

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

<b>NEPR</b>  <b>Received:</b>  <b>Jul 12, 2024</b>  <b>6:24 PM</b>
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**IN RE:**

REVIEW OF LUMA’S INITIAL BUDGET

**CASE NO.:** NEPR-MI-2021-0004

**SUBJECT:** Motion to Submit Responses in Compliance with Bench Orders Issued During the Virtual Technical Conference Held on June 21, 2024 and to Inform

**MOTION TO SUBMIT RESPONSES IN COMPLIANCE WITH BENCH ORDERS  
ISSUED DURING THE VIRTUAL TECHNICAL CONFERENCE HELD ON JUNE 21,  
2024 AND TO INFORM**

**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 state and request the following:

1. On March 14, 2024, the Energy Bureau of the Puerto Rico Public Service Regulatory Board (“Energy Bureau”) issued a Resolution and Order titled *Amendments to the December 8 Resolution, FY2025 Annual Budget Filing, and FEMA Temporary Emergency Generation Cost Share* through which the Energy Bureau ordered LUMA<sup>2</sup> to file the Fiscal Year 2025 (“FY2025”) consolidated annual budget proposals, on or before April 15, 2024. *See* March 14<sup>th</sup> Resolution, p. 3-4. The Energy Bureau also ordered Genera and PREPA to cooperate as necessary to enable LUMA to file the FY2025 consolidated annual budget proposal. *See id.*, p.4.

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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 (“P3A”), 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.

<sup>2</sup> LUMA Energy, LLC and LUMA Energy Servco, LLC (jointly referred to as “LUMA”)

2. On May 25, 2024, after several procedural events, LUMA filed a document titled *Request for Approval of T&D Budgets and Submission of GenCo Budgets for FY 2025 and Budget Allocations for the Electric Power System*, through which LUMA submitted for approval the proposed budget for the Transmission & Distribution System, developed by LUMA; the budget proposal for the legacy thermal generation units (“GenCo’s FY2025 Budget Proposal”), developed by Genera; the budget allocation approved by the P3A for the hydroelectric generating units and the public irrigation facilities; and the allocation for PREPA and its subsidiaries (collectively, the “FY2025 Budget Submission”).

3. On June 12, 2024, the Energy Bureau issued a Resolution and Order titled *Establishment of FY 2025 Budgets, Requirement of Information (“ROI”), and Procedural Calendar* (“June 12<sup>th</sup> Resolution”). In the June 12<sup>th</sup> Resolution, the Energy Bureau established a Procedural Calendar for matters concerning the FY2025 Budget Submission and consequently scheduled a Virtual Technical Conference for June 20, 2024. *See*, June 12<sup>th</sup> Resolution, p. 3.

4. On June 18, 2024, LUMA and Genera jointly submitted a formal motion to the Energy Bureau, titled *Joint Request for Continuance of Technical Conference and to Extend Time to Submit Presentations*, wherein they sought to reschedule the upcoming June 20<sup>th</sup> Technical Conference and secure an extension for the submission of their presentations.

5. On June 18, 2024, the Energy Bureau issued a Resolution and Order titled *Technical Conference Agenda – FY 2025 Electric Utility Budgets* (“June 18<sup>th</sup> Resolution”), which rescheduled the Virtual Technical Conference to June 21, 2024, and required the filing of presentations to be completed by 9:00 a.m. on that same day.

6. On June 20, 2024, Genera filed a document titled *Motion to Submit Complete Response to Requirement of Information in Compliance with Resolution and Order dated June 12, 2024 and Amended Workpapers* (“June 20<sup>th</sup> Motion”).

7. On June 21, 2024, the Energy Bureau conducted the rescheduled Virtual Technical Conference to discuss the FY2025 Budget Submission (“June 21<sup>st</sup> Virtual Technical Conference”), where members from Genera’s various departments appeared and were sworn in to answer questions. Following the comprehensive review and discussion of the proposed GenCo Budget for FY2025 and its supporting documents, the Energy Bureau issued three (3) bench orders to Genera:

- a. What is Genera’s approach to having autonomous Black Start capability at Costa Sur?
- b. What is Genera’s in-house cost to operate and maintain the fourteen (14) temporary units since they were purchased?
- c. Are there any available manufacturers' contracting agreements that Genera can explore for the Temp Units?

8. On June 26, 2024, the Energy Bureau issued a Resolution and Order titled *Determination on the FY25 Annual Budgets for the electric utility* (“June 26<sup>th</sup> Resolution”), through which the Energy Bureau determined that the FY2025 Budgets filed by LUMA, and modified by the Resolution and Order, comply with Act 57-2014 and the 2017 Rate Order. On page 11 of the June 26<sup>th</sup> Resolution, the record states that: “[a]s discussed during the Technical Conference, Genera has been operating these units for the past 3 months and noting that most of the generation maintenance is contracted to outside parties, the utilization of internal resources to perform these functions may result in the most cost-effective approach.” Furthermore, “[d]uring the June 21, 2024 Technical Conference, Genera representatives testified that these units are being

operated by internal personnel. When asked about the current operation of the units, a Genera representative stated that operations were run in-house.”

9. Regarding this statement reflected on the record, Genera wishes to restate and correct the record. During the June 21<sup>st</sup> Virtual Technical Conference, although Genera did in fact state that an Affiliate was operating the unit, there was no direct or indirect statement that the operation was being undertaken without any associated cost. Genera has indeed incurred significant cost to maintain and operated these unit, which are presented as part of the response. Please see attached Exhibit A.

10. In compliance with the bench orders issued at the June 21<sup>st</sup> Technical Conference, Genera hereby submits its responses to the queries raised by the Energy Bureau regarding GenCo’s FY2025 Budget Submission and related operational matters.

**WHEREFORE**, Genera respectfully requests that this Energy Bureau **take notice** of the above for all purposes; **accept** Genera’s response to the bench orders issued during the June 21<sup>st</sup> Virtual Technical Conference, submitted herewith as Exhibit A; and **deem** Genera in compliance with the bench orders issued during the June 21<sup>st</sup> Virtual Technical Conference.

**RESPECTFULLY SUBMITTED.**

In San Juan, Puerto Rico, this 12<sup>th</sup> day of July 2024.

**ECIJA SBGB**  
PO Box 363068  
San Juan, Puerto Rico 00920  
Tel. (787) 300.3200  
Fax (787) 300.3208

/s/ Jorge Fernández-Reboredo  
Jorge Fernández-Reboredo  
[jfr@sbgblaw.com](mailto:jfr@sbgblaw.com)  
TSPR 9,669

/s/ Alejandro López-Rodríguez  
Alejandro López-Rodríguez

alopez@sbglaw.com  
TSPR 22,996

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and accurate copy of this motion was filed with the Office of the Clerk of the Energy Bureau using its electronic filing system and that I will send an electronic copy of this motion to PREPA through its counsels of record: Alexis G. Rivera-Medina, at [arivera@gmlex.net](mailto:arivera@gmlex.net), and Mirelis Valle-Cancel, at [mvalle@gmlex.net](mailto:mvalle@gmlex.net); and to LUMA, through its counsels of record: Margarita Mercado Echegaray, at [margarita.mercado@us.dlapiper.com](mailto:margarita.mercado@us.dlapiper.com); Jan M. Albino López, at [jan.albinolopez@us.dlapiper.com](mailto:jan.albinolopez@us.dlapiper.com); and Julian Anglada Pagan, at [julian.angladapagan@us.dlapiper.com](mailto:julian.angladapagan@us.dlapiper.com).

In San Juan, Puerto Rico, this 12<sup>th</sup> day of July 2024.

/s/ Alejandro López-Rodríguez  
Alejandro López-Rodríguez

Exhibit A

Responses to Bench Orders Issued During the June 21<sup>st</sup> Virtual Technical Conference

Docket Number: NEPR-MI-2021-0004

In Re: Genera PR LLC, Budgets

Re: Virtual Technical Conference Bench Order- Fiscal Year 2024 Budget

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**GPR-PREB-NEPRMI20210004-20240621-BO#1**

What is Genera's approach to having autonomous Black Start capability at Costa Sur?

**Response:**

Costa Sur Power Plant does not currently have autonomous black start capability. Our Operations team's analysis determined that in order to black start one (1) unit in Costa Sur, a minimum of 31 MW is required. Genera is currently evaluating two options to achieve autonomous black start capabilities in Costa Sur:

1. The short-term option (under six months to complete): Genera would lease and install two (2) 25 MW peaking units to provide temporary emergency power. These units would utilize the existing Costa Sur point of interconnection (POI) and provide the necessary power output to black start one (1) Costa Sur unit.
2. The mid-term option (between 15-18 months to complete): Genera is currently undergoing and evaluating two RFP procurement processes for a Battery Energy Storage Systems (BESS) and in new peaking units. Genera would install 40 MW in BESS and 100 MW in new peaking unit on a permanent basis in the Costa Sur Power Plant facility. These units would be capable of providing autonomous black start capabilities to the Costa Sur Power Plant.



**GPR-PREB-NEPRMI20210004-20240621-BO#2**

What is Genera's in-house cost to operate and maintain the fourteen (14) temporary units since they were purchased?

**Response:**

As of the date of this response, a total of ~ \$4,500,000 (four million five hundred thousand dollars) have been accrued for the fiscal year ending June 2024 (FY2024). This amount represents the expenses for one quarter (April – June 2024). The incurred expenses to administer and maintain the fourteen (14) TM 25000<sup>1</sup>, purchased by PREPA and now operated and administered by Genera, may be broken down as follows:

- \$2,100,000 (two million one hundred thousand dollars) for water processing and purification; and
- \$2,400,000 (two million four hundred thousand dollars) for routine operation and maintenance, consumables and spare parts.

It is important to note that Genera's service fee has remained unchanged after PREPA assigned the operation and maintenance of the TM 2500 to Genera. However, budgeting for the operation and maintenance of these units, which is a pass-through cost, is essential to ensure that they remain available for service with the same level of reliability until December 2025. Failing to allocate funds to operate and maintain these units puts the reliable service they provide to the Electric System at risk.

The Equivalent Availability Factor for these units during the period of April to June 2024 exceeds 95%.

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<sup>1</sup> Commonly referred to as the FEMA temporary units.

**GPR-PREB-NEPRMI20210004-20240621-BO#3**

Are there any available manufacturers' contracting agreements that Genera can explore for the Temp Units?

**Response:**

Genera could certainly explore available manufacturer contracting agreements. However, this type of long-term service agreement/master service agreement (LTSA/MSA) is typically less cost-effective than the currently presented self-sufficient operation and maintenance budget. Another disadvantage to a LTSA/MSA is that it would lock Genera into (1) a specific OEM/3<sup>rd</sup> party vendor exclusively, whereas if the self-sufficient operation and maintenance plan is pursued, Genera would have the maximum flexibility to utilize multiple OEM/3<sup>rd</sup> parties to optimize the O&M needs as well as keep a competitive environment to choose the best service that meets the required timing versus cost benefits.