

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

IN RE: REVIEW OF THE PUERTO RICO
ELECTRIC POWER AUTHORITY'S 10-YEAR
INFRASTRUCTURE PLAN – DECEMBER
2020

CASE NO.: NEPR-MI-2021-0002

SUBJECT: Determination on GENERA's
October 27, 2023, Amended Motion for
Leave to Submit Amendment to Project and
406 BESS Initial Scope of Work.

RESOLUTION AND ORDER

I. Introduction

On March 26, 2021, the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") issued a Resolution and Order ("March 26 Resolution") in the instant case, through which it ordered the Puerto Rico Electric Power Authority ("PREPA") to submit each specific capital investment project for approval to avoid potential noncompliance with the Approved Integrated Resource Plan ("IRP") and Modified Action Plan.¹ To streamline the process, the Energy Bureau requested PREPA to submit the specific projects to the Energy Bureau at least thirty (30) calendar days before their submittal to the Puerto Rico Central Office for Recovery, Reconstruction and Resiliency ("COR3") and the Federal Emergency Management Agency ("FEMA"), and any other federal agency,² and to continue reporting to the Energy Bureau and FEMA, within the next five (5) years, the progress of all ongoing efforts related to the final approval of the submitted projects not yet approved by the Energy Bureau.

On January 24, 2023, GENERA PR LLC ("GENERA"), PREPA and the Puerto Rico Public-Private Partnership Authority ("P3A") executed the Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement ("LGA OMA"). According to the LGA OMA, GENERA is the sole operator and administrator of the Legacy Generation Assets³, and the exclusive entity authorized to represent PREPA before the Energy Bureau about any matter related to the performance of the Operation and Maintenance ("O&M") services provided by GENERA under the LGA OMA. Further, GENERA is the sole entity responsible for procuring and administering federal funds for projects to repair or replace the LGA⁴.

On October 27, 2023, GENERA filed a document titled *Amended Motion for Leave to Submit Amendment to Project and 406 BESSs Initial Scope of Work* ("October 27 Motion").⁵ GENERA included as Exhibit A, a document titled *BESS Equipment Project Amendment*, as Exhibit B a document titled *BESS Project 406 Initial SOW* and as Exhibit C a document titled *BESS Project Presentation*.

Through the October 27 Motion, GENERA request the Energy Bureau to grant GENERA leave to present to COR3 and FEMA, the Project Amendment, and the Section 406 Initial SOW, and

¹ Final Resolution and Order on the Puerto Rico Electric Power Authority's Integrated Resource Plan, *In re: Review of the Integrated Resource Plan of the Puerto Rico Electric Power Authority*, Case No. CEPR-AP-2018-0001, August 24, 2020 ("IRP Order").

² March 26 Resolution, pp. 18-19.

³ As defined in the LGA OMA.

⁴ LGA OMA, Section 5.8 (c).

⁵ The October 27 Motion amends the document titled *Motion for Leave to Submit Amendment to Project and 406 BESS Initial Scope of Work*, *In re: Review of the Puerto Rico Electric Power Authority's 10-Year Infrastructure Plan-December 2020*, case no. NEPR-MI-2021-0002, October 26, 2023 ("October 26 Motion").



to continue with all activities required to complete all the essential documentation and analysis to complete the Battery Energy Storage System ("BESS") Project⁶. GENERA stated that a detailed Scope of Work ("SOW") will be submitted to FEMA per facility.⁷

II. Evaluation of the October 27 Motion.

Through the October 27 Motion, GENERA described the importance of deploying BESSs at distribution substations to offer ancillary and distributed-based benefits and for reducing pollutant emissions, adding resilient generation, and reducing energy costs.⁸

GENERA states that BESSs provide a rapid spinning reserve, frequency regulation, voltage control, and other ancillary services required to keep continuity of the service under emergency events and different scenarios that can put the system at risk of load shedding and blackouts. GENERA also propose to use existing points of interconnections in PREPA's legacy generation facilities to install utility-scale batteries. The intention is to co-locate BESSs with existing conventional generation, **peakers or baseload**, on each location to maximize the electrical injection capacity available without overloading the existing grid capabilities.⁹

BESSs will inject active power at the interconnection point for up to 4 hours to cover temporary generation deficits or initiate fast-generating units.¹⁰

GENERA request the Energy Bureau's approval to present the BESSs Project to FEMA to amend the Long Lead Items (Equipment) Project (FEMA #6763691), which is already obligated. GENERA states that the amendment will allow COR3 to disburse up to 50% in advance for equipment purchase.¹¹ The amendment will be submitted to FEMA and COR3 under FEMA's Section 406 Program with the Initial SOW filed as Exhibit B.

Upon review of the Exhibits A, B and C filed with the October 27 Motion, the Energy Bureau **DETERMINES** that the projects are necessary to improve the reliability and resiliency of the electrical system by offering ancillary grid service such as rapid spinning reserve, frequency regulation voltage control while also benefiting the environment. The Energy Bureau **CONDITIONALLY APPROVES** the projects in **Attachment A** to this Resolution and Order. This approval represents \$647,580,000.00 based on Cost Estimates, as informed by GENERA.¹²

III. Energy Bureau Determination

The Energy Bureau **CONDITIONALLY APPROVES** the projects in **Attachment A** to this Resolution and Order, pending the submittal by GENERA of the detailed Scope of Work ("SOW") of each project. The conditionally approved projects shall be presented to FEMA and COR3 to finalize their approval process once the Energy Bureau makes its final determination based on its evaluation of the requested SOWs. The Energy Bureau conditionally approves these projects based on the information provided by GENERA, should the scope of the project change, GENERA **SHALL** immediately seek the Energy Bureau's approval of such changes. With the conditional approval, the Energy Bureau **RECOGNIZE** that the BESSs can be used as an asset for power generation, for power transmission and distribution, or both. This Resolution is not limiting its

⁶ See October 27 Motion, p. 9

⁷ *Id*, Exhibit B, Section IV.

⁸ See October 27 Motion, p.2.

⁹ See October 27 Motion, p. 5.

¹⁰ *Id*, p. 6.

¹¹ *Id*, p. 8.

¹² *Id*, pp. 6-7.




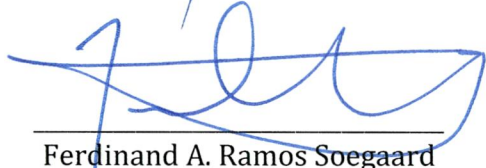

use neither making a determination on any party operation or maintenance responsibility. Such a determination will be addressed by the Energy Bureau on a separate Resolution.

The Energy Bureau **ORDERS** GENERA to: (i) submit to the Energy Bureau, within ten (10) days of the notice of this Resolution and Order, the a detailed SOW per Site ("POI") as indicated in **Attachment A** of this Resolution and Order; (ii) submit to the Energy Bureau copy of the approval by COR3 and/or FEMA of the projects in **Attachment A**, which shall have the costs obligated for each individual site, **within ten (10) days of receipt of this approval**; (iii) provide the Energy Bureau the actual contracted cost to construct each individual site of the projects in **Attachment A, within ten (10) days from the execution of the contract**; and (iv) inform the Energy Bureau once the projects are completed.

The directive established in the March 26 Resolution regarding the submission of projects before the Energy Bureau at least thirty (30) calendar days before submitting such projects to FEMA and/or COR3 remains unaltered.

The Energy Bureau **WARNS** GENERA that, noncompliance with any provision of this Resolution and Order, may result in the imposition of fines pursuant to Act 57-2014 and applicable Energy Bureau's regulations and any other appropriate administrative sanctions, as deemed appropriate by the Energy Bureau.

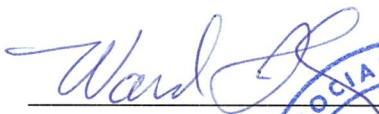
Be notified and published.


	
Edison Avilés Deliz Chairman	
	
Lillian Mateo Santos Associate Commissioner	Ferdinand A. Ramos Soegaard Associate Commissioner
	
Sylvia B. Ugarte Araujo Associate Commissioner	Antonio Torres Miranda Associate Commissioner

CERTIFICATION

I certify that the majority of the members of the Puerto Rico Energy Bureau have agreed on November 8, 2023. I also certify that in November 8, 2023 a copy of this Resolution and Order was notified by electronic mail to the following: kbolanos@genera-pr.com; lionel.santa@prepa.commailto; lionel.santa@prepa.com laura.rozas@us.dlapiper.com; margarita.mercado@us.dlapiper.com. I also certify that today, November 8, 2023, I have moved forward with filing the Resolution and Order issued by the Puerto Rico Energy Bureau.

I sign this in San Juan, Puerto Rico, today November 8, 2023.


Wanda I. Cordero Morales
Interin Clerk



Attachment A

Conditionally Approved BESS¹³ Project Under Section 406 Initial SOW

Site (POI)	Units per Site	Unit Cost 20 yr warranty	Estimated Cost	Installation Cost per Unit	Total Cost per Site
Daguao peakers	20	\$1,187,000.00	\$23,740,000.00	\$6,380,000.00	\$30,120,000.00
Yabucoa peakers	20	\$1,187,000.00	\$23,740,000.00	\$6,380,000.00	\$30,120,000.00
Jobos peakers	20	\$1,187,000.00	\$23,740,000.00	\$6,380,000.00	\$30,120,000.00
Aguirre Power Plant	100	\$1,187,000.00	\$118,700,000.00	\$31,900,000.00	\$150,600,000.00
Costa Sur Power Plant	100	\$1,187,000.00	\$118,700,000.00	\$31,900,000.00	\$150,600,000.00
Cambalache Power Plant	20	\$1,187,000.00	\$23,740,000.00	\$6,380,000.00	\$30,120,000.00
Vega Baja peakers	50	\$1,187,000.00	\$59,350,000.00	\$15,950,000.00	\$75,300,000.00
Palo Seco Power Plant	50	\$1,187,000.00	\$59,350,000.00	\$15,950,000.00	\$75,300,000.00
San Juan Power Plant	50	\$1,187,000.00	\$59,350,000.00	\$15,950,000.00	\$75,300,000.00
Total	430		\$510,410,000.00	\$137,170,000.00	\$647,580,000.00



¹³ 4-hour 1 MW power output battery.