

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

NEPR

Received:

Feb 17, 2024

9:23 PM

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

CASE NO.: NEPR-MI-2021-0002

**INFORMATIVE MOTION AND IN COMPLIANCE WITH
THE FEBRUARY 14TH RESOLUTION AND ORDER**

TO THE 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. On January 14th, 2024, the Puerto Rico Electric Power Authority ("PREPA") filed before the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau" or "PREB") an *Urgent Motion Submitting for Review and Approval of the Scope of Work for the Transfer/Ownership to PREPA of the Temporary Generation Units*. Through this Motion, PREPA sought the Energy Bureau's approval of the initial scope of work for the acquisition and ownership of the temporary generation units installed in the Palo Seco Steam Plant (150MW) and the San Juan Power Plant (200MW).

2. On January 19th, 2024, the Energy Bureau issued a *Resolution and Order* whereby it ordered PREPA to notify the Puerto Rico Public-Private Partnerships Authority ("P3 Authority") of its intent to acquire the temporary

generation units. This, since the PREB understood that the purchase of the units should be considered a “transaction” subject to the *Puerto Rico Electric Power System Transformation Act* (“Act 120-2018”). The Energy Bureau further ordered PREPA, LUMA Energy, LLC (“LUMA”) and Genera PR, LLC (“Genera”) to identify and inform the specific sources of funding for the acquisitions of the temporary units.

3. In compliance with the January 19th Order, on January 22nd, 2024, PREPA informed the Energy Bureau that the P3 Authority was notified of PREPA's intent to acquire the temporary units. Additionally, PREPA highlighted that the acquisition of the temporary units will only require amending Annex I (Legacy Generation Assets) of the Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement. All remaining clauses, terms, conditions, specifications and requirements, including the compensation and the contract term, would remain unaltered and continue to be in full force.

4. Likewise, on February 2nd, 2024, PREPA informed the Energy Bureau that on that same date, the Federal Emergency Management Agency (“FEMA”) issued a notification regarding the specific sources of funding to be used to acquire the temporary units. FEMA agreed to approve a new project under Section 428 of the Stafford Act, and indicated that the acquisition would not impact the existing \$9.5B 428 FFAST project for the power grid.

5. On February 16th, 2024, PREPA received a communication (the “February 16th letter”) in which the P3 Authority informed that the acquisition of

the temporary units does not constitute a transaction under Act 120-2018.¹ As indicated by the P3 Authority, the transaction does not entail the delegation of PREPA's functions, services, or facilities to a private entity, nor the sale of PREPA's power generation assets to a private entity, since the temporary units are not owned by PREPA. As such, it is the P3 Authority's position that the purchase of the temporary units does not fall under its purview and suggested in the February 6th letter that PREPA request from the Energy Bureau a clarification to that effect.

6. Moreover, the P3 Authority suggested that PREPA request from this Energy Bureau to conclude that, once the transaction of the temporary units is finalized, they be considered part of PREPA's Legacy Generation Assets. This, considering that the temporary units will substitute some of the Legacy Generation Assets listed in Annex I of the *Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement*.

7. Based on the aforementioned, and as suggested by the P3 Authority, PREPA respectfully requests that this Energy Bureau find that 1) the purchase of the temporary units does not constitute a transaction under Act 120-2018 and, therefore, does not fall under its scope and; 2) that once the temporary units are purchased, they be considered part of PREPA's Legacy Generation Assets.

8. On a different note, on January 26th, 2024, the Energy Bureau issued a *Resolution and Order* (the "January 26th Resolution") that required PREPA to

¹ See Exhibit 1.

comply with the guidelines set forth in the Energy Bureau's Policy Management of Confidential Information. This, with respect to some exhibits filed by PREPA in its January 14th and January 22nd motions.

9. On February 9th, 2024, PREPA filed a Memorandum of Law in support of the request for confidentiality treatment of the exhibits submitted as requested in the PREB's January 26th Resolution and Order.

10. On February 14th, 2024, the Energy Bureau issued a *Resolution and Order* (the "February 14th Resolution and Order") whereby it denied confidentiality treatment to Exhibits 2, 3, 4, and 9 of the January 14th Motion. Further, the Energy Bureau granted partial confidentiality to Exhibits 10 and 11 of the January 14th Motion and Exhibit 1 of the January 22nd Motion and requested a redacted version for the public record.

11. In compliance with the February 14th Resolution and Order, PREPA submits, as Exhibit 2, a redacted version of Exhibits 10 and 11 of the January 14th Motion and a redacted version of Exhibit 1 of the January 22nd Motion.

WHEREFORE, PREPA respectfully requests the Energy Bureau to take **NOTICE** of the foregoing and 1) find that the purchase of the temporary units does not constitute a transaction under Act 120-2018 and, therefore, is not subject to its interpretation and; 2) find that once the temporary units are purchase, they be considered part of PREPA's Legacy Generation Assets and; 3) deem its February 14th Order requesting a redacted version of Exhibits 10 and 11 of the January 14th Motion and Exhibit 1 of the January 22nd Motion as complied with by PREPA.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, on the 17th day of February 2024.

CERTIFICATE OF SERVICE: We hereby certify that this document was filed with the Office of the Clerk of the Energy Bureau using its Electronic Filing System at <https://radicacion.energia.pr.gov/login>, which will send notification of such filing to all attorneys of record.

GONZÁLEZ & MARTÍNEZ

1509 López Landrón
Seventh Floor
San Juan, PR 00911-1933
Tel.: (787) 274-7404

s/Alexis G. Rivera-Medina

Alexis G. Rivera-Medina

TSPR No.: 18,747
E-mail: arivera@gmlex.net



GOBIERNO DE PUERTO RICO

AUTORIDAD PARA LAS ALIANZAS PÚBLICO-PRIVADAS DE PUERTO RICO

Director Ejecutivo | Lcdo. Fermín Fontanés Gómez | fermin.fontanes@p3.pr.gov

16 de febrero de 2024

POR CORREO ELECTRÓNICO

Josué A. Colón Ortiz, Ing.

Director Ejecutivo

Autoridad de Energía Eléctrica

director_ejecutivo@prepa.com

RE: Transacción Propuesta para la Compra de las Unidades de Generación Temporal

Estimado Director Ejecutivo:

Hacemos referencia a (i) la Resolución y Orden (la "Resolución de Enero") del Negociado de Energía de Puerto Rico (el "Negociado") con fecha del 19 de enero de 2024 mediante la cual el Negociado determinó que la compra (la "Transacción Propuesta") por parte de la Autoridad de Energía Eléctrica de Puerto Rico (la "AEE") de las unidades de generación temporal instaladas (las "Unidades de Generación Temporal") por el *Federal Emergency Management Administration* ("FEMA", por sus siglas en inglés) constituye una transacción está sujeta al proceso de alianzas público-privadas establecido en la Ley Núm. 120-2018 ("Transacción de la AEE"), según enmendada (la "Ley 120"), y (ii) la carta con fecha del 22 de enero de 2024 (la "Carta de la AEE") mediante la cual la AEE le notificó a la Autoridad para las Alianzas Público Privadas de Puerto Rico (la "Autoridad") su intención de llevar a cabo la Transacción Propuesta.

Como cuestión de umbral, la Autoridad manifiesta su firme apoyo a la Transacción Propuesta y se pone a disposición de la AEE para brindar asistencia a completar dicha transacción, en virtud de nuestra experiencia en transacciones bajo la Ley 120. Sin embargo, por las razones que exponemos a continuación, entendemos que la Transacción Propuesta no constituye una Transacción de la AEE bajo la Ley 120 y, por lo tanto, respetuosamente recomendamos que la AEE le solicite al Negociado reevaluar y clarificar su Resolución de Enero para (i) establecer que la Transacción Propuesta no está sujeta al proceso de alianzas público-privadas establecido en la Ley 120 para las Transacciones de la AEE, y (ii) determinar que, una vez ocurra la Transacción Propuesta, las Unidades de Generación Temporal se consideren Activos de Generación Legados de la AEE, según se define dicho término en el Contrato de Operación y Mantenimiento del Sistema de Generación de Puerto



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Rico (el “Contrato de Generación”), con fecha del 24 de enero de 2023, entre la AEE, la Autoridad, y Genera PR LLC (el “Operador”).

I. *La Transacción Propuesta no es una Transacción de la AEE*

La Ley 120 define Transacción de la AEE como cualquier transacción mediante la cual la AEE o el Gobierno de Puerto Rico lleva a cabo una alianza público-privada¹ con respecto a cualquier función, servicio o instalación de la AEE, o un contrato de venta de los activos de la AEE relacionados a la generación de energía.² Las Transacciones de la AEE están sujetas al proceso de licitación, negociación, y adjudicación de alianzas público-privadas establecido en la Ley 120. Entre otras cosas, la Ley 120 requiere que cualquier Transacción de la AEE cumpla con ciertos requisitos procesales, incluyendo la creación de un Comité de Alianza, la publicación de un Informe de Alianza, y la emisión de una Certificación de Cumplimiento por el Negociado.

Mediante la Transacción Propuesta, la AEE comprará las Unidades de Generación Temporal instaladas por FEMA para poder continuar utilizándolas como parte de su flota de generación. Las Unidades de Generación Temporal actualmente no son activos de la AEE. Estas unidades fueron arrendadas e instaladas por FEMA en los predios de la AEE como medida de emergencia para atender temporariamente la inestabilidad de la red eléctrica de Puerto Rico. Según se desprende de la Resolución de Enero y la Carta de la AEE, FEMA dejará de operar las Unidades de Generación Temporal en marzo de 2024, pero la necesidad de continuar operando las unidades persiste. Por lo tanto, el propósito de la Transacción Propuesta es adquirir las Unidades de Generación Temporal en o antes de que culmine el periodo de administración de las unidades bajo FEMA para poder continuar operándolas como parte del sistema de generación de la AEE.

Aunque la Transacción Propuesta ciertamente está ligada a la transformación del sistema eléctrico de Puerto Rico que busca promover la Ley 120, la estructura de la Transacción Propuesta no está contemplada bajo la definición de Transacción de la AEE de la Ley 120. A diferencia de una Transacción de la AEE, la Transacción Propuesta no conlleva la delegación de funciones, servicios o instalaciones de la

¹ Las alianzas público-privadas establecidas bajo la Ley Núm. 29-2009, según enmendada (la “Ley de APP”), son acuerdos entre entidades gubernamentales y entidades privadas para la delegación de operaciones, funciones, servicios y responsabilidades de entidades gubernamentales a entidades privadas. Véase, 27 LPRA § 2601(d).

² 22 LPRA § 1112 (énfasis suplido).



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AEE a un ente privado, ni la venta de activos de generación de energía de la AEE. Por lo tanto, entendemos que la Transacción Propuesta no constituye una Transacción de la AEE bajo la Ley 120 y, por ende, no debe estar sujeta a los procesos de alianzas público-privadas aplicables a las Transacciones de la AEE bajo la Ley 120.

II. *Las Unidades de Generación Temporalia deben considerarse Activos de Generación Legados bajo el Contrato de Generación*

Como parte de su evaluación del proceso de solicitud de propuestas con relación a las nuevas unidades pico y “black-start” de la AEE, el Negociado determinó mediante su Resolución y Orden del 17 de julio de 2023 (la “Resolución de Julio”) (i) que las unidades generatrices nuevas que reemplazan los Activos de Generación Legados listados en el Anejo I del Contrato de Generación constituyen Activos de Generación Legados bajo el Contrato de Generación, y (ii) que el Operador tiene a cargo bajo el Contrato de Generación la operación y el mantenimiento de los Activos de Generación Legados, y cualquier optimización al sistema de generación aprobado por el Negociado.³

HA

Mediante su Resolución de Julio, el Negociado adoptó una posición amplia y abarcadora sobre el alcance de las funciones de operación y mantenimiento del Operador que reconoce que cierto tipo de activos ligados a los esfuerzos de mantener un sistema de generación eficiente y confiable caen dentro de las responsabilidades del Operador. En vista a lo anterior, nos queda claro que el efecto práctico de esta interpretación del Negociado es permitir que el Operador administre las unidades generatrices que sustituyan Activos de Generación Legados listados en el Anejo I del Contrato de Generación y cualquier optimización de generación eléctrica que apruebe el Negociado durante el término del Contrato de Generación.

Consistente con la Resolución de Julio, y debido que las Unidades de Generación Temporalia suplen generación eléctrica que los Activos de Generación Legados de la AEE no tiene la capacidad de proveer, entendemos que es razonable concluir que las Unidades de Generación Temporalia en efecto han reemplazado o suplantado en forma temporalia parte de la capacidad de generación eléctrica de

³ NEPR-MI-2022-0005, *Resolution and Order regarding PREPA's Response to Motion Requesting Order to Affirm General PR's Exclusive Responsibility in Managing and Decision-Making for Ongoing Public Procurement Processes and Facilitation of Related Documentation Transfer and Motion to Submit Executive Summary RFP 3784 and RFP 3800 (Confidential) and to Supplement PREPA's Response to Motion Requesting Order, filed by the Puerto Rico Electric Power Authority*, págs. 2-3.



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la AEE y, por lo tanto, una vez adquiridas por la AEE, deben considerarse parte de los Activos de Generación Legados bajo el Contrato de Generación.

A la luz del precedente del Negociado en la Resolución de Julio, consideramos que el propósito de la Transacción Propuesta es estabilizar y optimizar el sistema de generación eléctrica de la AEE mediante la compra de las Unidades de Generación Temporal necesarias para la operación confiable del sistema eléctrico de Puerto Rico. Por lo tanto, recomendamos que la AEE le solicite al Negociado la aprobación de la Transacción Propuesta como una optimización permitida y sujeta a las disposiciones de operación y mantenimiento del Contrato de Generación.

Exhortamos a la AEE a clarificar los puntos aquí discutidos con el Negociado para poder llevar a cabo la Transacción Propuesta de la manera más eficiente posible para el beneficio del sistema eléctrico de Puerto Rico, y reiteramos nuestra disposición de proveer cualquier tipo de asistencia necesaria para llevar a cabo la Transacción Propuesta.

Cordialmente,

Lcdo. Fermín E. Fontanés Gómez

Director Ejecutivo

Autoridad para las Alianzas Público-Privadas de Puerto Rico

General Requisition Form (RF 113)

Tormenta Tropical Fiona 2022

Last Updated: 09/29/2022 11:18:23

Incident Name	Tormenta Tropical Fiona 2022	Reference Number	PREMA-09-27-22-2337
For	PREMA	Date	09/27/2022

Request Basic Information

Institution Requesting	State				
Applicant	Maite Soto	Position	PREMB - EOC - ESF - 12 - PREPA - Infrastructure		
Point of Contact (POC/LNO)	Jaime Umpierre	Phone	[Redacted]	Email	jaime.umpierre@prepa.com

Item Requested	Power Barge	Quantity	1	Size/Capacity/Type	500 MW
Purpose	PREPA solicita el power barge (planta eléctrica flotante)de 500MW, dual fuel (diesel y gas natural). La salida del transformador puede 115kV o 230kV. [Redacted]				
Date/Time Needed	09/27/2022 21:35:31	No Later Than	09/28/2022 21:35:38	Duration Needed	Mientras dure la emergencia
Community Priority	High	FEMA Lifeline	Energy (Power and Fuel)		

Municipality	Guayanilla	PREMA Zone	Ponce	PREMA Region	Guayama
Address	[Redacted]				
Requesting due to/Lack of	<input checked="" type="checkbox"/> Power AEE <input type="checkbox"/> Access to Roads <input type="checkbox"/> No Water (AAA/private system) <input type="checkbox"/> No Retailers Business <input type="checkbox"/> Residential Damage (partial/total) <input type="checkbox"/> Equipment <input type="checkbox"/> Other				

Attachments

Attachment	Description
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Zone Director Validation

Local Resources Depleted/ Anticipated Depletion?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Can Zone Fulfill Request?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Zone Priority		Zone Point of Contact	
How will Zone Fulfill Request?		Date/Time Fulfilled	
Requestor Notified of Status by		Date/Time of Notification	
Comments			

SEOC Operations

Request Received by	Zuleika González Sánchez	Category		Date/Time Received	09/29/2022 11:12:48
Request Accepted?	Request Accepted	Authorized By	Zuleika González Sánchez		
SEOC Priority	High				
Comments	Se refiere caso a ASG para acción correspondiente.				

SEOC Logistics

Request Accepted?

Request Accepted

Authorized By

E. Garcia

Dispatch from Warehouse

☐ Yes

☒ No

Send Request To

☒ Finance

☐ FEMA

☐ Mass Care Branch

☐ Emergency Services Branch

☐ Infrastructure Branch

☐ Private Sector Branch

Purchase of Goods and/or Services (if applicable)

Level of Approval	Name	Account/PO Number	Date/Time
Procurement (PREMA/ASG)			
Administration (PREMA Finance)			
Finance (OGP/GAR/Treasury)			

Comments

Resource Assignments

Mission Tracked by	Date/Time Assigned
Primary Assignment PREMB - EOC - ESF - 07 - ASG - Logistics	
Mission/Task	Estimated Completion Date/Time

Resource Request Status

Accepted at State EOC LOG

Engel Garcia

PREMB - EOC - LOG - Logistics Section Chief

09/29/2022 11:18

Request has been accepted by PREMB Logistics.

Comments				
Position	Name	Phone	Date/Time	Comment
PREMB - EOC - LOG - Logistics Section Chief	Engel Garcia		09/29/2022 11:17:24	Fue aceptada por Operaciones y se refiere a ASG para accion correspondiente.
PREMB - EOC - OPS - Operations Section Chief	Zuleika González Sánchez		09/29/2022 11:15:37	Se refiere caso a ASG para acción correspondiente.

Government of Puerto Rico

Puerto Rico Electric Power Authority (000-UA2QU-00)



DR-4339-PR Hurricane Maria

FEMA Public Assistance

PROJECT SCOPE OF WORK WITH COST ESTIMATES
Submittal to COR3 and FEMA



***FAASt – Power Generation
(Generation)***

GM #739681

1/9/2024



Introduction

The purpose of this document is to present and update a Project Scope of Work (SOW) with Cost Estimates to be submitted to COR3 and FEMA for projects under DR-4339-PR Public Assistance. The completed document will be reviewed by COR3 and FEMA to create and version a specific project worksheet and post fixed-cost estimates to repair, restore, or replace eligible facilities including Section 406 hazard mitigation for a specific project.

Puerto Rico Electric Power Authority (PREPA) is the agency that provides the electric service to the entire island of Puerto Rico. As such, the facilities, sites, and systems identified in this Scope of Work are eligible as critical services facilities as defined in the PAAP (Section 428) and BBA 2018 guidance documents.

This document will be updated with information developed during the initial design and engineering phase through the construction phase.

The sections included in this document are:

- *Project Information*
- *Facilities*
- *Scope of Work*
- *Codes and Standards*
- *Cost Estimate*
- *406 Hazard Mitigation Proposal*
- *Environmental and Historic Preservation (EHP) Requirements*
- *Program Manager Certification*
- *PREPA Project Sponsor Comments*
- *Attachments*

Document Revision History

Version	Date	Summary of Changes



Section 1. Project Information

General Information

Recipient	Central Office for Recovery, Reconstruction and Resiliency (COR3)
Sub-Recipient	Puerto Rico Electric Power Authority (PREPA)
Project Title	FAAST Power Generation (Generation)
PREPA Project Number	

Federal Information

(provided by FEMA)

Damage Number	433943
Damaged Inventory/Asset Category	Power generation, transmission, and distribution facilities
FEMA Project Number	739681
Amendment Number	

Program Manager: <Name>

<Insert title here>

PREPA Project Sponsor: <Name >

<Insert title here>



Section 2. Facilities

2.1. Facilities List

Name	Damage Inventory Number	GPS Location (Main Site)
Palo Seco Power Plant		
San Juan Power Plant		

2.2. Facilities Description

The Puerto Rico Electric Power Authority (PREPA) is a public corporation and governmental entity of the Commonwealth of Puerto Rico, created pursuant to Act 83 of May 2, 1941, as amended, (Act 83) with the duty of providing electric power in a reliable manner, contributing to the general welfare and the sustainable future of Puerto Rico, maximizing the benefits, and minimizing the social, environmental, and economic impacts.

Due to their geographic locations, Puerto Rico islands are subject to various types of natural disasters. Since September 2017, PREPA facilities have been impacted by three major hurricanes, two major earthquakes, and the global pandemic. The number of catastrophic disaster types, major hurricane and earthquake events, have severely impacted and subsequently hampered Puerto Rico's ability to maintain a stable and reliant power grid to deliver services to the public.

In September 2017, Hurricanes Irma and Maria delivered devastating blows to Puerto Rico, resulting in the largest and most complex disaster response and recovery effort in recent U.S. history. Irma skirted the northern coast of Puerto Rico on September 6 and 7, 2017, as a Category 5 storm, causing significant flooding, regional power and water outages and other damage to Puerto Rico's infrastructure. On September 20, 2017, less than two weeks after Irma and before Irma's response operations had concluded, Maria made a direct strike over Puerto Rico as a Category 4 storm, causing widespread and unprecedented devastation and destruction. In the aftermath of Hurricanes Irma and Maria, essential electrical delivery services including power generation were damaged or destroyed, resulting in a complete loss of power across Puerto Rico and the longest blackout in U.S. history. Between September 2017 and March 2018, 158 fatalities were attributed to lack of electricity.

Due to the magnitude and severity of hurricane damage, PREPA's electrical grid subsisted on emergency power generating units and grid elements, while permanent repair options were developed. Unfortunately, subsequent natural disasters (and a global pandemic) hampered the progress towards the permanent repair of key power infrastructure. Multiple earthquakes of varying magnitudes struck Puerto Rico in 2020, including a magnitude 6.4 earthquake on January 7, 2020, and a magnitude 5.4 earthquake on May 2, 2020. The earthquakes have led to the loss of human life and injuries and have caused substantial damage to private property and Puerto Rico's infrastructure. More specifically, the earthquakes damaged vital portions of the Costa Sur Power Plant, necessitating immediate temporary repairs at that site and limiting the implementation of grid and generation permanent repairs across the main island. Subsequently,



a 2021 global pandemic shifted federal and territorial public resources towards reducing loss of life.

On September 18, 2022, Hurricane Fiona struck Puerto Rico as a Category 1 storm and generated some of the largest levels of rainfall ever recorded on the island, with some areas receiving over 30 inches of rainfall. Fiona's torrential rainfall produced flash floods that further damaged Puerto Rico's critical infrastructure almost five years after Irma and Maria, three years after the start of the global pandemic, and over two years after the earthquakes.

At the time Fiona struck the island, the Puerto Rico generation facilities had not yet fully recovered from the 2017 disasters and were not able to maintain a stable power supply under continued stress. Consequently, following a request made by the Government of Puerto Rico in October 2022, FEMA granted PREPA Direct Federal Assistance (DFA) to stabilize the island's power grid. After approving the DFA, FEMA issued Mission Assignments (MA) to the U.S. Army Corps of Engineers (USACE), the U.S. Environmental Protection Agency (EPA), and the U.S. Department of Energy (DOE) and established the Puerto Rico Power System Task Force to coordinate and integrate efforts to execute the power stabilization plan. As a result, a key component of the power system stabilization plan was the addition of temporary power generation to replace generation damaged during the 2017 hurricanes, which is currently offline, or taken offline for repairs. Accordingly, temporary electric generation combustion turbines at PREPA's Palo Seco and San Juan sites were installed at the Palo Seco and San Juan Power Plant sites in 2023, allowing 350 megawatts (MW) of additional power into the power grid, as follows:

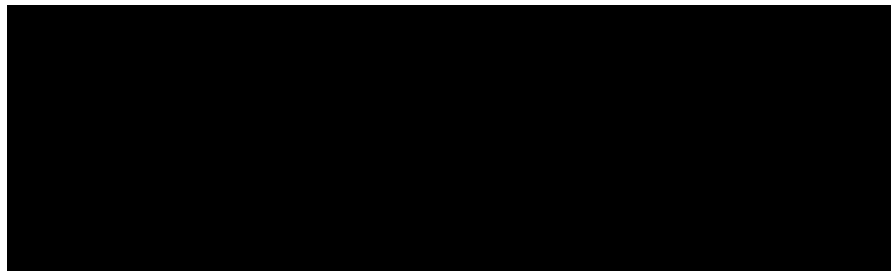
- Seven (7) units totaling 175 MW, commissioned at Palo Seco Power Plant
- Ten (10) units totaling 250 MW, commissioned at San Juan Power Plant

Note that only 350 MW is dispatched to the power grid; each location reserves one unit as a contingency measure for maintenance and unforeseen outages.

Section 3. Scope of Work

3.1. Scope of Work Description

Disaster-related damages to the generation units at the Palo Seco and San Juan Power Plants are captured under the following FEMA projects:



The scopes of work for permanent repairs have been captured in the respective projects above. The loss of function and the loss of life that resulted from the damages at the Palo Seco and San Juan facilities will be mitigated as described in Section 5 below.



3.2. Type of Project

Indicate whether the intended plan is a(n):

1. **Restoration to Codes/Standards:** Restores the facility(s) to pre-disaster function and to approved codes/standards
2. **Improved Project:** Restores the pre-disaster function of the facility(s) and incorporates improvements including any:
 - a. Other improvements, not required by codes and standards
 - b. Changes in facility size, capacity, dimension, or footprint
3. **Alternate Project:** Does not restore the pre-disaster function of the damaged facility(s)

Choose One (Restoration, Improved or Alternate)

If improved, provide the changes in facility size, capacity, dimension, or footprint. If alternate, provide rationale for recommendation.

3.3. 30% Architectural and Engineering (A&E)

Is architectural and engineering funding required to help define the intended scope of work?

No

Section 4. Codes and Standards

Which of the following types of codes, specifications, and standards apply to the restoration, replacement, relocation, or alternate scope of work?

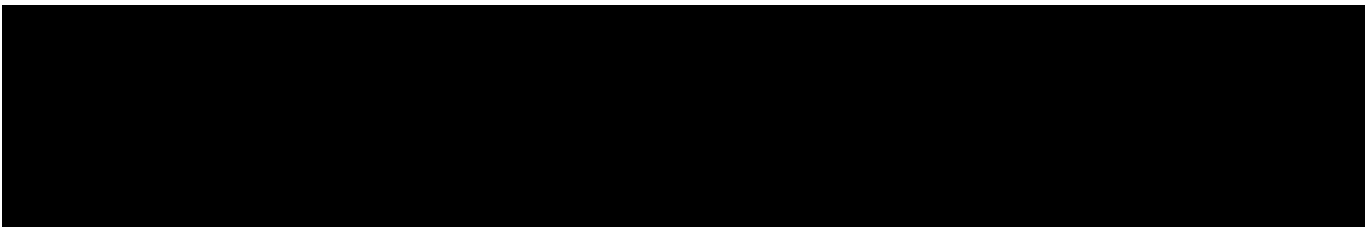
4.1. Codes, Specifications, and Standards

Yes If yes, describe how incorporated below.

4.2. Industry Standards

No If yes, describe how incorporated below.

Section 5. Cost Estimates





Section 6. 406 Hazard Mitigation Proposal

6.1. 406 Mitigation Opportunity Scope of Work

The DFA mission, performed under Emergency Work Authority under Section 403 of the Stafford Act, is scheduled to end on March 15, 2024; it is understood by PREPA that the DFA mission will not be approved for extension and the nature of the temporary leased equipment would require removal.

As the leased equipment in place is vital to the stability of the Puerto Rico electric grid during the continued recovery efforts from the 2017 hurricanes, PREPA proposes the acquisition of the equipment already in place at the Palo Seco and San Juan facilities. The equipment will allow for continued operation of generation during repair, upgrades, and replacement of disaster damaged equipment; will provide expedited post hurricane recovery for future events and avoid or lessen the need for emergency protective actions; and will provide generation redundancy at the completion of the recovery effort to increase resiliency and reliability of critical infrastructure. For these reasons, the acquisition of the equipment at the two facilities is an eligible expense from funding made available to Puerto Rico and PREPA under sections 406 mitigation (42 U.S.C. § 5172), and 428 repair and replacement (42 U.S.C. § 5189f) from Hurricane Maria.

It is further understood by PREPA that the leased equipment installed under the DFA mission will be removed at the scheduled end of the approved time for the project. This action will not only destabilize the electric grid as recovery efforts continue, but it will also severely jeopardize the grid during future events. Understanding that equipment was installed under emergency conditions and certain environmental regulations were waived, PREPA will ensure environmental concerns are addressed as part of the proposed project, meet all current environmental standards, and make necessary equipment additions/adjustments to ensure the installations are suitable for permanent use.

Finally, PREPA believes the continued and permanent commissioning of the generation units is the most prudent use of federal funding. Deconstruction of the facilities, followed by development of a new grid-stabilizing solution will be far more costly, and add an unnecessary burden during this phase of the recovery process.



This mitigation project will provide a level of redundancy for generation units at the Palo Seco and San Juan Power Plants. This redundancy will mitigate the loss of function and the public's life, health, and safety associated with long-term power outages.

5.1.1 Palo Seco Power Plant

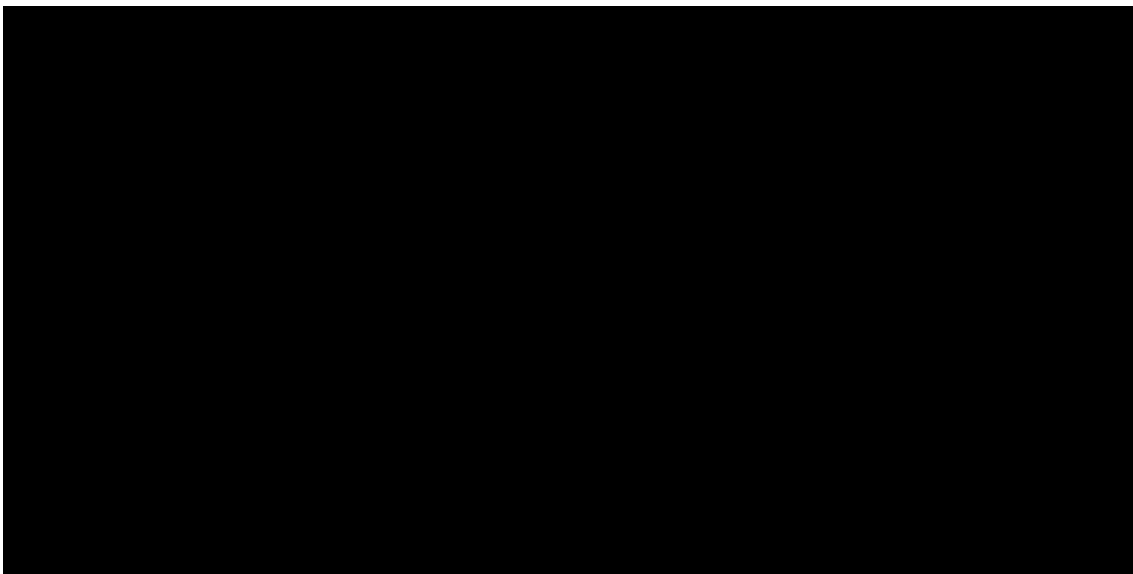
The Palo Seco Power Plant in Toa Baja was first commissioned in 1959 and has an operational capacity of about 343 MW.

The purchase of leased turbine units at Palo Seco will include seven (7) combustion turbines that fire natural gas as the primary fuel and ultra-low sulfur distillate oil (ULSD) as backup fuel, as well as the purchase of leased auxiliary equipment.

To maintain normal critical service operations, up to six (6) combustion turbines will operate simultaneously during shutdown and repair period, with the seventh turbine available to operate in the event one of the other operating units is out of service. All seven (7) turbines may operate simultaneously during periods of high demand. ULSD is only fired when natural gas is not available.

Table 1 below summarizes the operating characteristics of the seven (7) combustion turbines when firing natural gas. Figures 1 and 2 provide schematic overviews of the leased turbine units at Palo Seco.

Table 1: Palo Seco Leased Turbine Units, Operating Characteristics (Natural Gas)



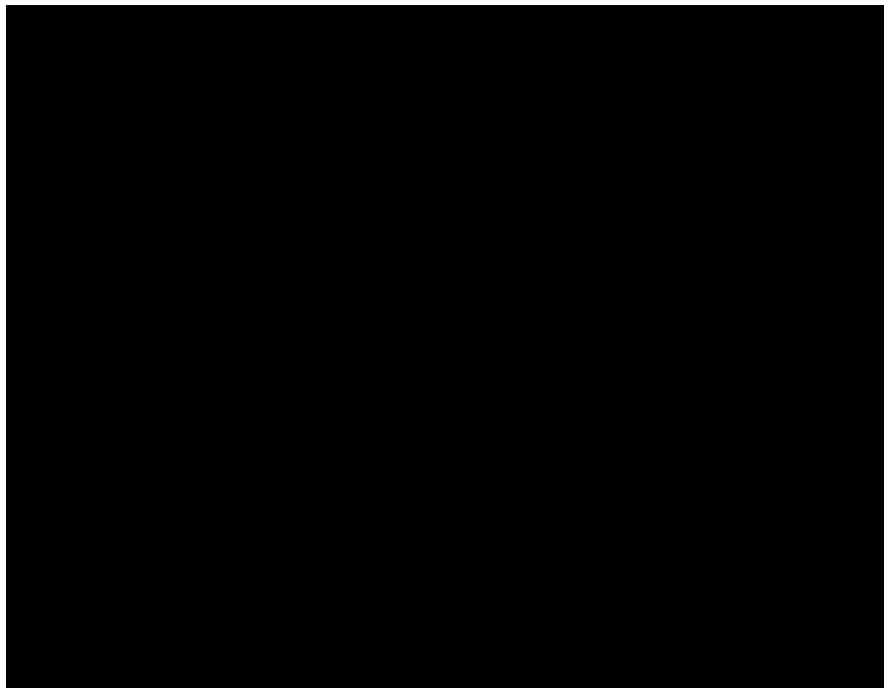


Figure 1: Palo Seco Power Plant (Leased turbine units located within yellow boundary)

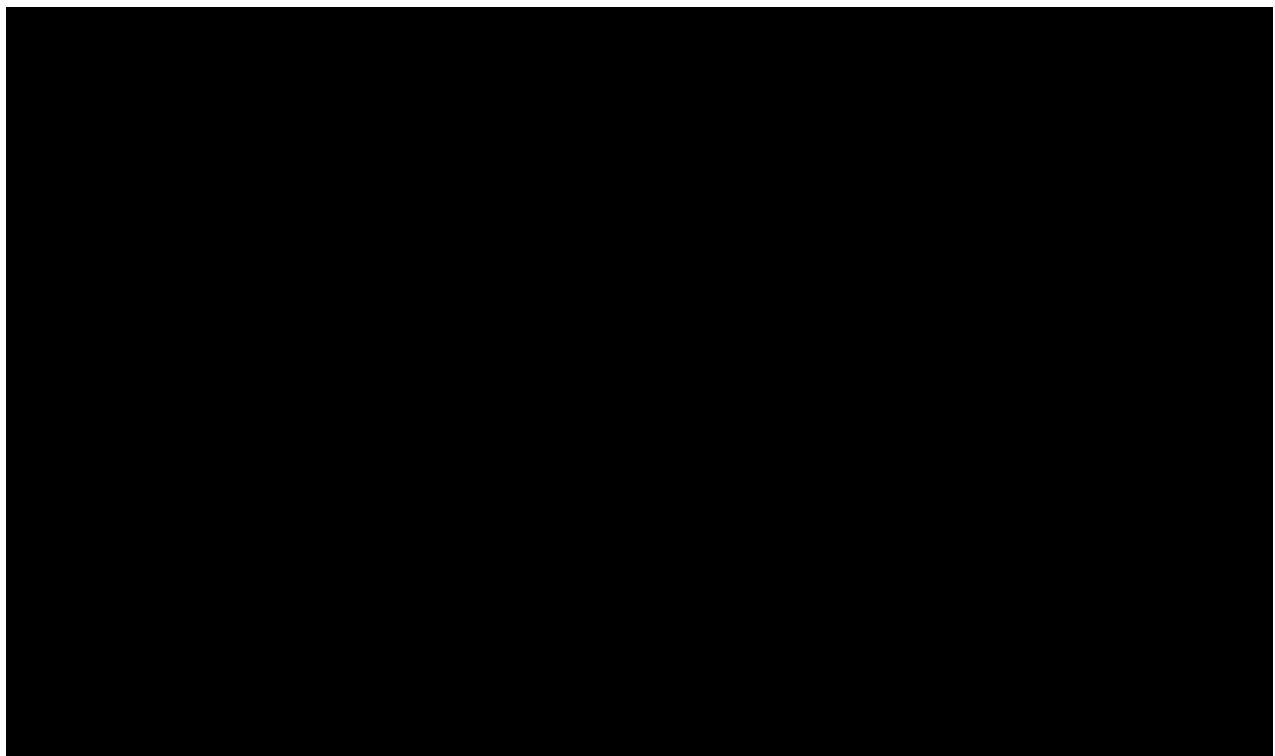


Figure 2: Schematic of Leased Turbine Units at Palo Seco Power Plant



Additional leased auxiliary equipment was installed to support the operation of the combustion turbines. The additional equipment to be purchased as part of the Scope of Work includes the following:

- Two (2) natural gas fired water bath heaters for liquefied natural gas (LNG) vaporization, each with a natural gas firing capacity of 25 million British thermal units per hour (MMBtu/hr).
- Two (2) black start emergency diesel generator engines to provide power for LNG vaporization and temporary combustion turbine startup in the event of transmission grid failure. Each black start diesel generator engine is rated at 600 kilowatts (kW) mechanical.
- One (1) emergency diesel generator engine to provide emergency power in a power outage. The emergency diesel generator engine is rated at 1,000 kW mechanical.
- LNG storage and handling equipment.
- Demineralized water treatment system to provide water for water injection on each temporary combustion turbine to control nitrogen oxide (NOX) emissions.

Based on the most recent facility data, from July to September 2023, the Palo Seco turbines operated for 995.63 hours without water injection.

5.1.2 San Juan Power Plant

The San Juan Power Plant located in San Juan was first commissioned in 2008 and has a current operational capacity of approximately 440 MW.

The purchase of leased turbine units at San Juan will include ten (10) combustion turbines that fire natural gas as the primary fuel and ultra-low sulfur distillate oil (ULSD) as backup fuel, as well as the purchase of leased auxiliary equipment.

To maintain normal critical service operations, up to nine (9) combustion turbines will operate simultaneously during shutdown and repair period, with the tenth turbine available to operate in the event one of the other operating units is out of service. All ten (10) turbines may operate simultaneously during periods of high demand. ULSD is only fired when natural gas is not available.

Table 2 below summarizes the operating characteristics of the ten (10) combustion turbines when firing natural gas. Figures 3 and 4 provide schematic overviews of the leased turbine units at San Juan.

Table 2: San Juan Leased Turbine Units, Operating Characteristics (Natural Gas)

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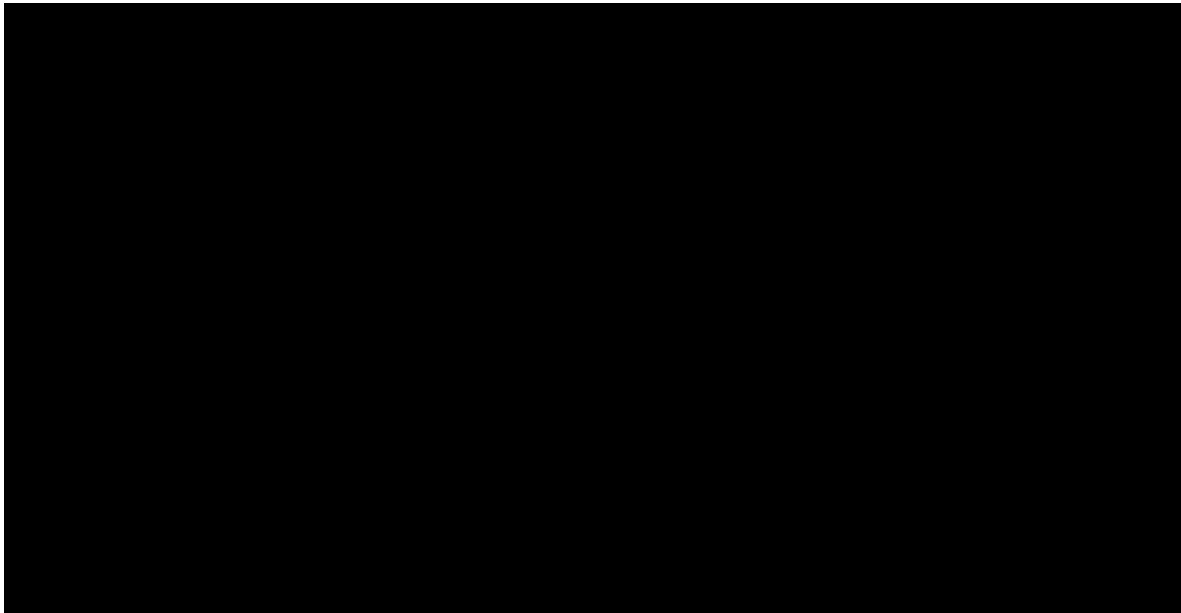


Figure 3: San Juan Power Plant (Leased turbine units located within yellow boundary)

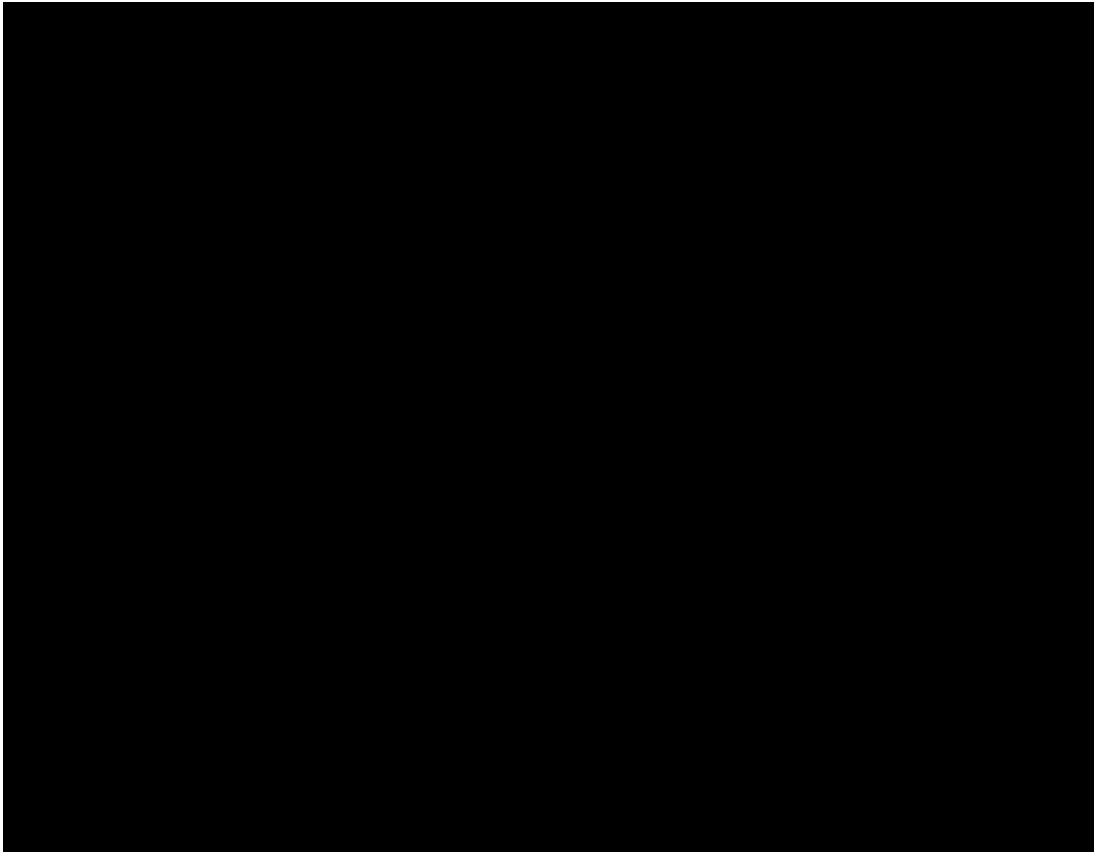


Figure 4: Schematic of Leased Turbine Units at San Juan Power Plant

Additional leased auxiliary equipment was installed to support the operation of the combustion turbines. The additional equipment to be purchased as part of the Scope of Work includes the following:

- Two (2) black start emergency diesel generator engines to provide power for LNG vaporization and temporary combustion turbine startup in the event of transmission grid failure. Each black start diesel generator engine is rated at 600 kW mechanical.
- Two (2) emergency diesel generator engines to provide emergency power in a power outage. Each emergency diesel generator engine is rated at 1,000 kW mechanical.
- LNG storage and handling equipment.
- Demineralized water treatment system to provide water for water injection on each temporary combustion turbine to control NOX emissions.

Based on the most recent facility data, from August to September 2023, the San Juan turbines operated for 326.2 hours without water injection.



6.2. 406 Mitigation Opportunity Cost Estimate

Pending a cost analysis for the 17 turbine market values – will be added upon completion of the estimate.

Section 7. EHP Requirements

Before the leased turbine units can operate under the ownership of PREPA, PREPA must obtain all applicable permits, including environmental permits required by local, Territorial, and Federal agencies. These permits are regulated by the Puerto Rico Department of Natural and Environmental Resources (DNER) and the EPA.

The leased turbine units are currently in compliance with environmental regulations. As part of the MA, on January 30, 2023, FEMA entered into a Federal Facility Compliance Agreement (FFCA) with EPA. One of the requirements of the FFCA is that FEMA conducts a Prevention of Significant Deterioration (PSD) applicability analysis for each facility where temporary power generation will be installed. In September 2023, a PSD analysis was conducted and submitted to EPA in compliance with the FFCA. The PSD concluded that, for both the Palo Seco and San Juan sites, the installation of the temporary emission sources is subject to PSD permitting for significant emissions for one or more regulated pollutants. In accordance with this requirement, in November 2023, PREPA filed a PSD application with the DNER and EPA.

The PSD application was submitted with limited analysis that would allow the leased turbine units to operate during a certain period and with the sole purpose of fulfilling the mission assignment. Thus, to be able to operate the units beyond March 2024, either as a base or peaking load, the analysis and studies submitted to DNER and EPA must be expanded and are more complex than those submitted with the PSD application.

PREPA is actively working with the DNER and EPA to meet all the requirements and standards for permits to operate the leased turbine units once the ownership of the units is transferred to PREPA and the FFCA is no longer applicable.

PREPA has identified the following required permits for the continuous use of the leased turbine units:



Activity	Permit(s)	Agency
Environmental compliance for construction and operation	Rule 141 Environmental Document Approval	DNER
Operation of generation units for permanent baseload use	PSD / New Source Review (NSR) Permit Enforceable Compliance Document for Operation of Units During PSD Application Process	EPA
Construction of air emissions sources	Construction of Air Emissions Sources (PFE) Permit	DNER
Discharges of stormwater by a facility	National Pollutant Discharge Elimination System (NPDES) Permit	EPA
Operations of air emissions sources to be included with existing Plant	Operation of Air Emissions Sources / Title V Permit Amendment	DNER/EPA

PREPA is evaluating all applicable permits to ensure compliance with local environmental regulations. Furthermore, PREPA is assessing whether additional permits or agreements, such as the Puerto Rico Aqueduct and Sewer Authority (PRASA) Demineralized Water Discharge for Generators Operation, are necessary for the continued operation of the leased turbine units.

Conversations with DNER to comply with Rule 141 environmental requirements for both sites have been initiated. This is the first step in the local environmental permitting process. Additionally, PREPA has conducted an in-person meeting with the EPA to discuss the process to complete all required permitting and is waiting for the EPA's proposed path forward, which the EPA informed will be presented mid-January 2024. The goal is to have permits or agreements in place by March 15, 2024, so that uninterrupted operation of the leased turbine units will continue, and generation deficiencies can be prevented.



Program Manager Lead Certification

Based on my knowledge and information available to date, I certify that the contents of this document accurately reflect the project scope of work and cost estimates.

Program Manager's Printed Name

Date

Title

Signature

PREPA Project Sponsor Comments

Comments
<p><Insert any comments here></p>

PREPA Project Sponsor's Printed Name

Date

Title

Signature



Section 8. Attachments

8.1. Project Detailed Cost Estimates

8.2. Engineering Studies and Designs

8.3. Location Maps and Site Pictures

8.4. Other: (Please Describe)



GOBIERNO DE PUERTO RICO

AUTORIDAD DE ENERGÍA ELÉCTRICA

Director Ejecutivo | Josué A. Colón Ortiz | director_ejecutivo@prepa.com

22 de enero de 2024

CORREO ELECTRÓNICO
fermin.fontanes@p3.pr.gov

Lcdo. Fermín E. Fontanés Gómez
Director Ejecutivo
Autoridad para las Alianzas Público-Privadas
de Puerto Rico
PO Box 42001
San Juan, Puerto Rico 00940-2001

Estimado licenciado Fontanés Gómez:

Re.: Propuesta de Proyecto de Alianza Público-Privada

La Autoridad de Energía Eléctrica de Puerto Rico (Autoridad) está totalmente comprometida a proporcionar servicios de energía confiable, limpia y asequible a los habitantes de Puerto Rico. El sistema de energía de Puerto Rico es uno complejo y aislado. Con el fin de mantener un sistema confiable y estable, la Autoridad debe contar con una infraestructura apropiada.

A raíz del paso del huracán Fiona por Puerto Rico, la flota de generación de la Autoridad y varias empresas privadas se vieron afectadas, surgiendo la necesidad urgente de agregar generación de energía temporal de al menos 700 MW a la red, según solicitado por la Autoridad. Esta solicitud de asistencia fue presentada a la Agencia Federal para el Manejo de Emergencias (FEMA, por sus siglas en inglés), recibiendo la aprobación del programa de Asistencia Federal Directa (DFA, por sus siglas en inglés). Como resultado se instalaron unidades de generación temporales en la Central Palo Seco (150 MW) y en la Central San Juan (200 MW), agregando energía adicional a la red eléctrica.



Lcdo. Fermín Fontanés Gómez
Página 2 de 2

La operación de estas unidades de generación temporera finalizará el 15 de marzo de 2024, pero la necesidad de la capacidad adicional que las unidades de generación temporera agregaron a la red persiste. Por tanto, la Autoridad notifica su intención de adquirir las unidades de generación temporera.

Incluimos el formulario correspondiente que contiene la información inicial del proyecto. De necesitar información adicional, se puede comunicar con el ingeniero Jaime A. Umpierre Montalvo, Director de HydroCo y Operaciones.

Cordialmente,



Josué A. Colón Ortiz
Director Ejecutivo

Anejo

c Jaime A. Umpierre Montalvo



GOBIERNO DE PUERTO RICO
AUTORIDAD PARA LAS ALIANZAS PÚBLICO-PRIVADAS DE PUERTO RICO

TABLA RESUMEN DE PROPUESTA DE PROYECTO DE ALIANZA	
Requisitos de información	Detalle y descripción del proyecto
1. Nombre del Proyecto	Transfer/ownership to PREPA of the Temporary Generation Units
2. Objetivo de la Alianza	See Exhibit 1.
3. Descripción de la propuesta de proyecto	See Exhibit 2.
4. Tipo de propuesta de proyecto	<input type="checkbox"/> <i>Greenfield</i> <input checked="" type="checkbox"/> <i>Brownfield</i>
5. Modalidad de Alianza propuesta	Amendment to the Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement between PREPA, P3 Authority, and Genera PR, LLC
6. Protección y beneficio al interés público	See Exhibit 3.
7. Inversión estimada que representa la propuesta del proyecto	
8. Fecha estimada de comienzo del proyecto de Alianza	March 16, 2024
9. Persona Contacto	Eng. Jaime A. Umpierre Montalvo (787) 521-2470 Director PO Box 364267 jaime.umpierre@prepa.pr.gov San Juan, PR 00936-4267

Véase instrucciones al dorso.

EXHIBIT 1

The Puerto Rico Electric Power Authority (PREPA) is a public corporation and governmental entity of the Commonwealth of Puerto Rico, created pursuant to Act 83 of May 2, 1941, as amended, (Act 83) with the duty of providing electric power in a reliable manner, contributing to the general welfare and the sustainable future of Puerto Rico, maximizing the benefits, and minimizing the social, environmental, and economic impacts.

Due to their geographic locations, Puerto Rico islands are subject to various types of natural disasters. Since September 2017, PREPA facilities have been impacted by three major hurricanes, two major earthquakes, and the global pandemic. The number of catastrophic disaster types, major hurricane and earthquake events, have severely impacted and subsequently hampered Puerto Rico's ability to maintain a stable and reliant power grid to deliver services to the public.

In September 2017, Hurricanes Irma and Maria delivered devastating blows to Puerto Rico, resulting in the largest and most complex disaster response and recovery effort in recent U.S. history. Irma skirted the northern coast of Puerto Rico on September 6 and 7, 2017, as a Category 5 storm, causing significant flooding, regional power and water outages and other damage to Puerto Rico's infrastructure. On September 20, 2017, less than two weeks after Irma and before Irma's response operations had concluded, Maria made a direct strike over Puerto Rico as a Category 4 storm, causing widespread and unprecedented devastation and destruction. In the aftermath of Hurricanes Irma and Maria, essential electrical delivery services including power generation were damaged or destroyed, resulting in a complete loss of power across Puerto Rico and the longest blackout in U.S. history. Between September 2017 and March 2018, 158 fatalities were attributed to lack of electricity.

Due to the magnitude and severity of hurricane damage, PREPA's electrical grid subsisted on emergency power generating units and grid elements, while permanent repair options were developed. Unfortunately, subsequent natural disasters (and a global pandemic) hampered the progress towards the permanent repair of key power infrastructure. Multiple earthquakes of varying magnitudes struck Puerto Rico in 2020, including a magnitude 6.4 earthquake on January 7, 2020, and a magnitude 5.4 earthquake on May 2, 2020. The earthquakes have led to the loss of human life and injuries and have caused substantial damage to private property and Puerto Rico's infrastructure. More specifically, the earthquakes damaged vital portions of the Costa Sur Power Plant, necessitating immediate temporary repairs at that site and limiting the implementation of grid and generation permanent repairs across the main island. Subsequently, a 2021 global pandemic shifted federal and territorial public resources towards reducing loss of life.

On September 18, 2022, Hurricane Fiona struck Puerto Rico as a Category 1 storm and generated some of the largest levels of rainfall ever recorded on the island, with some

areas receiving over 30 inches of rainfall. Fiona's torrential rainfall produced flash floods that further damaged Puerto Rico's critical infrastructure almost five years after Irma and Maria, three years after the start of the global pandemic, and over two years after the earthquakes.

At the time Fiona struck the island, the Puerto Rico generation facilities had not yet fully recovered from the 2017 disasters and were not able to maintain a stable power supply under continued stress. Consequently, following a request made by the Government of Puerto Rico in October 2022, FEMA granted PREPA Direct Federal Assistance (DFA) to stabilize the island's power grid. After approving the DFA, FEMA issued Mission Assignments (MA) to the U.S. Army Corps of Engineers (USACE), the U.S. Environmental Protection Agency (EPA), and the U.S. Department of Energy (DOE) and established the Puerto Rico Power System Task Force to coordinate and integrate efforts to execute the power stabilization plan. As a result, a key component of the power system stabilization plan was the addition of temporary power generation to replace generation damaged during the 2017 hurricanes, which is currently offline, or taken offline for repairs. Accordingly, temporary electric generation combustion turbines at PREPA's Palo Seco and San Juan sites were installed at the Palo Seco and San Juan Power Plant sites in 2023, allowing 350 megawatts (MW) of additional power into the power grid, as follows:

- Seven (7) units totaling 175 MW, commissioned at Palo Seco Power Plant
 - Ten (10) units totaling 250 MW, commissioned at San Juan Power Plant
- Note that only 350 MW is dispatched to the power grid; each location reserves one unit as a contingency measure for maintenance and unforeseen outages.

EXHIBIT 2

Palo Seco Temporary Generation Equipment Inventory List

Power Block

- Seven (7) General Electric (GE) TM2500 Gen 6 Gas Turbines (GTs) (GT-01 to GT-7);
- Two (2) Black Start Diesel Generators: 480V, 600 kW, CATERPILLAR Model C18, Engine No. FST02949/FST03012, Built 2022;
- Two (2) Auxiliary Transformers: 2000 KVA, 13.8kV – 480/227V, 60Hz;
- Two (2) Transfer Switch: 480V, 2000A;
- Two (2) Load Interrupter Switch: 15kV, 600A, 40kA;
- Four (4) Natural Gas Pressure Regulation skids,
- Two (2) PARKER Liquid Fuel Forwarding containers,
- Five (5) Auxiliary electrical panels: 480/220V, 2000A;
- Six (6) Switchgear outdoor cabinets: 15kV, 4000A, Copper Bus Bars;
- One (1) Power Control Rooms with seven (7) GT HMIs, Dry Transformer (30kVA, 480V – 120/220V, 60Hz), LV Panelboards, Supervisory Control and Data Acquisition (SCADA), and communication panels;
- One (1) VEOLIA Demineralized Water Plant (200 gpm - 2x100% trains):
 - One (1) Raw Water Supply Flowmeter
 - Two (2) Multimedia Filtration containers,
 - Two (2) Reverse Osmosis (RO) containers,
 - Two (2) Ion Exchange VERSAFLOW containers,
 - One (1) Raw Water Pumps skid,
 - One (1) RO Booster Pumps skid,
 - One (1) RO Clean In Place (CIP) tanks and pumps skid,
 - One (1) Antiscalant skid,
 - One (1) Sodium Bisulfate skid,

- One (1) Waste Pumps skid,
 - One (1) Demin Forwarding Pumps skid,
 - One (1) Demin Forwarding Filter Cans (10 micron) skid,
 - One (1) Load Interrupter Switch: 15kV, 600A, 40kA,
 - One (1) Auxiliary Transformers: 1000 KVA, 13.8kV – 480/227V, 60Hz,
 - One (1) Auxiliary Transformers: 30 KVA, 480/227V – 120V, 60Hz
- Piping, valves and instrumentation for Natural Gas, Diesel and Demineralized Water systems;
- One (1) Diesel Fuel totalizer ultrasonic flowmeter;
- High Voltage (15kV) Cable, Medium Voltage (480V) Cable, and other cables included control cables, grounding, lighting, power cable, Fiber Optic, and other controls related equipment; and,
- Cable Tray with covers and conduits.

San Juan Temporary Generation Equipment Inventory List

Power Block

- Ten (10) General Electric (GE) TM2500 Gen 6 Gas Turbines (GTs) (GT-01 to GT-10);
- Four (4) Black Start Diesel Generators: 480V, 600 kW;
 - Two (2) GENERAC Model 9999550100, Engine No: 0G9353, Built 2008
 - One (1) GILLETTE Model SPVD-6000-3-4-2, Engine: MVPXL16.1ACW, Built 2021
 - One (1) MTU Model MTO 12V1800 D5600, Built 2023
- Four (4) Auxiliary Transformers: 2000 KVA, 13.8kV – 480/227V, 60Hz;
- Four (4) Transfer Switch: 480V, 2000A;
- Four (4) Load Interrupter Switch: 15kV, 600A, 40kA;
- Five (5) Natural Gas Pressure Regulation skids;
- Two (2) ALFA LAVAL Liquid Fuel Forwarding containers;
- Six (6) RELEVANT liquid fuel dual filter skids;

- Five (5) Auxiliary electrical panels: 480/220V, 2000A;
- Six (6) Switchgear outdoor cabinets: 15kV, 4000A, Copper Bus Bars;
- One (1) Power Control Rooms with ten (10) GT HMIs, Dry Transformer (30kVA, 480V – 120/220V, 60Hz), LV Panelboards, Supervisory Control and Data Acquisition (SCADA), and communication panels;
- One (1) VEOLIA Demineralized Water Plant (300 gpm - 2x100% trains);
 - One (1) Raw Water Supply Flowmeter
 - Two (2) UltraFiltration MPAK 60 containers,
 - Two (2) Reverse Osmosis (RO) containers,
 - Two (2) Ion Exchange VERSAFLOW containers,
 - One (1) Raw Water Pumps skid,
 - One (1) RO Booster Pumps skid,
 - One (1) RO Clean In Place (CIP) tanks and pumps skid,
 - One (1) Antiscalant skid,
 - One (1) Sodium Bisulfate skid,
 - One (1) Waste Pumps skid,
 - One (1) Demin Forwarding Pumps skid,
 - One (1) Demin Forwarding Filter Cans (10 micron) skid,
 - One (1) Load Interrupter Switch: 15kV, 600A, 40kA,
 - One (1) Auxiliary Transformers: 1000 KVA, 13.8kV – 480/227V, 60Hz,
 - One (1) Auxiliary Transformers: 30 KVA, 480/227V – 120V, 60Hz
- Piping, valves and instrumentation for Natural Gas, Diesel and Demineralized Water systems;
- One (1) Diesel Fuel totalizer flowmeter;
- Twenty (20) Pipe Bridge sections;
- High Voltage (15kV) Cable, Medium Voltage (480V) Cable, and other cables included control cables, grounding, lighting, power cable, Fiber Optic, and other controls related equipment; and,
- Cable Tray with covers and conduits.

Transmission Block

- One (1) Main Power Transformer (Own by PREPA): HYUNDAI POWER 300/336MVA, 115kV – 13.8kV, 60Hz;

- MPT High Side includes;
 - One (1) Disconnect Switch,
 - Three (3) PTs, One (1) 115 kV Circuit Breaker, and
 - One (1) Gantry Structure,
- MPT Low Side included;
 - Six (6) Bus Bars and supporting structure,
- Seven (7) 96-ft tall Aerial Poles with ‘BLUEBIRD’ 115 kV cable;
- Six (6) Aerial Cable to Insulated Cable transition Podheads in switchyard;
- Insulated 115kV cable with cable tray with covers; and,
- One (1) Substation Control Rooms with Dry Transformer (30kVA, 480V – 120/220V, 60Hz), LV Panelboards, Protection panels, Supervisory Control and Data Acquisition (SCADA), and communication panels.

EXHIBIT 3

This project is of paramount importance and will benefit the people of Puerto Rico, including the islands of Vieques and Culebra, in the following ways:

1. The San Juan and Palo Seco temporary generation units are located in the metropolitan area, providing cost-effective generation in the Northern part of the Island where most of the demand is located.
2. Since the San Juan and Palo Seco temporary generation units are operating by burning natural gas as its primary fuel, this has resulted in the reduction of emissions to the air of SO₂, as well as other pollutants in the San Juan air district designated by EPA, which has a direct and positive effect in the environment and health of the People of Puerto Rico, particularly those that live and work in the municipalities of San Juan, Guaynabo, Bayamon, and Toa Baja. It also helps achieve attainment, but it also benefits and supports PREPA's transition from fossil fuels to clean and renewable energy, which must be executed in parallel with delivering a safe and reliable electric service to Puerto Rico's population.
3. If during an emergency or major atmospheric the North-South transmission lines are damaged and delays occur in the restoration of the electric system, the temporary generating units located in the north of the island will play a pivotal role in supplying the local load as the system is recovered and the power flows south to north are re-established.
4. The addition of the temporary generation units, as well as the integration of the new emergency units (Peakers & Blackstart), play an essential role in achieving a safe, reliable, and cost effective operation of the system in the face of a growing load demand that increases more than projected due to the rise in temperatures recorded in 2023, contrary to the demand projections that were used in the IRP 2019, where a drastic decline in load demand was anticipated.
5. The 350 MW of generation added by FEMA after Hurricane Fiona has reduced the risk of insufficient generation. Lacking those resources, the risk to customers would be substantially higher. To help further reduce the risk of load shed, overall plant availability must be improved to ensure sufficient resource adequacy exists to meet energy demand. The addition of a dependable bulk supply would reduce the risks of shortfalls. As illustrated by the sensitivity results in Appendix 17 of the Exhibit 13, the retirement of FEMA emergency generation on March 15th, 2024, would substantially increase the risk to customers. Based on the current forecast, adding incremental bulk supply resources would help reduce the risk of shortfalls.
6. PREPA fully supports the current renewable energy integration and transition policy according to the current IRP. Notwithstanding and especially considering that substantial capacity of new renewable resources is in process with Trenches 1, 2, and 3, it is imperative that Puerto Rico's energy system provide reliable energy to the People of Puerto Rico with the

permanent 350 MW installed in Palo Seco and San Juan. For this purpose, to continue to provide dependable generation capacity resources, the Temporary Units in San Juan and Palo Seco are essential to avoid vast and frequent load-shedding events. Also, the Temporary Units are necessary to supply the demand increase above 3,000 MW, to comply with the operational reserve requirements, and to provide continuity and reliability in the electrical service. The reality mentioned above directly affects the feasible retirement schedule of PREPA's thermal units.