

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

IN RE: REQUEST FOR APPROVAL OF THE ASSET PURCHASE AGREEMENT BETWEEN NFE POWER PR LLC AND THE PUERTO RICO ELECTRIC POWER AUTHORITY

CASE NO.: NEPR-AP-2024-0001

SUBJECT: Resolution and Order in response to the *Motion in Compliance with the March 15th Resolution and Order* filed by the Puerto Rico Electric Power Authority.

RESOLUTION AND ORDER

On March 15, 2024, the Puerto Rico Electric Power Authority ("PREPA") filed before the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") a document titled *Urgent Motion to Submit the Execution Version of the Asset Purchase Agreement* ("March 15 Request"),¹ in which PREPA requested that the Energy Bureau evaluate and approve the Proposed Asset Purchase Agreement and designate and treat as confidential Exhibits A, B and C included with the March 15 Request.

The March 15 Request includes three Exhibits (i) Exhibit A which is a redline of the Execution version of the Asset Purchase Agreement between PREPA and NFE Power PR LLC ("NFE") ("APA"); (ii) Exhibit B of the March 15 Request illustrates a string of emails regarding the Borescope inspection of the FEMA Temporary Units which, among others, addresses the *serviceability* of seven equipment items. Exhibit B also addresses a regasification equipment lease. PREPA has made public these items in its March 15 Request in which it states "... *during this very evening, PREPA has been advised by COR3 of various issued that span from units that will need to be taken out of service for repairs, to NFE's refusal to sign a regasification equipment lease agreement critical to the operation of the units.*"²; and (iii) Exhibit C which is a clean copy (no redline) of the APA.

On March 15, 2024, the Energy Bureau issued a Resolution and Order ("March 15 Resolution") in which PREPA presented twenty (20) open items ("Open Items") with the APA as presented to the Energy Bureau for evaluation and approval. In respect to Open Items the Energy Bureau inferred that PREPA has not shown its agreement to the APA as presented and this caused the Energy Bureau to not be in a position to evaluate the APA as presented. Therefore, the Energy Bureau stated that PREPA shall submit a final Asset Purchase Agreement in which PREPA agrees to be executed.

On March 15, 2024, in response to the March 15 Resolution, PREPA filed a document titled *Motion in Compliance with the March 15th Resolution and Order* ("March 15 Motion in Compliance"). The March 15 Motion in Compliance includes several exhibits³ which includes the approval of FEMA authorizing the amendment to the Scope of Work to acquire only the fourteen (14) onsite units that are part of the existing seventeen (17) generator system ("Temporary Generation SOW").

The March 15 Motion in Compliance includes the acceptance by the Federal Emergency Management Administration ("FEMA") and the U.S. Environmental Protection Agency ("EPA") acceptance of the project described in the Temporary Generation SOW filed in the proceeding

¹ The March 15 Request was filed by PREPA in the procedure *In re: Review of LUMA's Initial Budget*, Case No. NEPR-MI-2021-0004 ("Budget Case").

² March 15 Request, p. 4, ¶ 3.

³ Exhibit 1- Email from FEMA to Sebastian Batista, legal counsel of COR3; Exhibit 2 – borescopes report; Exhibit 3 – Confirmation that NFE will be supplying the fuel for the acquired units starting at 12:01 am March 16th under a newly issued fuel agreement; and Exhibit 4- Letter from Mary E. Greene, Director of the Air Force Enforcement Division, Office of Enforcement and Compliance Assurance of the United States Environmental Protection Agency ("EPA").



identified as *In re: LUMA's Response to Hurricane Fiona*, Case No. NEPR-MI-2022-0003 ("Hurricane Fiona Response").

On February 21, 2024, in the Hurricane Fiona Response proceeding the Energy Bureau approved the initial SSOW for the acquisition of the temporary units that have been supplying the much-needed electricity the Electric System in benefit of the ratepayers ("February 21 Resolution"). Such units have been used and will be used as temporary generation in the Palo Seco and San Juan Power Plants. The Energy Bureau had determined that the acquisition of the temporary generation units is not inconsistent with the Approved IRP.

The March 15 Motion in Compliance includes several transactional documents directly related to the acquisition of the temporary generation units which supplement the Temporary Generation SOW.

The Energy Bureau **DETERMINES** that the Temporary Generation SOW is not contrary to the Approved IRP⁴, consequently, and according to all previous SOW approval, agreements for the acquisition of assets are not evaluated as part of the SOW approvals.

For the above reasons, the Energy Bureau **APPROVES** the Temporary Generation SOW as evaluated in the Hurricane Fiona Response proceeding with the EPA and FEMA documents presented in the March 15 Motion in Compliance.

Notwithstanding, the Energy Bureau **ORDERS** PREPA to file the final SOW Temporary Generation incorporating the amendments required by FEMA in the Hurricane Fiona Response proceeding.

The Energy Bureau **ORDERS** the Clerk Office to include a copy of the March 15 Motion in Compliance to *In re: LUMA's Response to Hurricane Fiona*, Case No. NEPR-MI-2022-0003.

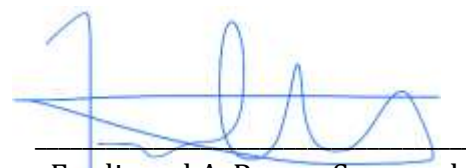
Be it notified and published.



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Lillian Mateo Santos
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Sylvia B. Ugarte Araujo
Associate Commissioner



Antonio Torres Miranda
Associate Commissioner

⁴ Final Resolution and Order on the Puerto Rico Electric Power Authority's Integrated Resource Plan, *In re: Review of the Puerto Rico Electric Power Authority Integrated Resource Plan*, Case No. CEPR-AP-2018-0001, August 24, 2020 ("Approved IRP").



CERTIFICATION

I certify that the majority of the members of the Puerto Rico Energy Bureau have agreed on March 15, 2024. I also certify that in March 15, 2024 a copy of this Resolution and Order was notified by electronic mail to arivera@gmlex.net; mvalle@gmlex.net; valeria.belvis@us.dlapiper.com; margarita.mercado@us.dlapiper.com; laura.rozas@us.dlapiper.com; Yahaira.delarosa@us.dlapiper.com; julian.angladapagan@us.dlapiper.com; alopez@sbgblaw.com; jfr@sbgblaw.com; legal@genera-pr.com; regulatory@genera-pr.com; and I have moved forward with filing the Resolution and Order issued by the Puerto Rico Energy Bureau.

I sign this in San Juan, Puerto Rico, today March 15, 2024.





Sonia Seda Gaztambide
Clerk