosion Study was completed
- **Section II: Procurement** (Refer to SECTION III for details)
  - GSU Purchase Order was issued
- **Section V: Project Milestones & Notices Requirements** (Refer to SECTION V)
  - Table was updated to provide further clarity on targeted project milestones and other relevant information.
  - Project schedule was included as part of Addendum #1.
- **Item #4. Next Steps: Action Items:** Section was updated based on pending initiatives and next steps.

**II. Critical Issues:** Outstanding issues that could potentially cause delays in the project timeline.

- PREPA asked COS to advance **payment** of fees related to the **INTERCONNECTION STUDIES** to LUMA. These payments are typically not required from a project company.
- COS agreed to cover the fee and advance the funds immediately to LUMA, but requested written confirmation that these funds were eligible/allowable under the reimbursement mechanism of the PPOA. All parties initially agreed to this request.
- PREPA has yet to provide the confirmation of this transaction. This is exposing the project to severe timing delays.
- COS reiterates that is willing to advance the fund necessary for LUMA to complete its studies (refer to **4. Next Steps: Action Items** below)

## **2. Review the status of each significant element of the Project Schedule:**

### **I. Permitting:**

- Overview:

The CIRO One Salinas, LLC. project was fully permitted and considered shovel ready. All permits, studies and endorsements are being evaluated to ensure compliance with all new laws, applicable code changes, and regulations. The process is guided by the engineering review being performed by the Project Team (*see section II. Engineering*).

- Table: Tasks and Milestones include (but are not limited to):

Permit/Approval	Permit Authority	Status	Comments
Location Approval	Planning Board	✓	
Environmental Approval	ARPE, OGPE, DNER	✓	
Nationwide Permit (NWP) 14	USACOE	✓	
Endorsements	<ul style="list-style-type: none"><li>• Municipality of Salinas,</li><li>• Hwy and Transportation Authority,</li><li>• OGPE,</li><li>• ICP,</li><li>• PREPA,</li><li>• Puerto Rico Telecommunications Regulatory Board,</li><li>• PRASA,</li><li>• Dept of Agriculture</li></ul>	✓	Endorsements will be revised after engineering review has been completed.
NPDES General Permit	US EPA	✓	
Construction Related Permits	OGPE	✓	<ul style="list-style-type: none"><li>• Includes General Consolidated Permits,</li><li>• Incidental Soil Movement Permits, and</li><li>• Construction Permits</li></ul>

### **II. Engineering:**

- Overview:

The engineering that was previously completed and approved by PREPA is being revised. The engineering package is being modified to ensure compliance with (among other):

- Changes in any laws and regulations.
- New local code guidelines.
- Updates in technology selection.

- New Minimum Technical Requirements (MTRs).

The Primary Contractor, DEPCOM Power, is working with the Project Team to define and approve new equipment requirements and bill of materials to advance procurement tasks (*see section III. Procurement*)

The table below provides information on all engineering areas previously completed that are under review/validation only.

- Tasks and Milestones include (but are not limited to):

Design / Study	Engineer of Record	Status	Comment
Floodplain Map/Review	CSA Architects & Engineers, LLP	✓	
Hydrology and Drainage Study	GLM Engineering-COOP Timmons Group	✓	
ALTA Survey	JAMS Land Surveying Services	✓	
Civil Design (PV Plant)	Timmons	⊙	Target 1/07/2022 (Received, under review)
Topo / LiDAR	Timmons Group	✓	
Geotech / Pile Testing (PV Plant)	Suelos, Inc GMTS, PSC	✓	
Corrosion Study	[EOR]	✓	
Cultural Study	AM Group	✓	
Environmental Site Assessment	NAYE Group/Kyros LLC	✓	
Structural Design (PV Plant – Racking)	Gamechange	⊙	Target 1/14/2022
Structural Design (PV Plant – Miscellaneous Foundations)	Buehler and Buehler Engineering	⊙	Target 1/14/2022
Electrical Design (PV Plant)	Hugo R. Durand Schettini, PE	⊙	Target 1/14/2022

### III. Procurement:

- Overview:

The CIRO One Salinas Team decommissioned all equipment previously procured for the project to ensure compliance with new PREPA requirements for interconnection and adapt to new available technology. Project team will be placing purchase orders after the engineering review has been completed (please refer to table below for timelines).

- Tasks and Milestones include (but are not limited to):

Description	Vendor	Order Status	Delivery Status	Notes
Posts	GameChange	0%	0%	GameChange E/W Fixed Tilt System
Racking	GameChange	0%	0%	GameChange E/W Fixed Tilt System
MVAC Cable	WESCO	95%	0%	
Combiner Boxes	TBD	0%	0%	
DC Cable	WESCO	0%	0%	
Modules	HT-SAAE	100%	0%	HT-SAAE 450W Bifacial Module
BESS Equipment	TBD	0%	0%	
Power Conversion Stations	Ingeteam	0%	0%	Ingeteam Power Conversion Stations
GSU	WEG	100%	0%	

#### IV. Construction:

-Overview:

Agreements related to general contractors, subcontractors, engineering, and consultants with various entities are in process.

Minimal site work is in process. No major construction activities have yet begun on the site. Once they do, key metrics on activities within civil/site preparation, mechanical installations and electrical installations will be reported on a monthly basis (as required).

- Key companies / Personnel include (but are not limited to):

Contractor	H/Q Location	Scope	Current Headcount	Peak Headcount	Local Hire Target	Veteran / Minority Target
DEPCOM	Arizona*	Site Oversight and Management	22	TBD	50%	30%
Lord Construction Puerto Rico	Puerto Rico	All Major Site Construction	9	TBD	100%	30%
Other - Various	Puerto Rico	Development, Finance, Engineering, Logistics, Adm., Owners Engineer and Reps, Legal,	29	TBD	75%	30%

\*Supervision is from Arizona; all labor is hired locally.



## **V. Project Milestones & Notice Requirements:**

Below find critical milestone dates and related Notice requirements:

Milestone	PPOA Required Date	COS Target Date	Progress	Comments
Kick off meeting between PREPA, LUMA and COS Project Team.	N/A	09/27/21	✓	Recurring Meetings are Being Held Between the Parties (see note below).
Mobilization	N/A	Q1 2022	⌚	Project Timeline is Being Revised to Set Mobilization Date (Status: on-target).
FNTP	8 months after Assumption Order*	03/01/22	●	Estimated to be 30 days after mobilization date (subject to PREPA/LUMA deliverables)
Mechanical Completion		12/16/22	●	Projected timelines consider completion dates earlier than PPOA requirements.
Commercial Operation Date	24 months after FNTP	01/06/23**	●	
Substantial Completion		02/03/23	●	
Final Completion		07/20/23	●	

\*Based on Assumption Order Date of 12/08/21.

\*\*Target date based on DEPCOM construction schedule.

Note: COS Project Team is having weekly meetings with PREPA and LUMA personnel to advance the engineering, interconnection scope and other project related initiatives.

Note#2: All Timelines are currently under review.

Please refer to **Addendum #1** for the complete COS Project Schedule. The schedule is a representation of the expected timelines. Certain item dates are dynamic and subject to change.

## **3. Corporate Responsibility / Community Involvement**

Once the project has begun, DEPCOM's Director of Philanthropy will travel to the region and engage with local organizations and entities in an effort to provide some level of community support.

As of yet, no organizations have been engaged with – but DEPCOM is willing to take recommendations from PREPA or Ciro.

### **I. Local Vendors / Services:**

Although no local vendors have been engaged to date, once the project has begun there will be a number of local vendors that DEPCOM will engage with for various support roles. The names of these businesses will be reported on a monthly basis.

## II. Domestic Content (Corporate Wide)

Component	% US	% ROW
Cable	100	0
Posts	65	35
Combiner Boxes	89	11
Racking	59	41
PCS	20	80
Modules	7	93
Balance of System	100	0
Labor / Management	100	0
<b>Total</b>	<b>76</b>	<b>24</b>

## 4. Next Steps: Action Items

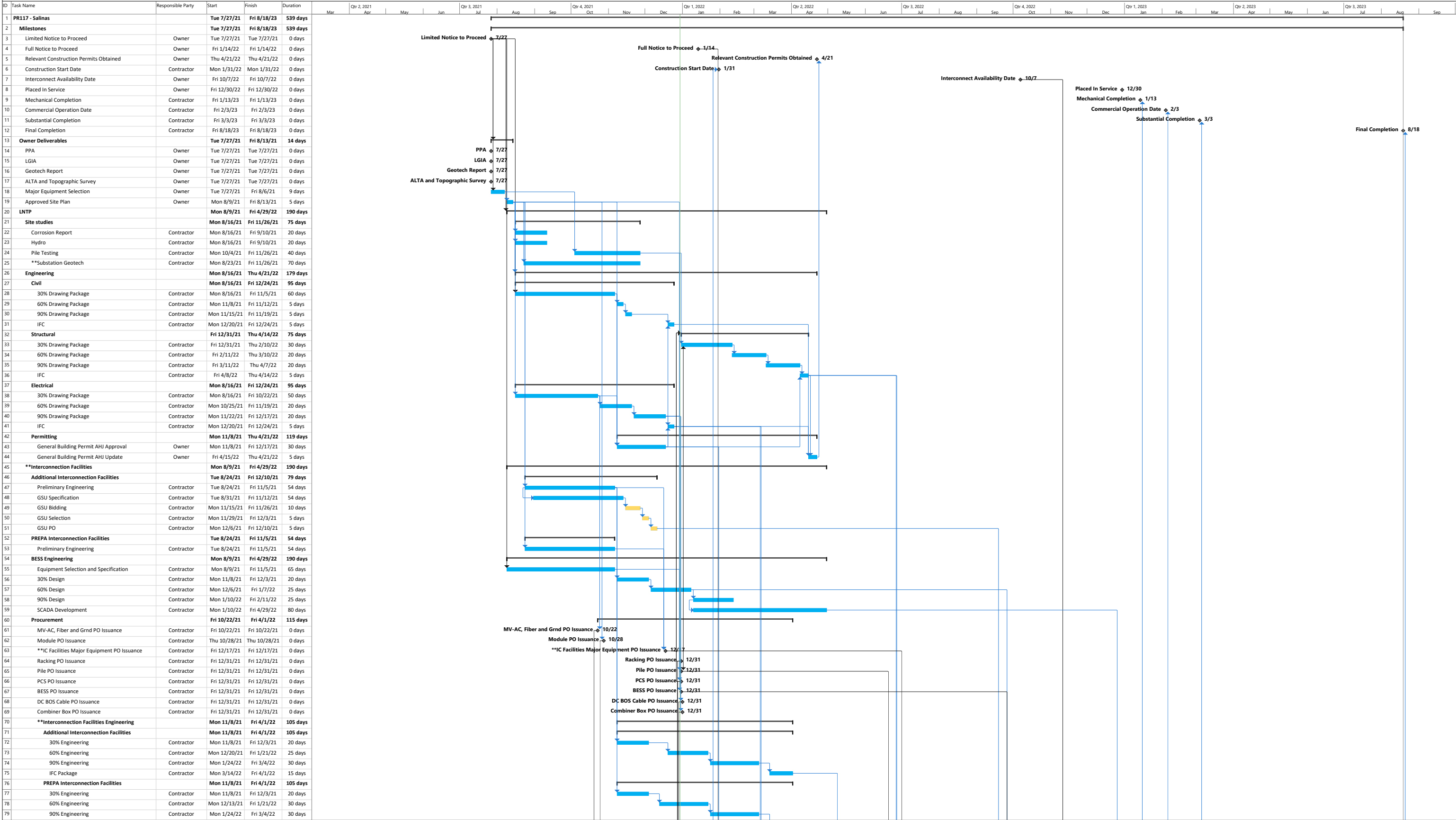
- As part of the AI presented on the October 2021 Status Report, starting that *“COS will pay for the LUMA interconnection assessment”* as requested by PREPA, the COS Project Team is waiting for PREPA to validate/execute the Confirmation of Direct Cost under the Amended and Restated Renewable Power Purchase and Operating Agreement (the “Agreement”) by and between CIRO One Salinas, LLC (the “Seller”) and the Puerto Rico Electric Power Authority (“PREPA”), dated July 14, 2021, related to the LUMA INTERCONNECTION STUDIES.
- PREPA/LUMA to continue the evaluation of the engineering submissions to provide feedback.
- PREPA/LUMA to provide responses to RFI’s submitted by COS Project Team.
- PREPA/LUMA to provide response to PPOA preliminary deliverables.
- Continue the weekly follow-up meeting with LUMA personnel (Technical).
- Continue the project reengineering.
- Complete major equipment selection to place orders.
- Finalize BESS selection and spec.

**CIRO One Salinas Project Team thanks you for your time and attention to the project initiatives. Please let us know if there is anything we can do to improve!**

## **Project Monthly Status Report**

**Project:**      CIRO One Salinas, LLC.

**Addendum #1**



Project: PR117 Ciro One Salinas

Date: Thu 12/30/21

Milestone

Summary

Project Summary

Engineering

Procurement

Construction

Commissioning

Page 2

\*Delays in Owner required Milestones and Deliverables will result in an Owner Caused Delay.

\*\*Final IC dates and responsible Party pending finalized utility SoW and updated PPOA.

Exhibit B

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO

In re:  THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO,  as representative of  THE COMMONWEALTH OF PUERTO RICO, <u>et</u> <u>al.</u>  Debtors. <sup>1</sup>	PROMESA Title III  No. 17 BK 3283-LTS  (Jointly Administered)
In re:  THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO,  as representative of  PUERTO RICO ELECTRIC POWER AUTHORITY,  Debtor.	PROMESA Title III  No. 17 BK 4780-LTS

AMENDED ORDER APPROVING PREPA'S ASSUMPTION OF  
POWER PURCHASE AGREEMENTS

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<sup>1</sup> The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico ("Commonwealth") (Bankruptcy Case No. 17-BK-3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17-BK-3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17-BK-3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17-BK-3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17-BK-4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority ("PBA") (Bankruptcy Case No. 19-BK-5523-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

Upon the *Notice of Assumption of Power Purchase Operating Agreement* (Docket Entry No. 2578 in Case No. 17-4780, the “CIRO Notice”),<sup>2</sup> and the *Notice of Assumption of Power Purchase Operating Agreement* (Docket Entry No. 2577, the “Xzerta Notice”, together with the CIRO Notice, collectively “the Notices”); and the Court having found that it has subject matter jurisdiction of this matter pursuant to section 306(a) of PROMESA; and it appearing that venue in this district is proper pursuant to section 307(a) of PROMESA; and the Court having found that the assumption of the Ciro One Salinas, LLC Power Purchase and Operating Agreement and Xzerta Tec Solar I, LLC Power Purchase and Operating Agreement represents a sound exercise of PREPA’s business judgment and that the relief requested in the Notices is in the best interests of PREPA, its creditors, its customers, and other parties in interest; and the Court having found that PREPA provided adequate and appropriate notice in accordance with the Court’s *Order Pursuant to Bankruptcy Code Sections 105 and 365 and Bankruptcy Rules 2002, 6004 and 6006, Approving Procedures for the Assumption of Power Purchase and Operating Agreements* (Docket Entry No. 1199, the “Procedures Order”) and that no other or further notice is required; and the Court having reviewed the Motion and having heard the statements of counsel at a hearing held before the Court (the “Hearing”); and the Court having determined that the legal and factual bases set forth in the Notices and at the Hearing establish just cause for the relief granted herein; and for the reasons stated in the Memorandum Opinion filed contemporaneously herewith; and any objections to the relief requested herein having been overruled on the merits; and upon the record herein, after due deliberation thereon, the Court

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<sup>2</sup> Capitalized terms not otherwise defined herein shall have the meanings given to them in the Motion.



having found that good and sufficient cause exists for the granting of the relief as set forth herein, it is hereby ORDERED:

1. Pursuant to section 365 of the Bankruptcy Code, made applicable in this Title III Case pursuant to PROMESA section 301(a), PREPA is authorized to assume the Ciro One Salinas, LLC Power Purchase and Operating Agreement and Xzerta Tec Solar I, LLC Power Purchase and Operating Agreement (the “Assumed PPOAs”) as listed in the Notices and such Assumed PPOAs shall be deemed effective seven (7) calendar days from the date the Notice was filed and served on the affected counterparty and the Notice Parties.

2. The assumption of the Assumed PPOAs does not give rise to any claim for cure costs, and the assumption of the Xzerta PPOA shall not result in a breach or violation of, or default under, the Assumed PPOAs.

3. Nothing herein is intended to, shall constitute, or shall be deemed to constitute PREPA’s or the Oversight Board’s consent, pursuant to PROMESA section 305, to this Court’s interference with (a) any of the political or governmental powers of PREPA, (b) any of the property or revenues of PREPA, or (c) the use or enjoyment of PREPA of any income-producing property.

4. Notwithstanding any applicability of any Bankruptcy Rule, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

5. PREPA and the Oversight Board, as PREPA’s representative, are authorized to take all actions, and to execute all documents, necessary or appropriate, to effectuate the relief granted in this Order in accordance with the Motion.

6. The Court shall retain exclusive jurisdiction to hear and determine any and all disputes related to or arising from the implementation, interpretation and enforcement of this Order.

7. This Order resolves Docket Entry Nos. 2577 and 2578 in Case No. 17-4780.

Dated: December 8, 2021

/s/ Laura Taylor Swain  
LAURA TAYLOR SWAIN  
United States District Judge