

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

**IN RE:** REQUEST FOR APPROVAL OF RFP PROCESS FOR THE NEW BLACK-START SYSTEMS AT COSTA SUR AND YABUCOA

**CASE NO.:** NEPR-MI-2022-0005

**SUBJECT:** Motion Requesting Order Related to the RFP Process for the New Blackstart Systems at Costa Sur and Yabucoa

**MOTION REQUESTING ORDER RELATED TO THE RFP PROCESS FOR THE NEW BLACK START SYSTEMS AT COSTA SUR AND YABUCOA**

1. On November 10, 2022, the Puerto Rico Electric Power Authority (“PREPA”) sought approval from the Puerto Rico Energy Bureau of the Puerto Rico Public Service Regulatory Board (“Energy Bureau”) for the launching of a Request for Proposal (“RFP”) for black start generation units at Yabucoa and Costa Sur (“Blackstart Projects”). As part of the submittal PREPA included a draft RFP for the black start units, separate technical specifications for an EPC (“Engineering, Procurement, and Construction”) contract, and draft contract forms for each of the Yabucoa and Costa Sur location (“November 10 Letter”).
2. The Blackstart Projects are the result of part of the Final IRP Order<sup>1</sup>, where the Energy Bureau approved the procurement of 81MW of generators to provide peaking services. The relevant part of the order provides:

Unless otherwise approved by the Energy Bureau and consistent with the Optimization Proceeding discussed below, PREPA shall replace no more

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<sup>1</sup> *Final Resolution and Order on the Puerto Rico Electric Power Authority Integrated Resource Plan* (“IRP Final Order”) entered in case no. CEPR-AP-2018-0001, *In Re: Review of the Puerto Rico Electric Power Authority Integrated Resource Plan*.

than 147 MW of gas turbine capacity with fossil-fuel generators providing peaker services if, after a competitive bidding process open to all single or aggregated sources of demand and supply-side options, these services can be procured competitively at lower cost than other options. (147 MW is the sum of the capacity of the seven Frame 5 units identified as in need of a major overhaul or major generator repair in PREPA's response to the Energy Bureau's ROI 9- 2, Attachment 1.) When determining the total required capacity of new peaking generation to replace the retired Frame 5 units, PREPA shall include in its analysis the peaking capacity provided by the Mega Gen mobile units totaling 66 MW installed at Palo Seco. This leaves up to 81 MW of new capacity to procure. In order to provide geographic distribution for peaking resources and increase resilience to forced outages, PREPA shall consider placing peaking resources at locations with zero or only one remaining peaking generator after Frame 5 retirements: Costa Sur, Aguirre, and Yabucoa. Final IRP Order at p. 275, ¶ 885.

3. Subsequently, on November 23, 2022, PREPA filed a *Motion Requesting Expedited Approval of the RFP Process for the New Black-Start Systems at Costa Sur and Yabucoa* ("November 23 Motion"). Through the November 23 Motion, PREPA requested the Energy Bureau to consider an expedited process for the approval of the launching of the RFP for black start service at Yabucoa and Costa Sur.
4. In response to both filings, on December 5, 2022, the Energy Bureau entered Resolution and Order ("December 5 Resolution") related to both the November 10 Letter as well as the November 23 Motion and approved the BlackStart Projects RFP subject to the implementation and modification of certain matters as further stated in the December 5 Resolution.
5. The Energy Bureau entered the following findings and orders as part of the December 5 Resolution:
  - a. The Energy Bureau thus **ORDERS** PREPA to limit its total procurement of black start resource capacity at the combined Costa Sur and Yabucoa sites to no more than 81 MW of net output capacity, in accordance with the IRP.
  - b. The Energy Bureau **ORDERS** PREPA to modify the Technical Specifications to allow for black start capable resources other than simple cycle CGTs to participate in the solicitation.
  - c. The Energy Bureau further **ORDERS** PREPA to clarify in the "Purpose and Intent"

section of the RFP that the solicitation is open to all resources that can provide black start capability in accordance with required performance for the black start service.

- d. The Energy Bureau **FINDS** that the "Project Requirements and Scope" (Section A.1 of the Technical Specifications) and the "Plant General Configuration" (Section A.1.2.1 of the Technical Specifications) contains the general characteristics required for provision of black start services, with the key exception being the characterization that black start service will be provided only by a CGT generator technology.
  - e. The Energy Bureau **ORDERS** PREPA to ensure that the Technical Specifications and the draft contract form does not include other instances where the black start service requirement is implied to be provided only by a CGT resource.
6. As part of the findings and discussion made, the Energy Bureau stated that “[t]he IRP Order approved a maximum of 81 MW of new peaking facilities for the provision of capacity services including black start capability.<sup>18</sup> On November 4, 2022, the Energy Bureau conditionally approved seven additional peaking facilities in response to PREPA's October 27 Motion. The current RFP states that a range from 36 to 60 MW of net output at each site Costa Sur and Yabucoa - is being considered. The upper limit of this range, if executed at both locations, far exceeds the 81 MW IRP limit without even considering the additional fossil peaking capacity approved in the November 4, 2022, Resolution and Order.” As a result of the above the Energy Bureau specifically required that PREPA “limit its total procurement of black start resource capacity at the combined Costa Sur and Yabucoa sites to no more than 81 MW of net output capacity, in accordance with the IRP.”
7. Part of the purposes of a competitive bidding process is for the governmental entity to get as much proposals as possible from as many proponents as possible to acquire the best equipment and service at the best price.
8. As PREPA understands it, there will be better market competition and prices if it opens the BlackStart RFP to equipment with a capacity range from 36 to 60 MW of net output at

each site Costa Sur and Yabucoa. In compliance with the IRP requirements the Energy Bureau can limit the dispatch of these Blackstart units to the 81 MW net output capacity at any given time. Allowing the BlackStart RFP to seek proposals of equipment in the 36 to 60 MW range while at the same time limiting dispatch capacity to 81MW will permit better competition and prices while complying with the IRP requirements.

9. PREPA will proceed with making the ordered modifications to the BlackStart RFP so that it aligns with the December 5 Resolution but respectfully requests that the Energy Bureau allow PREPA to seek proposals with a capacity range from 36 to 60 MW to procure better market competition and prices with the unequivocal understanding that, barring an order from the Energy Bureau to the contrary, the dispatch capacity of these units will be limited to 81MW.

**WHEREFORE**, PREPA respectfully requests the Energy Bureau to allow PREPA to seek proposals with a capacity range from 36 to 60 MW to procure better market competition and prices with the unequivocal understanding that, barring an order from the Energy Bureau to the contrary, the dispatch capacity of these units will be limited to 81MW.

In San Juan, Puerto Rico, this 10<sup>th</sup> day of December 2022.

*s/ Maraliz Vázquez Marrero*  
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## CERTIFICATE OF SERVICE

It is hereby certified that, on this same date, I have filed the above motion with the Office of the Clerk of the Energy Bureau using its Electronic Filing System at <https://radicacion.energia.pr.gov/login>.

In San Juan, Puerto Rico, this 10<sup>th</sup> day of December 2022.

*s/ Maraliz Vázquez Marrero*  
Maraliz Vázquez Marrero