

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

NEPR
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IN RE:

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

CASE NO.: NEPR-MI-2021-0002

SUBJECT: Motion Submitting Time Extension
to Provide Scope of Works in Response to
Resolution and Order Dated November 8, 2023

**MOTION SUBMITTING TIME EXTENSION TO PROVIDE SCOPE OF WORKS IN
RESPONSE TO
RESOLUTION AND ORDER DATED NOVEMBER 8, 2023**

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

COMES NOW GENERA PR LLC (“Genera”), as agent of the Puerto Rico Electric Power Authority (“PREPA”),¹ through its counsels of record, and respectfully submits and prays as follows:

1. On March 26, 2021, the Energy Bureau of the Puerto Rico Public Service Regulatory Board (“Energy Bureau”) issued a Resolution and Order in the instant case, through which it ordered 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. 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, and to continue

¹ Pursuant to the *Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement* (“LGA OMA”), dated January 24, 2023, executed by and among PREPA, the Puerto Rico Public-Private Partnerships Authority (“P3 authority”) and Genera, Genera is the sole operator and administrator of the Legacy Generation Assets (defined in the LGA OMA) the sole entity authorized to represent PREPA before the Energy Bureau with respect to any matter related to the performance of any of the O&M Services provided by Genera under the LGA OMA.

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.

2. On January 24, 2023, Genera, PREPA and the P3 Authority executed the Puerto LGA OMA. Pursuant to the LGA OMA, Genera is the sole operator and administrator of the Legacy Generation Assets, and the exclusive entity authorized to represent PREPA before the Energy Bureau about any matter related to the performance of the O&M services provided by Genera under the LGA OMA. Additionally, Genera holds sole responsibility for procuring and administering federal funds for projects to repair or replace the LGA.

3. On October 15, 2023, Genera filed before the Energy Bureau a document titled *Request for Approval for Projects to Replace Critical Components and Improve Fuel Efficiency* (“October 15th Motion”). In the October 15th Motion, Genera included two tables: "Critical Components Replacement – First Group" as Annex A, and "Fuel Efficiency Improvement – First Group" as Annex B. Additionally, through the October 15th Motion, Genera filed new projects and amendments for scope of works (“SOWs”) of projects previously approved by the Energy Bureau.

4. On November 8, 2023, the Energy Bureau issued a Resolution and Order titled *Determination on Genera’s October 15, 2023, Motion for the Request for Approval of Projects to Replace Critical Components and Improve Fuel Efficiency* (“November 8th Resolution”). In the November 8th Resolution, upon review of Annex A and B of the October 15th Motion, the Energy Bureau determined that most of the projects are necessary to improve the reliability and resiliency of the electrical system while achieving fuel efficiency, reduce environmental impact, and increase the safety impact of the personnel and the equipment.

5. Based on the information provided by Genera, the Energy Bureau conditionally approved the projects outlined in Attachment A and B to the November 8th Resolution, pending the submission by Genera of the SOW for each project. These conditionally approved projects shall be presented to FEMA and COR3 to finalize its approval process once the Energy Bureau makes its final determination based on the evaluation of the requested SOWs.

6. In the November 8th Resolution, the Energy Bureau ordered Genera to submit, within ten (10) business days of the notice of the November 8th Resolution, the SOWS for each outlined in Attachment A, and B of the November 8th Resolution for the Energy Bureau's evaluation.

7. Attachment A included with this motion provides an explanation of the processes to be followed to develop the SOW's for the projects in Attachment A and B to the November 8th Resolution.

8. In compliance with the November 8th Resolution, and the explanation included as attachment A, Genera respectfully requests a time extension of thirty (30) days after the RFP's are awarded and the resulting contracts executed to provide the SOWs for the Energy Bureau evaluation on the projects presented in Attachment A, and B, of the November 8th Resolution as Exhibit A to this motion.

WHEREFORE, Genera respectfully requests that this Energy Bureau **take notice** of the above for all purposes and **deem** Genera to be in **partial compliance** with the November 8th Resolution, as it pertains to the requested SOWs.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 17th day of November 2023.

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CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of this motion was filed with the Office of the Clerk of the Energy Bureau using its Electronic Filing System and that I will send an electronic copy of this motion to PREPA, through its counsel of record: Lionel Santa, at lionel.santa@prepa.pr.gov; and to LUMA, through its counsels of record: Margarita Mercado Echegaray, at margarita.mercado@us.dlapiper.com and Laura Rozas, at laura.rozas@us.dlapiper.com.

In San Juan, Puerto Rico, this 17th day of November 2023

/s/ Alejandro López Rodríguez
Alejandro López Rodríguez

Exhibit A

GPR – PREB ORDER – 11.08.2023

Docket Number: NEPR-MI-2021-0002

In Re: Review of the Puerto Rico Electric Power Authority's 10 -year Infrastructure Plan – December 2020

Re: Determination on Genera's October 15, 2023, Motion for the Request for Approval of Projects to Replace Critical Components and Improve Fuel Efficiency

GPR – PREB – 11.08.2023 #1 (i)

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 SOWs for each project presented in Attachments A, B and C of this Resolution and Order for the Energy Bureau evaluation.

Response: Detailed Scopes of Work (SOW) and cost estimates for the purchase of equipment and materials for the projects described in Attachments A, B, and C were included in the document titled Equipment and Material Project, project #673691, which was submitted to FEMA. The rationale in submitting the list to FEMA is to address the global disruption in the supply chain and long lead delivery times. Once the funds are approved by FEMA, competitive processes (RFP's) will be conducted for the equipment acquisition. After each RFP is awarded, the selected contractor will have to provide a specific SOW for the installation of each component. The delivered SOWs will then be submitted to PREB for evaluation as they are completed and before being submitted to COR3 and FEMA for evaluation. Pursuant to FEMA regulations, the detailed SOW for equipment and materials does not authorize the construction or installation, only the equipment purchase. The following table describes the parallel process (from top to bottom) used to accelerate equipment procurement.

Genera request a time extension of thirty (30) days after the RFP's are awarded and the resulting contracts executed to provide the SOW's, for the Energy Bureau evaluation, of the projects in Attachments A, B and C of this Resolution and Order.

Critical Components & Fuel/Efficiency Parallel Processes		
Equipment Cost Obligation Process	FEMA Installation Obligation Process	Installation Purchase Process
Submit Equipment Detailed SOW	Develop Detailed SOW per project for installation. Most of the EHP reviews are already completed for the Units as part of previous projects	Develop Installation RFP
Approved by FEMA	Submit to PREB and get approval	Publish RFP, award and NTP
Request 25% WCA	Submit to FEMA under 428 and get approval	
Purchase and Delivery	Request 25% WCA for installation cost.	
Start Installation		
Closeout		

Response regarding the critical components and fuel efficiency projects delayed for further consideration:

To expand on the proposal and explanation regarding certain critical and fuel efficiency improvement components delayed for further consideration, Genera submits further explanation regarding the proposal to replace these components and improve fuel efficiency in San Juan 9 and Cambalache units.

In recent months, fuel consumption and, thus, costs have increased due to the lack of availability of steam units. For this reason, it has been necessary to use the peak demand gas turbines (Peaking units) as base load, which operate with light oil ultra-low sulfur diesel (ULSD) and which is more expensive than heavy fuel oil (Bunker C) or natural gas. This, in turn, increases the costs of generation, and ratepayers cover this increase in expenses through the Fuel Adjustment Clause.

Therefore, the projects presented in the November 8, 2023 Resolution and Order, Attachment C which include the projects listed below, are necessary to reduce the cost until the legacy fossil-fueled fleet is replaced or retired:

1. San Juan 9-

- Replacement Gas Recirculating Fan, Duct and Dampers

- This replacement will help increase steam reheat temperature in the boiler, thus reducing fuel consumption

- In this unit, the gas outlet duct has several leaks, reducing its efficiency and increasing fuel consumption. Replacing this duct and the exhaust dampers will improve the flow and control of gases inside the furnace. This work, together with the replacement of the gas recycling fan, will improve the boiler's heat absorption, improving the boiler's efficiency and reducing the operational cost of fuel consumption of this unit.

The Gas Recirculation Fan is used to control the steam temperature in the reboiler area of the boiler, improve the heat absorption of the furnace, reduce slag deposition on the boiler tube walls, improve heat transfer, decrease the use of fuel to obtain the same generation and control the emission of NOX to the atmosphere.

San Juan unit 9 remains in operation and will be retired when PREB orders it. Nevertheless, it is not expected that this retirement will materialize in the near term because the forced outage factor of the fleet is increasing, thus reducing the availability of generation to meet load and required reserve margins and significant delay in the integration of new generation assets, like renewables and storage. It is also advisable to complete this project to control further emissions of this unit, located in an NAAQ non-attainment area.

2. San Juan 9

Removal of existing and installation of New Traveling Screens

These rotary sieves are necessary to prevent contaminants from entering the turbine condenser and lowering the vacuum in the condenser. If contaminants enter the turbine, the unit's load has to be lowered, and the unit generation production is then limited, reducing its capacity to regulate load. If the problem of dirt in the capacitor is not solved, it is possible to cause the unit to trip and cause a forced outage. Having these rotary screens in optimal condition ensures condenser efficiency and compliance with environmental regulations.

Sargassum present in the bay increases the possibility of clogging of the condenser. Due to years of continuous use and many repairs, the current rotary sieves must be replaced to ensure the unit's availability. More importantly, to comply with Section 316(b) of the Clean Water Act, rotating

sifters must be replaced to ensure that the best technology and practices are used to minimize adverse environmental impacts.

Water extraction to cool the condenser can adversely affect marine wildlife; thus, facilities that remove at least 2 m gallons per day and use at least 25 percent of that water for cooling purposes are required to comply with the requirements of the Fish and Wildlife Management agency.

3. Cambalache

Units 2 and 3

Remove and install parts for the GT 11 NM.

This repair includes new turbine blades and ceramic liner sections to protect the turbine from overheating. Due to the unavailability of the fleet, these units are being used to cover the baseload. This repair will improve efficiency by allowing more energy load for the *same* fuel consumption. In other words, less fuel will provide the same energy load as now, reducing fuel consumption costs.

In addition, this repair is necessary to make the unit more robust, with more heat resistance, improving its reliability.

4. Cambalache

Units 2 and 3

Remove and install new air inlet coolers or use a demineralized water spray on the air inlet. Cool the air inlet before the combustion chamber to improve the unit's efficiency. By lowering the temperature at the combustion chamber air inlet, we have more fuel mass, resulting in less fuel burned for the same generation.

This unit is being used to cover the base load. The repair will improve the efficiency, resulting in more energy production for the same fuel consumption, or other words, less fuel will be used to provide the same energy as it does now, reducing fuel consumption costs.

These projects are important because they will (1) reduce costs borne by ratepayers by generating more energy with less fuel and (2) make the Legacy Generation Assets and the electric system more stable and efficient until the unreliable fleet is retired, decommissioned, and replaced.