

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

NEPR

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IN RE:

10 YEAR PLAN FEDERALLY FUNDED
COMPETITIVE PROCESS

CASE NO.: NEPR-MI-2022-0005

SUBJECT: Motion to Submit Comparison
Report in Compliance with Resolution and
Order Dated July 30, 2024

**MOTION TO SUBMIT COMPARISON REPORT IN COMPLIANCE WITH
RESOLUTION AND ORDER DATED JULY 30, 2024**

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

COMES NOW GENERA PR LLC (“Genera”), as agent of the Puerto Rico Electric Power Authority (“PREPA”),¹ through its counsels of record, and respectfully submits and prays as follows:

1. On January 23, 2023, the Puerto Rico Energy Bureau of the Public Service Regulatory Board (“Energy Bureau”) entered an order with the subject *Determination for the Project Application Package for the Seven (7) Additional Peakers to be used as Generation* (“January 23rd Order”). In this order, among other directives, the Energy Bureau provided PREPA the flexibility to consider the best mix of locations for emergency generation.

2. On May 25, 2023, Genera submitted a document titled *Memorandum of Compliance with May 8 Order (subject: Procurement of Black Start and Emergency Peaking Resources)* (“May 25th Memorandum”), in which Genera proposed to the Energy Bureau a different

¹ 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 (“P3 Authority”), 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.

approach and plan for the procurement of the Black Start and Emergency Peaking Resources and stated that their proposed approach would be more efficient.

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 16th 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 RFP processes.

4. On August 23, 2023, the Energy Bureau issued a Resolution and Order titled *Resolution and Order regarding the Bi-Monthly Reports on the Status of Emergency Generation and Black-Start Generation Procurement for the Periods from July 15 to July 31, 2023 and August 1 to August 15, 2023, filed by Genera PR, LLC* ("August 23rd Order") in which it determined that the changes proposed by Genera in Exhibit A of the August 16th Motion were consistent with the IRP Order. Considering Genera's assurance that the units would be purchased at a lower cost and be commissioned earlier than expected, the Energy Bureau allowed the RFP process to continue in the manner described by Genera in Exhibit A of the August 16th Motion.

5. On November 8, 2023, after several procedural events, the Energy Bureau issued a Resolution and Order titled *Motion to Submit Supplement to September 8, 2023, Motion in Compliance with Resolution and Order Dated August 23, 2023 - Genera Competitive Procurement of Black Start and Emergency Generation* ("November 8th Order") approving the RFP package submitted by Genera for the procurement of black start and emergency generation services.

6. 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 29th Motion"), in which Genera stated that the initial award was scheduled for March 2024.

7. On July 1, 2024, Genera filed a document with the Energy Bureau 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 1st Motion"). In this document, Genera included as Exhibit A the Bi-Weekly Report describing the status of the Emergency Generation and Black-Start Generation Procurement. Additionally, Genera notified the Energy Bureau in the July 1st Motion that starting July 1, 2024, pursuant to Footnote 16 of the January 23rd Order, reports would be submitted on a quarterly basis, consistent with the fiscal year's quarters, with the next report due by October 9, 2024.

8. On July 30, 2024, the Energy Bureau issued a Resolution and Order titled *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* ("July 30th Resolution"). Upon reviewing Genera's July 1st Motion, the Energy Bureau determined that Exhibit A, filed as the bi-monthly report, did not adequately inform on the progress of the procurement process nor provide information on the milestones of the critical paths required to have the units in commercial operation within the timeline presented in Annex A-3 of the August 16th Motion.

9. Consequently, the Energy Bureau, in the July 30th Resolution, denied the change of the cadence of the bi-monthly reports to quarterly reports and ordered Genera to submit monthly reports instead of bi-weekly reports on the status of Emergency Generation and Black-Start Generation Procurement, commencing August 15, 2024.

10. Additionally, in relevant part to this motion, the Energy Bureau ordered Genera to inform, within ten (10) days of the notice of the July 30th Resolution, how Genera's procurement approach has saved costs and accelerated the Commercial Operation Date compared to the PREPA RFP approach, which had a scheduled award date of July 31, 2023, whereas Genera's approach has not yet completed the award of its equipment RFP.

11. In compliance with the July 30th Resolution, Genera hereby respectfully submits the requested comparison report, detailing the distinctions between Genera's RFP process and PREPA's previous RFP process, as Exhibit A to this Motion.

WHEREFORE, Genera respectfully requests that the Energy Bureau **take notice** of the above; **accept** Genera's report detailing the distinctions between Genera's RFP process and PREPA's previous RFP process submitted herein as Exhibit A; and **deem** Genera to be in partial compliance with the July 30th Resolution.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 9th day of August 2024.

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CERTIFICATE OF SERVICE

We 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 we will send an electronic copy of this motion to PREPA through its counsels of record, Alexis G. Rivera Medina, at arivera@gmlex.net, and Mirelis Valle Cancel at mvalle@gmlex.net.

In San Juan, Puerto Rico, this 9th day of August 2024.

/s/ Alejandro López-Rodríguez
Alejandro López-Rodríguez

Exhibit A

Peaker Project RFP Process Comparison



August 2024

Peaker Project RFP Process Comparison

	Topic	Genera (Current)		PREPA (Previous)	
1.	Unit Configuration	2 Combustion Turbine Generators (CTG) 8 Reciprocating Internal Combustion Engines (RICE)		11 CTGs (combined over two RFPs)	
2.	Capacity	CTG: 2 x 50 MW RICE: 8 x 18 MW Eight proposals were received from 6 OEMs, which allowed Genera to evaluate different options and select the best value.		CTG: 11 x 28 MW (2 proposals) 11 x 22 MW (1 proposal) Three proponents participated, not all OEMs.	
3.	Location, Type, and Number of Units	CTG: Costa Sur 2	RICE: Daguao 2 Yabucoa 2 Jobos 2 Costa Sur 1 San Juan 1	CTG: Daguao 2 Yabucoa 2 Jobos 2 Costa Sur 2 Palo Seco 3	
4.	Operational Cost Savings	<ul style="list-style-type: none"> Fuel Cost Savings: \$30,000,000 (NPV at 8% over unit life) or ~\$60 million undiscounted Avg. Heat Rate (HHV) [NG]: 9105 Btu/kWhr CTG & RICE used on approved generation capacity (244 MW) and assuming a capacity factor of 28%, this configuration will save \$2.91M/yr in fuel for 20 yrs when compared with the units proposed under PREPA RFP. <p>Cost savings executing contracts directly with OEM. Final costs remain under negotiation.</p>		<ul style="list-style-type: none"> Higher fuel & maintenance costs over life of units, accruing to rate payers Avg. Heat Rate (HHV) [NG]: 9528 Btu/kWhr CTG On the normalizing assumptions stated, this configuration will have a higher fuel cost by \$2.91M/yr <p>EPC applies overhead costs and profit margin to major equipment and engineering.</p>	



Peaker Project RFP Process Comparison

	Topic	Genera (Current)	PREPA (Previous)
4.	Operational Costs Savings (cont.)	No maintenance penalties for starts/stop for RICE under the LTSA providing operational flexibility.	CTG's OEM penalize the starts/stops of their units under LTSA contracts. This limits operation and increases costs.
5.	Operational & Technological Advances	<ul style="list-style-type: none"> Cleaner NOx 15% O₂ Emissions [NG]: 50 MW CTG: 20 ppmvd 18 MW RICE: 6 ppmvd 	<ul style="list-style-type: none"> NOx 15% O₂ Emissions [NG]: 22 to 28 MW (Avg.): 22 ppmvd
		RICE provide faster response . Time to full load: 2 to 5 minutes. Fast ramp to compensate intermittency of renewables.	2 to 3 times slower than RICE.
		50 MW CTG provides higher generator inertia	Lower generator inertia and low exhaust gas temperatures limit ability for heat recovery and use of steam turbine when compared to medium-sized CTGs
		RICE is efficient during part load operation and output is not affected by ambient temperatures.	Higher temperatures have an impact in CTG efficiency and operating at lower loads affect the emissions numbers
		Medium-sized CTG units provide more capability to potentially close cycle and increase power production from a steam generator at Costa Sur, if required, for lower cost operation in a compact footprint.	Low exhaust gas temperatures limit ability for heat recovery and use of steam turbine
		Owner-controlled LTSA negotiations increase opportunity of a better agreement.	EPC leads the negotiations and reduces the opportunity of a better agreement for the owner.



Peaker Project RFP Process Comparison

	Topic	Genera (Current)	PREPA (Previous)
6.	Equipment Scope	Genera included all major, long-lead equipment , including auxiliary equipment, step-up transformers, low- and medium-voltage switchgear, and high-voltage gas-insulated switchgear (GIS).	Some proposals did not include long-lead items . These items would have been needed before unit operation and would have delayed the project beyond proposal dates.
7.	Timeline & Process	<p>Equipment supply procurement to be completed in Q3 2024, with delivery across 2026–2027.</p> <p>In the meantime, Genera advanced the following tasks:</p> <ul style="list-style-type: none"> • Data gathering and emissions calculations for federal and local permits, including Environmental Assessment • Contracting for related services such as asbestos and lead-containing paint testing, geotechnical, GPR, and topographic surveys • Development of decommissioning plans, as required on the OMA – a new mandatory process for Genera. Approval delay may impact project implementation. • Development of technical specifications, terms and conditions, and drawings for demolition works required for new units' facilities construction. 	<p>No certainty over award date. Proponents presented hundreds of exceptions. As of July 2023, no negotiation or diligence had taken place. Negotiation would have been more complex than current process given broader EPC scope and contractors acting as intermediary with OEM. Significant technical work remained open.</p> <p>No certainty over COD or pricing. Uncertain site information (soil capacity, underground utilities) and other unknowns are included in the pricing of the EPC with contingencies and risk allowances, including schedule and price adjustments to cover permitting, lead-containing paint and asbestos in the equipment and buildings, and other risks. Improbable that initially proposed delivery dates would hold or that remaining equipment could be procured to achieve proposed COD.</p>

