

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

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**IN RE:**

THE PERFORMANCE OF THE PUERTO RICO ELECTRIC POWER AUTHORITY

**CASE NO.:** NEPR-MI-2019-0007

**SUBJECT:** Motion to Submit Response to Requirement of Information in Compliance with Resolution and Order Dated December 21, 2023, and Quarterly Report of Performance Metrics

**MOTION TO SUBMIT RESPONSE TO REQUIREMENT OF INFORMATION IN COMPLIANCE WITH RESOLUTION AND ORDER DATED DECEMBER 21, 2023, AND QUARTERLY REPORT OF PERFORMANCE METRICS**

**TO THE HONORABLE PUERTO RICO ENERGY BUREAU:**

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

1. On May 14, 2019, the Energy Bureau of the Puerto Rico Public Service Regulatory Board (“Energy Bureau”) issued a Resolution and Order (“May 14<sup>th</sup> Resolution”) through which it initiated a proceeding to establish the quarterly reporting of performance metrics for the operation of the electric system. Since this resolution's inception, the Energy Bureau has consistently received quarterly performance data from PREPA, tracking its operational efficacy post the May 14<sup>th</sup> Resolution.

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

2. On October 20, 2023, LUMA Energy ServCo, LLC (“LUMA”) filed a document titled *Submission of Performance Metric Report for July through September 2023*. In this motion, LUMA provided a file containing its performance data called “Resumen Metricas Master\_October2023.xlsx” along with supporting data workbooks.

3. Building upon this data, the Energy Bureau conducted a comprehensive summary of the performance of LUMA and PREPA, spanning a twelve-month period from July 2022 to June 2023, identified as Fiscal Year 2023 or FY23. To compile this summary, the Energy Bureau analyzed the "Resumen metricas" file from LUMA's motion filed on October 31, 2023, in this case. The analysis also entailed a comparative study of the average monthly values reported by PREPA and LUMA over various fiscal years, ranging from FY20 to FY23.

4. During the timeframe covered in this analysis, PREPA was responsible for operating all Legacy Generation Assets. However, pursuant to the LGA OMA, Genera effectively took over the operation of the Legacy Generation Assets beginning on July 1, 2023. Although PREPA retains ownership of the assets, Genera assumed responsibility for their performance and related reporting starting in FY24. Accordingly, while the FY23 generation metrics are attributed to PREPA, performance from FY24 onward will be attributed to Genera. The “Resumen Metricas” file submitted by LUMA on October 31, 2023, also contained data submitted on behalf of Genera. This was the first quarter where Genera was responsible for reporting data.

5. Consequently, on December 21, 2023, the Energy Bureau issued a Resolution and Order titled *Fiscal Year 2023 12-Month Metrics Summary* (“December 21<sup>st</sup> Order”). This order, among various provisions, highlighted the Energy Bureau's determination that additional data was necessary to ascertain whether performance metrics should be classified as improved or not. The

December 21<sup>st</sup> Order also highlighted certain metrics requiring further clarification for proper interpretation. To facilitate this, the Energy Bureau, in Attachment D of the December 21<sup>st</sup> Order, issued Requests for Information (“ROIs”) to gather the necessary data for a more detailed evaluation of specific metrics. As such, the Energy Bureau has issued an order to LUMA, PREPA, and Genera, requesting them to respond to the ROIs listed in Attachment D and to file a plan of improvement for the metrics that were identified as "not improved" within the next fiscal year. The deadline for responding to the notification of the December 21<sup>st</sup> order is thirty (30) days. Nevertheless, Genera understood that additional time was warranted to duly comply with the responses to the ROIs and explain its path forward to improve the metrics that PREPA had not improved.

6. On January 19, 2024, the Energy Bureau issued a Resolution and Order titled *Updated Data Template for Quarterly Reporting and Response to Genera's Questions* (“January 19<sup>th</sup> Resolution”). Through this Resolution, among other directives, the Energy Bureau ordered LUMA, Genera, and PREPA to use the data template provided as part of the January 19<sup>th</sup> Resolution for all future quarterly report submissions, starting with the data for October, November, and December 2023. Additionally, the Energy Bureau granted LUMA, Genera, and PREPA an extension of ten (10) days from the notification of the January 19<sup>th</sup> Resolution to submit their quarterly reports for the October, November, and December 2023 data, using the revised data template.

7. On January 22, 2024, Genera filed a document titled *Genera's Motion to Request Extension of Time to Comply with Resolution and Order Dated December 21, 2023*, requesting an extension of time until **January 29, 2024**, to submit the responses to the ROIs in Attachment D of

the December 21<sup>st</sup> Resolution and to submit the quarterly report for October, November, and December 2023 using the revised data template provided in the January 19<sup>th</sup> Resolution.

8. In Compliance with the December 21<sup>st</sup> and January 19<sup>th</sup> Resolutions, and in accordance with the January 22<sup>nd</sup> Motion, Genera hereby submits as Exhibit 1 to this Motion, the ROIs responses to the December 21<sup>st</sup> Resolution.

**WHEREFORE**, Genera respectfully requests that this Energy Bureau **take notice** of the above for all purposes and **deem** that Genera complied with the December 21<sup>st</sup> and January 19<sup>th</sup> Resolution.

**RESPECTFULLY SUBMITTED.**

In San Juan, Puerto Rico, this 29<sup>th</sup> day of January 2024.

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## CERTIFICATE OF SERVICE

I hereby certify that I filed this Motion using the electronic filing system of this Energy Bureau and that I will send an electronic copy of this Motion to counsel for PREPA, Lionel Santa, Eq., [lionel.santa@prepa.pr.gov](mailto:lionel.santa@prepa.pr.gov), to LUMA Energy Serv Co, LLC, through its counsel of record, Yahaira De la Rosa Algarín, [yahaira.delarosa@us.dlapiper.com](mailto:yahaira.delarosa@us.dlapiper.com), and the Independent Consumer Protection Office, Hannia Rivera Díaz, [hrivera@jsrp.pr.gov](mailto:hrivera@jsrp.pr.gov).

In San Juan, Puerto Rico, this 29<sup>th</sup> day of January 2024.

*/s/ Alejandro López-Rodríguez*  
Alejandro López-Rodríguez

Exhibit 1

Genera's ROI Responses

Docket Number: NEPR-MI-2019-0007

In Re: The Performance of the Puerto Rico Electric Power Authority

Re: Fiscal Year 2023 12-Month Metrics Summary

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**Order:**

**GPR – PREB ORDER – 12.21.2023 #14**

**14. Inventory Control**

- a. Explain PREPA's strategy on fuel inventory control. For example, does PREPA target certain range of fuel inventory to retain at the end of the month relative the fuel available at the beginning of the month?
- b. Explain Genera's strategy on fuel inventory control. For example, does Genera target a certain range of fuel inventory to retain at the end of the month relative to the fuel available at the beginning of the month? If it differs significantly than PREPA's strategy, explain why?

**PREPA's Answer:**

- a. PREPA's strategy was to always have the tanks full at 90% of capacity. The procedure established by PREPA was as follows:
  1. From Monday to Friday: Daily fuel report from Power Plants.
  2. Coordinate barges to refill the tanks until 90% of Capacity.

In regard to the Costa Sur Power Plant, the refueling of the tanks is through the pipeline from the CORCO facility.

**Genera's Answer:**

- b. Genera intends to follow the same PREPA strategy of always keeping all tanks at their maximum operating capacity of 90%, especially during hurricane season. Therefore, deliveries will continue to be coordinated with the different
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suppliers to achieve the above goal. However, in specific periods (outside of hurricane season and/or other emergencies), such as scheduled unit shutdowns for maintenance and low demand periods, Genera plans to manage inventories considering (a) cash flow needs, (b) fuel market structure of backwardation/contango and (c) short term price fluctuations to try to capture any potentially anticipated fuel cost savings while keeping safe operating inventories at all times.



GPR – PREB ORDER – 12.21.2023 #16

16. Emissions of SO<sub>2</sub>, Nox, CO<sub>2</sub>, PM, Hg and other regulated pollutants (system)

- a. How has PREPA been calculating and reporting this number?
- b. Refer to the prior quarterly reports that PREPA has provided. This value fluctuates significantly between 313,000 tons and 2,500 tons. Explain the reason for this variation.
- c. Which pollutants are Genera currently tracking?
- d. Does Genera currently have the ability to report these pollutants separately?  
If no, when does Genera expect to be able to report his?

PREPA's Answer:

- a. The regulated pollutant emissions are calculated monthly based on the type of fuel consumed for the particular month.
- b. The discrepancies must be reviewed in detail. Former PREPA personnel responsible for this matter have been working with Genera since July 1, 2023.

Genera's Answer:

- b. Genera understands that the 313,000 tons were an error in the calculation when the prior quarterly reports were submitted in 2019.
- c. Genera is tracking the following pollutants: PM, SO<sub>2</sub>, Nox, CO, VOC, and Pb.
- d. Yes, Genera can report these pollutants separately.

### GPR – PREB ORDER – 12.21.2023

The Energy Bureau **ORDERS** LUMA to file within thirty (30) days of the notification of this Resolution and Order, a motion explaining, to the extent possible, the causes of their lack of improvement for the period of July 2022 to June 2023 for each metric labeled as such in Table 1 through 5. **The filing shall also include Genera and LUMA's plans for improvement over the next fiscal year.**

### Genera's Plan of Improvement for the Safety Metrics Category:

Genera is planning to enhance the safety department by implementing several key strategies:

- *Launching an aggressive training campaign:* The safety team will conduct training sessions twice a month across all plants, covering various topics such as Risk Analysis, Confined Spaces, Hazardous Waste Operations and Emergency Response reviews, 10-hour OSHA training, and more. This initiative aims to empower employees with the knowledge and skills to mitigate risks effectively.
- *Safety Talks for Contractors and Employees:* Regular safety talks and orientations will educate contractors and company employees about Genera workplace safety measures. This will promote a safety culture and ensure everyone understands and follows safety protocols.
- *Documentation and Process Forms:* To prioritize safety in the workplace, the creation of documents and forms will help streamline safety processes. These documents will serve as guides to ensure that employees are focused on safety measures in their daily tasks.
- *Leadership Visibility and Metrics:* The safety team will provide plant leadership and Genera's management with clear visibility of established metrics, accident events, and remedial measures. This transparency will enable effective collaboration and action plans to address safety-related issues promptly.

By implementing these measures, Genera is committed to enhancing safety awareness and practices within the organization, ultimately creating a safer and more secure working environment for all.

## Genera's Plan of Improvement for the Generation Metrics Category:

### San Juan Combined Cycle Plant

#### 1. San Juan 5 & 6 CC

- a. **SJ5** –This unit was overhauled/repared during the first half of 2022, where several important works were carried out, and upcoming projects that will result in better performance, availability and reliability of the unit:
  - i. Continuous cleaning system condenser tubes steam turbine
  - ii. Combustion turbine cooling system air cooler rotor replacement
  - iii. Purchase of seawater circulation water pumps
  
- b. **SJ6** –This unit overhaul/repair is scheduled to begin in March 2024. During this outage, the following projects are planned:
  - i. **Combustion Turbine**
    - 1. Combustion turbine overhauling by Mitsubishi Power Systems (MPS) under LTSA contract
    - 2. Upgrade of combustion turbine systems and parts according to MPS recommendations
    - 3. Replacement of roof fans, combustion turbine enclosure
    - 4. Combustion turbine cooling system air cooler rotor replacement
    - 5. Replacement of thermal insulation blankets
  - ii. **Heat Recovery Steam Generator**
    - 1. Replacement of High-Pressure Components (HARPS) (PO 100142)
    - 2. Improvements to related parts and systems

iii. **Steam Turbine**

1. Steam turbine rotor overhauling (includes replacement of L-0 and L-1 row vanes)
2. Repair of steam bypass valves
3. Replacement of thermal insulation blankets
4. Condenser cleaning system replacement
5. Purchase of seawater circulation pumps

2. **San Juan Units 7 & 9**

- i. The actions that Genera is taking to increase the availability of these Units are:

1. **Condenser Cleaning**

- a. Contract to rehabilitate rotating screen system
- b. The pumps for washing rotary screens are in the purchasing process
- c. Parts to rehabilitate the debris filter system are in the purchasing process

2. **Boiler Outages**

- a. SJ7 boiler overhaul, turbine and balance of plant repair scheduled to begin on October 29, 2024.
- b. SJ8 boiler overhaul, turbine and balance of plant repair scheduled to begin June 1, 2024.

3. **Reliable Power Supply (UPS)**

- a. Contract for replacement of Uninterruptible Power Supply (UPS) Units 7 & 8

4. **Transformer breakdowns**

- a. Spare for main (MPT), normal (NSST) and emergency (ESST) transformers are in the purchasing process

## Aguirre Combined Cycle

1. **Aguirre Gas**
  - a. These units are out of service.

## Central Palo Seco

1. **Palo Seco Units 3 & 4**
  - a. **PS3** – A scheduled repair is being carried out in Unit 3, where most of its main components are being worked on in such a way as to improve its availability and efficiency. The following work is being carried out:
    1. Environmental Outage – This work consists of boiler cleaning, inspection and repair of all components that may cause deviations from the Environmental Protection Agency's clean air regulation under the Consent Agreement negotiated with PREPA. Those components include induced and forced fans, burners, air and gas duct integrity, fuel pumps, etc.
    2. The following boiler components will be replaced:
      - The upper and lower elements of the economizer.
      - The water pipes at the corners of burners A and B from elevation 45'-8" to 74'-6".
      - The right and left water-wall pipes from elevation 36'-6" to elevation 108'-6".
    3. Repair air preheaters, including the integrity of their enclosures and installation of new seals.
    4. Chemical washing to the condenser.
    5. Repair the number 5 high-pressure water heater.
    6. Inspection and repair of the steam turbine's high, intermediate and low stages.

7. Inspection and repair of turbine valves (Governor, Throttle, Interceptor and Reheat stop valves).
  8. Inspection and testing of the generator.
  9. Inspection and verification of the protection relays of the unit's electrical components.
  10. Boiler and turbogenerator tripping tests.
  11. Inspection and testing of normal (NSST) and main (MPT) transformers.
  12. Inspection of boiler feed pumps.
  13. Inspection and repair of boiler safety valves.
  14. Replacement of the inlet valve to the economizer.
  15. Cooling tower cleaning and inspection.
- b. **PS4** – Unit 4 has been out of service since August 2023 due to a breakdown in the generator's stator coils and core. Genera does not project that this unit will be in service until 2025. An inspection of the components classified as environmental will be carried out as part of the work. The following work is being carried out in the unit:
1. Environmental Outage – This work consists of boiler cleaning, inspection and repair of all components that may cause deviations from the clean air regulation imposed on us by the Environmental Protection Agency under the Consent Agreement negotiated with PREPA. These components include induced and forced fans, burners, air and gas duct integrity, fuel pumps, etc.
  2. Mechanical cleaning of the condenser.
  3. Repair or replacement of the generator stator and rotor.
  4. Repair of high-pressure water heater number 6.
  5. Inspection and verification of the Protection Relays of the unit's electrical components.
  6. Boiler and turbogenerator tripping tests.
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7. Inspection and testing of normal (NSST) and main (MPT) transformers.
8. Inspection of boiler feed pumps.
9. Inspection and repair of boiler safety valves.
10. Replacement of the inlet valve to the economizer.
11. Cooling tower cleaning and inspection.

All the work described is expected to contribute to obtaining greater reliability and efficiency.



### Genera's Plan of Improvement for the Fuel Metric Category:

Forecasting oil prices is a challenging task requiring lots of analytical tools and access to as much information as possible. Financial and commodities trading and consulting firms spend thousands of dollars in their attempt to forecast prices for their own trading, risk management and P&L. PREPA, now Genera, has had to rely on publicly available information to forecast prices, mainly based on future contracts of the underlying commodity and correlations of historical prices. Each one of these methodologies will carry its margin of error. However, Genera has already fine-tuned and improved the price forecast methodologies by incorporating new pricing tools, using additional sources of information, and trying to have at least two forecast methodologies for diesel and fuel #6. These two fuels represent significant challenges in price forecasting since LNG price is based on a single, highly liquid futures contract (Henry Hub), which is simpler and straightforward to forecast. Finally, please note that Genera is tasked with the challenge of forecasting "absolute" and not "relative" fuel prices. Absolute, also called flat price in the commodity's trading world, is almost impossible to predict given global climate, geopolitical and financial threats.

One point worth noting is that the FY2020 baseline seems very aggressive and highly improbable to match. Expecting a price forecast for a full market year and a highly volatile commodity such as diesel or fuel #6 will be within 2% or 6%, respectively, is very optimistic. Genera respectfully recommends revising this baseline to a more realistic target of 25%.