

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

**IN RE:** GENERA PR, LLC FUEL  
OPTIMIZATION PLAN

**CASE NO.:** NEPR-MI-2023-0004

**SUBJECT:** Requirement of Information,  
Technical Conference, and Solicitation of  
Stakeholder Comments

**RESOLUTION AND ORDER**

**I. Introduction**

In this proceeding, the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") is conducting a review of the Fuel Optimization Plan submitted by Genera PR LLC ("Genera") on September 15, 2023 ("September 15 Plan")<sup>1</sup>. The Energy Bureau's review is required by the Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement ("LGA OMA").<sup>2</sup> Section 4.2(t) of the LGA OMA establishes that the Fuel Optimization Plan shall be commented by the P3 Authority before the review and eventual approval of the Energy Bureau.

On October 19, 2023, the Energy Bureau issued a Resolution and Order ("October 19 Order") that required Genera to respond to questions included as Attachment A regarding the September 15 Plan. On November 10, 2023, Genera filed a document titled *Motion Submitting Response to Resolution and Order dated October 19, 2023* ("November 10 Response"), in which Genera responded to the Energy Bureau's requirements of information ("ROIs") included in Attachment A of the October 19 Order.

On November 15, 2023, Genera filed a document titled *Motion to Submit Requests for Certification of Initiatives for Contracts Awarded by Genera PR LLC* ("November 15 Motion"). In the November 15 Motion, Genera informed the Energy Bureau that it has awarded contracts for Ultra Low Sulfur Diesel and No. 6 Fuel Oil and identifies that these procurements are related to a set of specified initiatives described in the September 15 Plan. In the November 15 Motion, Genera further requests that the Energy Bureau "certify" the executed contracts under the listed initiatives in the September 15 Plan.

In this Resolution and Order, the Energy Bureau takes three steps to further its evaluation of Genera's Fuel Optimization Plan: (1) It makes further ROIs to Genera; (2) it schedules a Technical Conference with Genera to discuss the September 15 Plan; and (3) it formally welcomes stakeholders to provide written feedback on the September 15 Plan and the supplemental information provided in response to the Energy Bureau's ROIs.

**II. Requirement of Information**

The Energy Bureau appreciates the answers that Genera provided to the Energy Bureau's ROIs in its November 10 Response. In order to ascertain the prudence of the September 15 Plan the Energy Bureau **DETERMINES** that further supporting material is needed to allow the Energy Bureau to fully assess Genera's September 15 Plan. In addition, the Energy Bureau requires information relating to Genera's request for "certification" in its November 15 Motion.

<sup>1</sup> See, *In re: GENERA PR LLC Fuel Optimization Plan*, Case No. NEPR-MI-2023-0004, *Motion to Submit Genera's Revised Fuel Optimization Plan in Compliance with Resolution and Order dated July 18, 2023* filed by Genera on September 15, 2023.

<sup>2</sup> *Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement ("LGA OMA")*, dated January 24, 2023, executed by and among the Puerto Rico Electric Power Authority ("PREPA"), the Puerto Rico Public-Private Partnerships Authority ("P3 Authority") and Genera PR LLC ("Genera"). Pursuant to the LGA OMA, 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.



The Energy Bureau therefore **ORDERS** Genera to respond, **on or before January 10, 2024, by 12:00 p.m.**, to the Requirements of Information set forth in **Attachment A** to this Resolution and Order.

### III. Technical Conference

In evaluating Genera's November 10 Response and November 15 Motion, the Energy Bureau has determined that there are some issues relating to the September 15 Plan for which the Energy Bureau would achieve a greater understanding from the opportunity for a live discussion with Genera representatives.

*Jm*  
*JAB*  
The Energy Bureau therefore **ORDERS** Genera representatives with expertise in the September 15 Plan to attend a Technical Conference on **January 12, 2024, at 2:00 p.m.** The hybrid Technical Conference will be held in person<sup>3</sup> and on the *Microsoft Teams* platform in order to facilitate participation by the Energy Bureau's experts and Genera's representative that are not located in Puerto Rico. All persons that are not in Puerto Rico, therefore, not available to participate in-person for the Technical Conference must request access to participate virtually on or before 2:00 p.m. of the day before the Technical Conference by (i) sending an email to [secretaria@jrsp.pr.gov](mailto:secretaria@jrsp.pr.gov), or (ii) contacting the Energy Bureau's Clerk at (787) 523-6262.

The Technical Conference shall be streamed live in both English and Spanish through the Energy Bureau's YouTube channel which shall be available to the public.

### IV. Comments and Public Participation

*Jm*  
*CD*  
The form and content of the Genera's Fuel Optimization Plan, defined herein as September 15 Plan, will have direct bearing on how fuel cost savings are achieved and measured and will directly impact Genera's compensation under the LGA OMA and the portion of the savings that shall benefit the consumers. The Energy Bureau welcomes review and consideration by external stakeholders of the September 15 Plan and its November 15 Motion. To that end, the Energy Bureau solicits written comments regarding the September 15 Plan, Genera's November 15 Motion, and Genera's responses to the Energy Bureau's ROIs presented in the November 10 Request. These comments shall be provided on or before January 19, 2024.

The public and stakeholders may submit written comments to the Energy Bureau as follows:

- i) Included in their title the following "Comments on Genera Fuel Optimization Plan Case No. NEPR-MI-2023-0004";
- ii) Be addressed to the attention of Edison Avilés Deliz, Chairman;
- iii) Be filed by electronic mail at [comentarios@jrsp.pr.gov](mailto:comentarios@jrsp.pr.gov); through the Energy Bureau's electronic filing tool at <https://radicacion.energy.pr.gov>; by postal mail addressed to the Puerto Rico Energy Bureau's Clerk's Office, at World Plaza Building, 268 Muñoz Rivera Ave., Suite 202, San Jose, PR 00918-1925; or in person at the Energy Bureau's Clerk's Office, at the referenced address. The hours of operation of the Clerk's Office are Monday through Friday from 8:30 a.m. to 5:30 p.m., excluding holidays.



<sup>3</sup> Energy Bureau's Hearing Room, World Plaza Building, 8<sup>th</sup> floor, Hato Rey, Puerto Rico. 268 Av. Luis Muñoz Rivera, San Juan, Puerto Rico 00918. Available at: <https://maps.app.goo.gl/1sazjoSBryNu2SyF7> (last verified December 20, 2023).

Be it notified and published.

  
\_\_\_\_\_  
Lillian Mateo Santos  
Associate Commissioner

  
\_\_\_\_\_  
Edison Avilés Deliz  
Chairman

  
\_\_\_\_\_  
Ferdinand A. Ramos Soegaard  
Associate Commissioner


  
\_\_\_\_\_  
Sylvia B. Ugarte Araujo  
Associate Commissioner

  
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Antonio Torres Miranda  
Associate Commissioner

**CERTIFICATION**

I hereby certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on December 20, 2023. I also certify that on December 20, 2023 a copy of this Resolution and Order was notified by electronic mail to [jlago@sbgblaw.com](mailto:jlago@sbgblaw.com); [alopez@sbgblaw.com](mailto:alopez@sbgblaw.com); [jfr@sbgblaw.com](mailto:jfr@sbgblaw.com); [legal@genera-pr.com](mailto:legal@genera-pr.com); [regulatory@genera-pr.com](mailto:regulatory@genera-pr.com); and I have proceeded with the filing of the Resolution and Order issued by the Puerto Rico Energy Bureau.

For the record, I sign this in San Juan, Puerto Rico, on December 20, 2023.

  
\_\_\_\_\_  
Sonia Seda Gaztambide  
Clerk



## Attachment A

### Certification

- 1) Describe in detail what Genera means by "certification" in its November 15 Motion. What would be the import or impact if the Energy Bureau were to grant Genera's request for certification in this Motion?

### Initiative 1

- 2) Provide information for the last 2 years on the Supplier (Novum or PUMA) that delivered ULSD and the ULSD Fixed Premium cost for all deliveries per Plant per BBL for the system, including the Volume in BBLs delivered for each of the plants in each year.
- 3) Provide for FY 2024 the estimates used in the RFP for the forecast of delivery of BBLs of USLD for each plant.
- 4) In ROI Response GPR-PREB ORDER - 10.19.2023 #4(e) and #5, Genera states that the increase in the fixed price premium for fuel oil delivery was due to quality differences between ultra low sulfur diesel and high sulfur diesel. In subsequent ROI Response GPR - PREB ORDER - 10.19.2023 #8, Genera states that "The fixed premium represents the supplier's cost associated with delivering the fuel to Puerto Rico, meeting the specified quality and quantities required in the contract." If the fixed premium reflects supplier's cost for delivery fuel, explain why the cost to deliver ULSD is higher than its cost to deliver higher sulfur content fuel oil?
- 5) In ROI Response 20231110 GPR - PREB ORDER - 10.19.2023 #4(f).xlsx, in columns U and V, Genera provides data on historical diesel prices into PREPA Facilities. Provide the detailed calculations for the data presented in columns U and V, and also break out the fixed premium for fuel delivery, if it is included in those calculations. If it is not included, provide the historical fixed premium as well.

### Initiative 2

- 6) There is an option for on-site storage under the new PUMA contract, but the contract did not specify the cost or rebates related to on-site storage under different circumstances. Does the \$6.2 million represent a gross or a net saving, considering the additional working capacity of 100,000 barrels provided in the PUMA contract? Does the option to increase the additional storage capacity from 100,000 to 150,000 barrels involve any additional cost to Genera PR and/or Puerto Rico ratepayers? If so, what cost?
- 7) Provide the estimated return on investment for Puerto Rico ratepayers for investing the required total additional funds to achieve this initiative; provide the calculation conducted to produce this estimate. Note: The return on investment should be calculated taking into account the Fuel Optimization expected payment to Genera and the proposed 50% payment (CVI-2) from the Title III Plan of Adjustment.

### Initiative 3

- 8) Provide information for the last 2 years on the supplier that delivered fuel oil and the fuel oil escalator and adder cost for all deliveries per plant per BBL for the system, including the volume in BBLs delivered for each of the plants in each year.
- 9) Provide for FY 2024 the estimates used in the RFP for the forecast of delivery of BBLs of fuel oil for each plant, and the fuel oil escalator and adder cost for all deliveries per plant per BBL for the system that the current awarded contract with NOVUM stipulates.

### Initiative 4

- 10) Confirm that the cost of truck delivery to the Cambalache Plant will be \$1.00 per barrel more than marine barrels, as stipulated in the recent negotiated contract under any circumstance (emergency and non-emergency situations). Is this additional cost avoidable if the Cambalache D-2 tank is returned to service?



- 11) Does the new negotiated PUMA contract guarantee Genera PR the optimum tank storage capacity in all plants?
- 12) In ROI Responses GPR-PREB ORDER - 10.19.2023 #23 and #25, Genera states that the source of the capital budget is unknown at this time. Provide Genera's target date when the information will be available and provide this information as soon as Genera PR has it.
- 13) What is the target date for the completion of rehabilitation schedules? Provide those schedules as soon as Genera PR has this information available.
- 14) When does Genera PR expect to set rehabilitation schedules for the Palo Seco and Cambalache tanks? Provide those dates as soon as Genera PR has this information available.
- 15) When does Genera PR expect to set the return-to-service dates for the Palo Seco and Cambalache tanks? Provide those dates as soon as Genera PR has this information available.
- 16) What is the expected date that Genera PR could finish the final estimates of capital investment for the Palo Seco and Cambalache tanks? Provide those estimates as soon as Genera PR has this information available.
- 17) Provide the estimate for the return on investment for Puerto Rico ratepayers for investing funds to achieve this initiative (i.e., Tank D-2 in Cambalache); provide the calculation conducted to produce this estimate. Note: The return on investment should be calculated taking into account the Fuel Optimization expected payment to Genera and the proposed 50% payment (CVI-2) from the Title III Plan of Adjustment.

#### Initiative 7

- 18) There will be a one-time adverse cost impact in the first month as additional funds will be required to transition from the 60-day payment term to the selected XX-day payment term. Provide the calculation and the return on investment for Puerto Rico ratepayers for investing the required additional funds to transition to the selected payment term. Note: The return on investment should be calculated taking into account the Fuel Optimization expected payment to Genera and the proposed 50% payment (CVI-2) from the Title III Plan of Adjustment.

#### Initiative 8

- 19) Does Genera PR understand which of the priority efficiency projects can be completed by the end of FY 2024? What would be the effect on projected cost savings under this initiative if the priority efficiency projects are not completed by the end of FY 2024?
- 20) Provide a detailed example calculation (this is, in a working spreadsheet) showing how Genera proposes to demonstrate the cost savings based on each efficiency project's completion date. For example, once the heat exchangers are replaced in the estimated timeline, how will the cost savings will be calculated, and when will they occur (by FY)?
- 21) Does Genera have estimated dates for critical components and the necessary instrumentation project completion per generation unit? Provide the Genera's current best estimate of dates.
- 22) Does Genera PR have estimated dates to determine the optimal operating points and the cost projected savings associated per unit based on the projects' completion date? Provide the Genera's current best estimate of dates.
- 23) Provide the estimated return on investment to Puerto Rico ratepayers for the investment of funds to achieve each fuel efficiency project as proposed for this initiative; provide the calculation conducted to produce this estimate. Note: The return on investment should be calculated taking into account the Fuel Optimization expected payment to Genera and the proposed 50% payment (CVI-2) from the Title III Plan of Adjustment.

#### Initiative 9. Fuel Conversion

- 24) The file 20231110 GPR - PREB ORDER - 10.19.2023 #1 & #3.xlsx includes estimated savings from Initiative "9. Fuel Conversion Initiative (Mayaguez)." The filed Fuel Optimization Plan does not include this initiative.
  - a. Define this initiative.



- b. Confirm whether Genera plans to claim fuel savings resulting from this initiative under the Fuel Optimization Plan.
- c. If yes, provide an amended Fuel Optimization Plan that includes this initiative.

