

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

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

CASE NO.: NEPR-MI-2021-0002

SUBJECT: Resolution and Order to *Motion to Submit FEMA Approval in Compliance with Resolution and Order Dated February 1, 2024*, filed by Genera on February 12, 2024.

RESOLUTION AND ORDER

I. Introduction and Background

On March 26, 2021, the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") issued a Resolution and Order ("March 26 Resolution") in the instant case, through which it ordered the Puerto Rico Electric Power Authority ("PREPA") to submit each specific capital investment project for approval to avoid potential noncompliance with the Approved Integrated Resource Plan ("IRP") and Modified Action Plan.¹ To streamline the process, the Energy Bureau requested PREPA to submit the specific projects to the Energy Bureau at least thirty (30) calendar days before their submittal to the Puerto Rico Central Office for Recovery, Reconstruction and Resiliency ("COR3") and the Federal Emergency Management Agency ("FEMA"), and any other federal agency,² and to continue reporting to the Energy Bureau and FEMA, within the next five (5) years, the progress of all ongoing efforts related to the final approval of the submitted projects not yet approved by the Energy Bureau.

On January 24, 2023, GENERA PR LLC ("GENERA"), PREPA, and the Puerto Rico Public-Private Partnership Authority ("P3A") executed the Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement ("LGA OMA"). According to the LGA OMA, GENERA is the sole operator and administrator of the Legacy Generation Assets³, and the exclusive entity authorized to represent PREPA before the Energy Bureau about any matter related to the performance of the Operation and Maintenance ("O&M") services provided by GENERA under the LGA OMA. Further, GENERA is the sole entity responsible for procuring and administering federal funds for projects to repair or replace the LGA.⁴

On October 15, 2023, GENERA filed a document titled *Request for Approval of Projects to Replace Critical Components and Improve Fuel Efficiency* ("October 15 Request"). GENERA include as Annex A, a table titled *Critical Components Replacement- First Group* and as Annex B a table titled *Fuel Efficiency Improvement – First Group*.

Through the October 15 Motion, GENERA filed new projects and amendments for scope of works of projects previously approved by the Energy Bureau.

On November 8, 2023, the Energy Bureau issued a Resolution and Order ("November 8 Resolution") in which it conditionally approved the projects in Attachment A and B pending the submittal of the Scope of Works ("SOWs"), deferred for further evaluation the projects in Attachment C, and requested an explanation for the difference between two (2) specific projects of San Juan 9.

¹ Final Resolution and Order on the Puerto Rico Electric Power Authority's Integrated Resource Plan, *In re: Review of the Integrated Resource Plan of the Puerto Rico Electric Power Authority*, Case No. CEPR-AP-2018-0001, August 24, 2020 ("IRP Order").

² March 26 Resolution, pp. 14-15.

³ As defined in the LGA OMA.

⁴ LGA OMA, Section 5.8 (c).



On November 13, 2023, GENERA filed a document titled *Motion Submitting Response to Resolution and Order Dated November 8, 2023, Determination on Genera's October 15, 2023, Motion for the Request for Approval of Projects to Replace Critical Components and Improve Fuel Efficiency* ("November 13 Motion"), in which included Exhibit A explaining the difference between two (2) specific projects of San Juan 9. **GENERA clarify that the one under Critical Components Replacement category should remain**⁵.

On November 17, 2023, GENERA filed a document titled *Motion Submitting Time Extension to Provide Scope of Works in Response to Resolution and Order Dated November 8, 2023* ("November 17 Motion"). As Attachment A to the November 17 Motion, GENERA explained the processes to be followed to develop SOWs for the projects and requested a time extension of thirty (30) days after the RFP's are awarded and the resulting contracts executed to provide the detailed SOWs for the Energy Bureau evaluation and approval of the projects. GENERA also provided additional information for the projects deferred for further evaluation on the November 8 Resolution. For the San Juan 9 projects, GENERA stated that the repairs are related to increase steam reheat temperatures in the boilers, thus reducing fuel consumption, to control emissions and to reduce forced outages and to follow environmental regulations. For Cambalache, GENERA explained that the projects are related to Units 2 and 3, to make units more robust and reliable and to improve fuel efficiency.

On January 10, 2024, the Energy Bureau issued a Resolution and Order ("January 10 Resolution") ordering GENERA to file the document titled *Equipment and Material Project*, for project #673691, which has been submitted previously to FEMA.

On January 18, 2024, GENERA filed a document titled *Motion to Submit Equipment and Material Projects Information in Response to Resolution and Order Dated January 10, 2024* ("January 18 Motion") in which included as "Exhibit A" a document titled *Equipment and Materials Project for Project #673691*, which was submitted to FEMA.

On February 12, 2024, GENERA filed a document titled *Motion to Submit FEMA Approval in Compliance with Resolution and Order Dated February 1, 2024*⁶ ("February 12 Motion"). GENERA included as "Exhibit A" FEMA's approved SOWs for (i) Battery Energy Storage System ("BESS"), (ii) Critical Components and (iii) Fuel Efficiency Improvement projects for a total approved amount of **\$1,506,189,735.20**.

On April 4, 2024, the Energy Bureau issued a Resolution and Order ("April 4 Resolution") approving the projects in Attachment A and B of the April 4 Resolution and ordered GENERA to show cause of why the Energy Bureau should not impose a fine for noncompliance with the November 8 Resolution.

On April 9, 2024, GENERA filed a document titled *Motion to Inform and Clarify Resolution and Order dated April 4, 2024, and to Show Cause* ("April 9 Motion") and as Exhibit A included a document titled *PRJREPORT 673691_20240222*.

On April 15, 2024, GENERA filed a document titled *Motion to Submit Proposed Version 3 of Equipment and Materials Project for Project #673691 in Compliance with Resolution and Order dated April 4, 2024* ("April 15 Motion") and as Exhibit A GENERA included the SOW for *Version 3 of the Equipment and Material Project, for Project #673691*.

II. Evaluation and Analysis

A. April 9 Motion

Through the April 9 Motion, GENERA explains that the total amount for the cost of the project **does not** represent an amendment to any previously submitted project cost and instead it is

⁵ See November 13 Motion, p.6.

⁶ See Resolution and Order, *In re: Review of the Puerto Rico Electric Power Authority's 10 Year Infrastructure Plan - December 2020*, February 1, 2024.



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a cumulative total derived from multiple submissions to FEMA by multiple parties⁷ related to the overarching project- the Puerto Rico Electrical Power Authority Island Wide FAAS Project.⁸

Exhibit A of April 9 Motion includes a SOW Version 2 dated February 22, 2024, which has the obligated project funds for different categories: (i) Battery Energy Storage Systems (“BESS”), (ii) Critical Components, and (iii) Fuel Efficiency Improvement, under the Project #673691-FAAS (Equipment and Materials) and it represents the accumulative *Federal Funds Obligated* for the project.

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B. April 15 Motion

On the April 15 Motion, GENERA filed as Exhibit 1 a SOW *Version 3 of the Equipment and Material Project for Project #673691* in which it includes the projects deferred for further evaluation by the Energy Bureau on the November 8 Resolution.

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Through the SOW, GENERA states that intention of the SOW is for GENERA to procure selected materials and equipment in advance (due to the supply-chain disruption) to begin fabrication as soon as possible, and for the expected delivery lead time delay to be concurrent with final formulation of the permanent work project and the start of the construction.⁹

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Table 1 includes the projects submitted by GENERA on the SOW of the April 15 Motion.

Table 1

Location / Facility	Initiative	Estimated Cost
Critical Components		
San Juan 9	Recirculating fan duct and GRF.	\$2,400,000.00
San Juan 9	Traveling screens.	\$1,200,000.00
Fuel Efficiency Improvement		
San Juan 9	Gas recirculating Fan, Duct and Dampers.	\$2,000,000.00
Cambalache	Convert to GT 11NM. New blades and turbine blades, heat shields segments, blade carrier and exhaust shroud.	\$26,878,328.00
Cambalache	Inlet chillers.	\$3,000,000.00
Total		\$35,478,328.00

After evaluating the April 15, the Energy Bureau **REMINDS** GENERA that through the November 13 Motion, GENERA **acknowledged** the duplication of projects for San Juan 9 and **clarified** that the project under category “Critical Components Replacement” totaling \$2,400,000.00 should remain¹⁰, and that the project for San Juan 9 under category “Fuel Efficiency Improvement” should not be included.

III. Energy Bureau Determination

Upon review of the merits of the explanation on Exhibit 1 of the April 9 Motion, the Energy Bureau **WITHDRAWS** the imposition of the \$2,500 fine for incompliance with the November 8 Resolution.

⁷ Refers to PREPA, LUMA, and GENERA, April 9 Motion, p.6 ¶ 14.

⁸ April 9 Motion, pp. 5-6.

⁹ April 15 Motion, Exhibit A, p. 3.

¹⁰ Refers to the November 13 Motion, p. 2, and its Exhibit A, p. 1.

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The Energy Bureau **REMINDS** GENERA that the requirement established in the March 26 Resolution regarding the submission of projects before the Energy Bureau at least thirty (30) calendar days before submitting such projects to FEMA and/or COR3 remains unaltered.

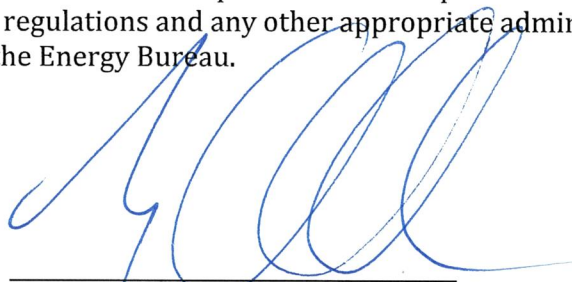
The Energy Bureau **DETERMINES** that the projects are necessary to improve the reliability and resiliency of the electrical system while achieving fuel efficiency and the reducing impact to the environment, and at the same time increasing safety of the personnel and equipment. The Energy Bureau **APPROVES** the projects in **Attachment A** to this Resolution and Order. This approval represents **\$33,478,328** based on cost estimates as informed by GENERA.

The projects approved in **Attachment A** to this Resolution and Order shall be presented to COR3 and FEMA to finalize their approval process for the request of federal funds. The Energy Bureau approved this project based on the information from GENERA. Should the scope of the project change or the request for the federal funds are not approved for such project, GENERA **SHALL** immediately seek the Energy Bureau's approval of such changes.

The Energy Bureau **ORDERS** GENERA to (i) submit to the Energy Bureau copy of the approval by COR3 and FEMA of the projects in **Attachment A**, which shall have the cost obligated for the projects, **within ten (10) days of receipt of the approval**; (ii) provide the Energy Bureau the actual contracted cost to construct the projects in **Attachment A within ten (10) days from the execution of the contracts**; and (iii) inform the Energy Bureau once the projects are completed.

The Energy Bureau **WARNS** GENERA that, noncompliance with any provision of this Resolution and Order, may result in the imposition of fines pursuant to Act 57-2014 and applicable Energy Bureau's regulations and any other appropriate administrative sanctions, as deemed appropriate by the Energy Bureau.

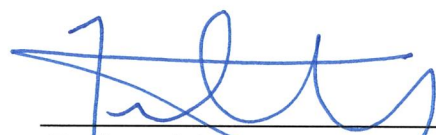
Be notified and published.



Edison Avilés Deliz
Chairman



Lillian Mateo Santos
Associate Commissioner



Ferdinand A. Ramos Soegaard
Associate Commissioner



Sylvia B. Ugarte Araujo
Associate Commissioner



Antonio Torres Miranda
Associate Commissioner



CERTIFICATION

I certify that the majority of the members of the Puerto Rico Energy Bureau have agreed on April 23, 2024. I also certify that on April 23, 2024 a copy of this Resolution and Order was notified by electronic mail to lionel.santa@prepa.pr.gov; laura.rozas@us.dlapiper.com; margarita.mercado@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 April 23, 2024.



Sonia Seda Gaztambide
Clerk



**Attachment A
Projects approved by the Energy Bureau**

Location / Facility	Description	Estimated Cost
Critical Components		
San Juan 9	Recirculating fan duct and GRF.	\$2,400,000.00
San Juan 9	Traveling screens.	\$1,200,000.00
Fuel Efficiency Improvement		
Cambalache 2 and 3	Convert to GT 11NM. New blades and turbine blades, heat shields segments, blade carrier and exhaust shroud.	\$26,878,328.00
Cambalache 2 and 3	Inlet chillers.	\$3,000,000.00
Total		\$33,478,328.00

