

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

IN RE: 10 YEAR PLAN FEDERALLY
FUNDED COMPETITIVE PROCESS

CASE NO. NEPR-MI-2022-0005

SUBJECT: Resolution and Order to Motion to Submit Bi-weekly Report on the Status of Emergency Generation and Black-Start Generation Procurement in Compliance with Resolution and Order of January 23, 2023.

RESOLUTION AND ORDER

On January 23, 2023, the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") issued a Resolution and Order ("January 23 Order") that conditionally approved the Puerto Rico Electric Power Authority ("PREPA") RFP¹ process for the procurement of emergency peaker generation systems at Jobos, Daguao, and Palo Seco subject to various conditions. Conditions included a maximum total nameplate capacity of 200 MW, three (3) of seven (7) units being mobile, prioritization to interconnection of IRP-based generation and battery energy storage systems ("BESS") over other generation installation interconnection (where feasible while supporting reliable system operation), and other conditions.²

On May 25, 2023, Genera PR, LLC ("Genera") submitted a document titled *Memorandum of Compliance with May 8 Order (subject: Procurement of Black Start and Emergency Peaking Resources)* ("May 25 Memorandum"), in which Genera proposed to the Energy Bureau a different approach and plan for the procurement of the Black Start and Emergency Peaking Resources and stated that their proposed approach would be more efficient. Permitting was identified as a critical path, specifically EPA air permitting, and the proposed plan by Genera stated that "if EPA air permits can be completed within nine months, **the entire project can achieve commercial operation within 18 months.**"³

On August 16, 2023, Genera, filed a document titled *Motion to Submit Bi-Monthly Report on the Status of Emergency Generation and Black-Start Generation Procurement for the Period from August 1 to August 15, 2023, in Compliance with Resolution and Order Dated January 23, 2023* ("August 16 Motion"). Genera included as Exhibit A the Bi-monthly report describing the status of the black start and emergency generation procurement process, and recommendations for changes to the RFP⁴ processes, which Genera affirmed could **lead to significant cost savings and a reduction in completion time** by 9 to 12 months.⁵

On August 23, 2023, the Energy Bureau issued a Resolution and Order ("August 23 Order") in which it determined that the changes proposed by Genera in Exhibit A of the August 16 Motion were consistent with the IRP Order⁶. Considering Genera's assurance that

¹ Request for Proposal ("RFP").

² January 23 Order.

³ May 25 Memorandum, p.4.

⁴ Request for Proposal ("RFP").

⁵ August 16 Motion, Annex A, p.5.

⁶ 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").



the units would be purchased at a lower cost and be commissioned earlier than expected, the Energy Bureau allowed the RFPs process to continue in the manner described by Genera in Exhibit A of the August 16 Motion.

On November 8, 2023, after several procedural events, the Energy Bureau issued a Resolution and Order (“November 8 Order”) approving the RFP package submitted by Genera for the procurement of black start and emergency generation services. The Energy Bureau reminded Genera that the total MW quantity could not exceed 200 MW of emergency generation and 81 MW of net plant output for black start services. Also, authorized Genera to file a separate BESS project detailing the magnitude (in MW), purpose, planned timing of installation, among other information.⁷

On February 29, 2024, Genera, filed a document titled *Motion to Submit Bi-Monthly Report on the Status of Emergency Generation and Black-Start Generation Procurement in Compliance with Resolution and Order Dated January 23, 2023* (“February 29 Motion”) in which Genera stated that initial award was scheduled for March 2024.

On July 1, 2024, Genera filed before the Energy Bureau a document titled *Motion to Submit Bi-weekly Report on the Status of Emergency Generation and Black-Start Generation Procurement in Compliance with Resolution and Order Dated January 23, 2023* (“July 1 Motion”), in which Genera included as Exhibit A the Bi-weekly Report describing the status of the Emergency Generation and Black-Start Generation Procurement.

Additionally, Genera informs in the July 1 Motion that starting July 1, 2024, pursuant to Footnote 16 of the January 23 Order, reports will be submitted on a quarterly basis, consistent with the fiscal year’s quarters (e.g., July 1 to September 30 for Q1, October 1 to December 31 for Q2, and so forth)⁸, and that their next report is due by October 9, 2024.

Upon review of the July 1 Motion, and the delay in the RFP process conducted by Genera in comparison with the expected time savings that would have occurred compared to the Puerto Rico Electric Power Authority (“PREPA”) RFP award scheduling, which was scheduled to end July 31, 2023, the Energy Bureau determines that Exhibit A filed as the bi-monthly report does not adequately inform the progress in the procurement process nor provides information on the milestones of the critical paths that shall be accomplished to have the units in commercial operation in due time, according to the timeline presented in Annex A-3 of the August 16 Motion. The Energy Bureau reminds Genera that the *FY2023 Certified Fiscal Plan for the Puerto Rico Electric Power Authority* (“FY2023 Certified Fiscal Plan”), Section 5.2.1.4 (p. 94), expected to have deployed the black start units for Costa Sur and Yabucoa by December 2025, and the new Peaker units deployed for the Daguao, Jobos, and Palo Seco Power Stations by January 2026.⁹

It is in the best public interest to know if the Emergency Peaker Generation and Black-Start Generation Procurement will be in commercial operation by the time specified in the FY2023 Certified Fiscal Plan and the time scheduled promised by Genera.

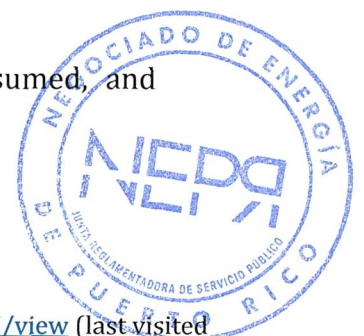
Consequently, the Energy Bureau hereby **DENIES** Genera request to submit the Bi-monthly report to quarterly reports, and **ORDERS** Genera to submit monthly reports instead of bi-weekly on the Status of Emergency Generation and Black-Start Generation Procurement commencing August 15, 2024. Also, Genera **SHALL** include as part of the next and subsequent monthly progress report its best estimate of the expected schedule and timetable for completing the critical steps up to project completion. The reports shall include, as a minimum, the following:

1. A breakdown of each task, estimated cost, cost amount consumed, and timeline for completion of such task.

⁷ November 8 Order, p.4.

⁸ January 23 Order, p. 5.

⁹ Available at: <https://drive.google.com/file/d/1aqXCP728HU7s7uE1Ys-nHvchnJ85dvII/view> (last visited July 29, 2024).

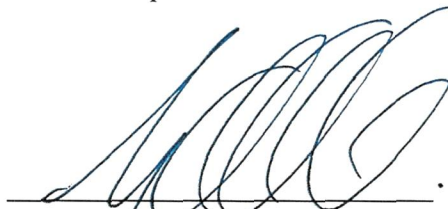


2. The stages of each task, timeline, present status and estimated time for completion.
3. A project timeline chart (*e.g.* Gantt Chart) with critical path for the COD¹⁰ of the project.
4. Permit list, permits obtained, estimated timeline for each permit and status of such permit.
5. Tasks required in preparation for each site where the project shall be installed. Details on any demolition and permits required in preparation for the installation of the project.
6. Permit and cost for each site to accommodate the project.

The Energy Bureau **ORDERS** Genera to inform with ten (10) days of the notice of this Resolution and Order how the Genera procurement approach has saved costs and accelerated the COD compared to the PREPA RFP approach which had a scheduled award date of July 31, 2023 compared to Genera's approach which to date has not completed the award of its equipment RFP.

The Energy Bureau **WARNS** Genera's 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 it notified and published.



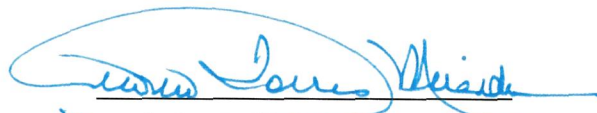
Edison Avilés Deliz
Chairman



Lillian Mateo Santos
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 agreed on July 30, 2024. Associate Commissioner Ferdinand A. Ramos Soegaard did not intervene. Also certify that on July 30, 2024, I have proceeded with the filing of this Resolution and Order and was notified by email to arivera@gmlex.net; mvalle@gmlex.net; jfr@sbgbllaw.com; alopez@sbgbllaw.com; legal@genera-pr.com; regulatory@genera-pr.com.

I sign in San Juan, Puerto Rico, today, July 30, 2024.



Sonia Seda Gaztambide
Clerk



¹⁰ Commercial Operation Date ("COD").