

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

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**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 Expedited Approval of the RFP Process for the New Black-Start Systems at Costa Sur and Yabucoa

**MOTION REQUESTING EXPEDITED APPROVAL OF THE RFP PROCESS FOR THE NEW BLACK-START SYSTEMS AT COSTA SUR AND YABUCOA**

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

**COMES NOW** the Puerto Rico Electric Power Authority (PREPA), through its counsel of record, and respectfully submits and prays as follows:

1. Through this motion, PREPA respectfully requests that the Puerto Rico Energy Bureau of the Puerto Rico Public Service Regulatory Board (“Energy Bureau”) consider an expedited process for the approval of the launching of the *Request for Proposals for the Yabucoa and Costa Sur New Black Star Units Project* (“Yabucoa and Costa Sur Black-Start RFP”). As the Energy Bureau is aware, this project is an essential development for PREPA to provide efficient black-start and peaking services for both the Yabucoa and Costa Sur generating plants. This capability will reinforce the generation system and will make it more reliable and dependable for the People of Puerto Rico.

2. In compliance with Article 4.2 of Joint Regulation 8815,<sup>1</sup> on November 10, 2022, PREPA submitted a letter from PREPA's Executive Director, Eng. Josué A. Colón Ortiz requesting the Energy Bureau's approval to launch the Yabucoa and Costa Sur Black-Start RFP.

3. As explained in the letter, the proposed project consists of a competitive procurement process to solicit offers for a turn-key project that shall include the engineering, design, manufacture, permitting, installation, testing and commissioning of two sets of new black-start units in the Yabucoa and the Costa Sur sites.

4. Further, the RFP is consistent with PREPA's Integrated Resource Plan ("IRP") as approved by the Energy Bureau on August 24, 2020.<sup>2</sup> Pursuant to the IRP Final Order and Modified Action Plan, the Energy Bureau approved the procurement of 81MW of generators to provide peaking services, including new black-start systems located at Costa Sur and Yabucoa.

5. In the Final IRP Order, the Energy Bureau approved the procurement of 81MW of generators to provide peaking services. The relevant part of the order provides the following:

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

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<sup>1</sup> *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*, No. 8815 (November 9, 2016) ("Regulation 8815")

<sup>2</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*.

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.

6. The Yabucoa and Costa Sur Black-Start RFP seeks to procure these black-start systems as established in the IRP, including a requirement by PREPA that the generating units have peak capacity or reduction, fast ramping, black start or load following services, among others.

7. As part of the Presidential Declaration of a major disaster for the Commonwealth Puerto Rico (FEMA-4339-DR-PR) under the authority of the Stafford Act, the Federal Emergency Management Agency (FEMA) was deployed to provide emergency and restoration resources to assist PREPA in re-establishing electrical services throughout the island. As an eligible, critical service, grants from the FEMA Public Assistance 404 Hazard Mitigation Grant Program are being provided to PREPA to cover the costs of the Yabucoa and Costa Sur Black-Start RFP.

8. Pursuant to Joint Regulation 8815, PREPA must notify the Energy Bureau, and the Energy Bureau must approve the RFP content and the draft contract. More specifically, Article 4.2 of Joint Regulation 8815 states that:

Prior to launching any public procurement process, and after receiving the approval of the Board to proceed with the proposed Project and procurement process, the Executive Director will notify in writing to the Energy Commission the recommendation of the Project Committee with respect to (i) the proposed Project, including all associated documents that explain the Project, (ii) the proposed parameters to determine such profit margin and price escalators, (iii) consistency with the IRP approved by the Energy Commission, and (iv) compliance with this

Regulation, the Acts and other laws and regulations related to procurement processes by the Authority and the powers of the Energy Commission. The parameters related to the profit margin and price escalators shall be based on industry costs and profitability benchmarks in accordance with the anticipated nature of the Project. The recommendation to the Energy Commission will also provide a detailed narrative, with specific examples, regarding how the proposed project and the terms of the Contract, as described in the proposed RFP and approved by the Board, complies with the IRP. The Energy Commission shall, within ten (10) days from receipt of the notification from the Executive Director, identify any additional information it deems necessary to conduct its evaluation. Upon receipt of such information, the Energy Commission will review and approve, reject or propose modifications to the Project or the parameters within forty-five (45) days from receipt of the notice of the recommendation from the Executive Director or the date in which all additional information, if any, requested by the Energy Commission is provided, whichever occurs later. If the Energy Commission does not respond within the specified forty-five (45) day period, the proposed Project and parameters shall be deemed approved by it. When the Energy Commission proposes modifications to the proposed Project, the above-mentioned forty-five (45) day period for approval or rejection of the proposed Project will commence from the date the modified proposal is notified to the Energy Commission. These communications shall be maintained confidential while the administrative competitive procurement process is ongoing.

9. PREPA is aware that the Energy Bureau that the forty-five (45) days term that expires on December 26, 2022, to review, approve, reject or propose modifications to the RFP is still running. Notwithstanding, as the Energy Bureau is aware, in early October 2022, following the devastating Hurricane Fiona, President Biden announced the designation of the PRGrid Modernization Team, led by the Energy Secretary, Jennifer Granholm.

10. Both PREPA and the Energy Bureau have had the opportunity to meet with Secretary Granholm and her dedicated team for the specific purpose of working with the federal and local government to identify and overcome impediments to rapid infrastructure deployment to provide

the island with clean, reliable, and affordable power and to expedite current rebuilding activities.

11. One of the projects recognized by Secretary Granholm and identified as an essential project for rapid, reliable infrastructure deployment is the Yabucoa and Costa Sur Black-Start RFP. Given that the Energy Bureau has not identified any additional information it deems necessary to conduct its evaluation of the RFP, PREPA affirms that, in alignment with Secretary Granholm's mission, it would like to launch this competitive bidding process as soon as possible and, for that reason, respectfully requests the Energy Bureau to expedite its evaluation as quickly as practicable and if possible before the term provided in Joint Regulation 8815.

**WHEREFORE**, PREPA respectfully requests the Energy Bureau to expedite the approval of the RFP Process for the New Black-Start Systems at Costa Sur and Yabucoa as soon as possible and before the timeframe provided by Joint Regulation 8815.

In San Juan, Puerto Rico, this 23<sup>rd</sup> day of November 2022.

*s/ Katuska Bolaños-Lugo*  
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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 23<sup>rd</sup> day of November 2022.

*s/ Katuska Bolaños-Lugo*  
Katuska Bolaños-Lugo