

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

NEPR

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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 Febrero 2022

**MOCIÓN PARA PRESENTAR
INFORME DE PROGRESO DE FEBRERO 2022**

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”) radicada 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 de Progreso Mensual”).

3. El 9 de febrero de 2022, el Negociado emitió una *Resolución y Orden* (“Orden del 9 de febrero”) mediante la cual, entre otras cosas, reseñó que la Autoridad y CIRO debían presentar

los Informe de Progreso Mensual firmados por oficiales de cada entidad e informar la fecha de su preparación.¹

4. En cumplimiento con la Resolución Final y la Orden de 9 de febrero, la Autoridad presenta el *Project Monthly Status Report* correspondiente a febrero 2022, con fecha del 4 de marzo de 2022. Exhibit A.

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 8 de marzo de 2022.

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¹ El Informe de Progreso Mensual se presenta según CIRO lo prepara y remite a la Autoridad.

Exhibit A

Project Monthly Status Report

Project: CIRO One Salinas, LLC.
Date: February 2022
Recipients: Puerto Rico Electric Power Authority (PREPA)
Puerto Rico Energy Bureau (PREB)

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.

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

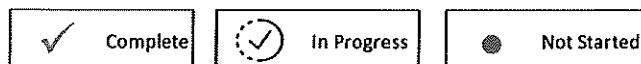
3. Corporate Responsibility / Community Involvement

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

4. Next Steps: Action Items

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 (see material updates below).
 - Development initiatives have continued as reported (see below)
 - **Critical Issue previously reported on the *December 2021 Monthly Report* has created delays on the project timeline (see item II. Critical Issues below).**
- **Section II: Engineering** (Refer to SECTION II for details)
 - The following initiatives are ongoing, and have minor delays in testing phase (wind tunnel and other third-party validations):
 - Civil Design
 - Structural Design (foundations)
 - Structural Design (PV Plant – Racking)
 - Electrical Design (PV Plant)
- **Section II: Procurement** (Refer to SECTION III for details)
 - In addition to previously placed purchase orders, the following were issued:
 - Posts – 100%
 - Racking – 95%
 - DC Cable – 95%
 - BESS Equipment – 100%
 - Power Conversion Stations – 100%
- **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.
 - There are projected delays on the FNTP, COD, Substantial Completion and Final Completion milestones, based on the delays caused by the Critical Issues **(5 months)**.
 - The PPOA target dates are still possible, but project team needs a resolution to the **Critical Issues** so that LUMA can complete the interconnection studies.
- **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.

- **The INTERCONNECTION STUDIES payment critical issue reported on previous Monthly Status Reports is still unresolved. There's a 5-month delay as a result to this issue.** A summary of the issue is presented below:

- 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.
- A simple side-letter agreement was prepared by PREPA to document this understanding. COS accepted the documents with no comments or changes.
- The document is yet to be executed. NO other solution has been presented by PREPA. LUMA has reiterated that without this payment (or alternate resolution), they can't continue the Interconnection Studies necessary to achieve FNTF.
- COS has been continually following up on the execution of this document, including meeting with the Executive Director, Subdirector and Deputy Director of Operations, as well as several emails and phone calls.
- This issue has caused a **5-month delay** in the project timeline.
- Although PREPA and LUMA are yet to decide on how the aforementioned obligation will be addressed, COS is considering making the necessary payment to LUMA as part of its commitment to support PREPA and maintain the development momentum to avoid further delays. COS could make the advance payment, counting on the inclusion of the disbursed amount in the reimbursement mechanism allowed under the PPOA. This decision will be made in the upcoming days to avoid any further delays outside of the control of COS (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"> • Municipality of Salinas, • Hwy and Transportation Authority, • OGPE, • ICP, • PREPA, • Puerto Rico Telecommunications Regulatory Board, • PRASA, • Dept of Agriculture | ✓ | 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"> • Includes General Consolidated Permits, • Incidental Soil Movement Permits, and • Construction Permits |

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 03/04/2022 |
| 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 04/22/2022 |
| Structural Design (PV Plant – Miscellaneous Foundations) | Buehler and Buehler Engineering | ⊙ | Target 03/11/2022 |
| Electrical Design (PV Plant) | Hugo R. Durand Schettini, PE | ⊙ | Target 03/11/2022 |

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 | 100% | 0% | GameChange E/W Fixed Tilt System |
| Racking | GameChange | 95% | 0% | GameChange E/W Fixed Tilt System |
| MVAC Cable | WESCO | 95% | 0% | |
| Combiner Boxes | Olson | 0% | 0% | |
| DC Cable | WESCO | 95% | 0% | |
| Modules | HT-SAAE | 100% | 0% | HT-SAAE 450W Bifacial Module |
| BESS Equipment | VLI/Dynapower | 100% | 0% | |
| Power Conversion Stations | Ingeteam | 100% | 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 | 26 | 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 | | 04/14/23** | ● | Projected timelines consider completion dates earlier than PPOA requirements. |
| Commercial Operation Date | 24 months after FNTP | 05/05/23** | ● | |
| Substantial Completion | | 06/02/23** | ● | |
| Final Completion | | 12/01/23** | ● | |

*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.

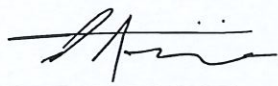
II. Domestic Content (Corporate Wide)


| 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 |
| Total | 76 | 24 |

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.
- Finalize BESS PO Process.
- Begin civil construction.

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!

Submitted by: 
Mario J. Tomasini
Authorized Representative
CIRO One Salinas
March 4, 2022

Revised by: 
F. Santos (Mar 8, 2022 08:04 AST)
Name: Francisco Santos Rivera, ESQ.
Position: PREPA-Manager Business Strategy and Operations
Date: March 7, 2022