

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

**NEPR**

**Received:**

**Aug 9, 2024**

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IN RE: PLAN PRIORITARIO PARA LA  
ESTABILIZACIÓN DE LA RED  
ELÉCTRICA

Case No.: NEPR-MI-2024-0005

Matter: Request for Order to Initiate  
Procurement Process for Leasing  
Supplemental Power Generation

**MOTION REQUESTING ORDER TO INITIATE PROCUREMENT PROCESS FOR  
LEASING OF SUPPLEMENTAL POWER GENERATION**

**TO THE ENERGY BUREAU:**

**COMES NOW**, GENERA PR, LLC (“Genera PR”), through its undersigned counsel and, very respectfully, states and prays as follows:

1. Genera PR operates under the Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement, effective January 24, 2023. This agreement designates Genera PR as the sole operator and administrator of the Legacy Generation Assets, responsible for their operation and maintenance. Genera PR’s primary objective is to ensure the efficient and reliable operation of these assets to support the energy needs of Puerto Rico. In alignment with this, Genera PR is focused on collateral activities to stabilize the electric system, which will, in turn, allow it to perform its contractual responsibilities.

2. On July 8<sup>th</sup>, 2024, Genera filed its *Electric System Stabilization Plan* (“Stabilization Plan” or “Plan”) with the Puerto Rico Energy Bureau. The *Stabilization Plan* aims to address immediate and long-term challenges in the energy generation sector. The *Plan* includes measures to enhance the reliability and efficiency of existing generation assets and to integrate new generation resources. A key component of this *Stabilization Plan* is the addition of temporary

supplemental generation to bridge the gap in generation until new capacity is brought online. Specifically, Section IX(D) of the *Plan* contemplates the prospect of adding temporary supplemental generation during FY2024 and FY2025. *See Stabilization Plan*, at pp. 86-87.

3. Specifically, Genera PR observed in Section IX(D) of the *Stabilization Plan* that LUMA's Resource Adequacy Study reveals significant challenges in meeting industry-standard resource adequacy risk targets due to the inability to rely on electricity imports and the unreliability of its generators. The analysis calculated a loss of load expectation ("LOLE") of 37.5 days per year, which is significantly higher than industry benchmarks, with a high standard deviation in the results, indicating a wide distribution in LOLE. This wide distribution is attributed to the high forced outage rates of existing power plants, and the significant risk of not having enough remaining generators available to cover the load when power plants go offline for outages.

4. The Puerto Rico Electric Power Authority ("PREPA") recently purchased 14 generators that will be in place until December 31, 2025. These generators add ~ 340 MW of dispatchable generation to the grid. Per the Resource Adequacy Study, adding this new emergency generation will reduce the 37.5 LOLE to 18.5. Nonetheless, the report also calculates that adding 905 MW would reduce it further to 0.1. An additional ~ 565 MW, which added to the 340 MW already installed on a temporary basis, is needed to almost eliminate LOLE.

5. Based on Genera PR's assessment, the electric system's total capacity to operate in accordance with prudent utility practice and in adherence to North American Electric Reliability Corporation (NERC) standards and guidelines is 5,500 MW. This capacity can be achieved with the projects that Genera PR is implementing, such as peakers, as well as the integration of contracted resources, including utility-scale PV and BESS. Nonetheless, the implementation of these projects takes time.

6. Therefore, Genera PR is proposing to lease supplemental generation to bridge the gap in generation needs while the installation of the new generation assets is completed. This will help the electric system operate at utility standards during the transition. The stabilization of the system is crucial to provide uninterrupted service to the T&D System Operator's customers and maintain reserve margins at adequate levels during outages for maintenance and preventative works, including federally-funded projects.

7. Accordingly, Genera PR respectfully requests that the Energy Bureau orders the commencement of a critical procurement process to improve the stability and reliability of Puerto Rico's electric system by facilitating the prompt integration of approximately 565 MW on a temporary basis. The request and the reasons supporting the need for prompt action, as well as certain principles that we suggest are followed in the process, are set forth in detail in the letter attached herewith as **Exhibit 1** to this Motion.

8. The temporary solution proposed here is vital to ensuring the stability of Puerto Rico's electric system during the transition period. Genera PR is available to answer questions regarding the statements made herein and in **Exhibit 1**.

WHEREFORE, Genera PR respectfully requests the Energy Bureau to GRANT this Motion and, accordingly, order the commencement of a critical procurement process to improve the stability and reliability of Puerto Rico's electric system by facilitating the prompt integration of approximately 565 MW on a temporary basis, in accordance with the stipulations and criteria set forth in **Exhibit 1**.

In San Juan, Puerto Rico, this August 9<sup>th</sup>, 2024.

It is hereby certified that this motion was filed using the electronic filing system of this Energy Bureau, and that electronic copies of this Motion will be notified to the following attorneys

who have filed a notice of appearance in this case: Lcdo. **Alexis Rivera**, [arivera@gmlex.net](mailto:arivera@gmlex.net); **Lcda.**

**Luara T. Rozas**, [laura.rozas@us.dlapiper.com](mailto:laura.rozas@us.dlapiper.com); **Lcda. Valeria Belvis Aquino**,

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*s/Luis R. Román Negrón*

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Exhibit 1

Request for Order to Initiate Procurement Process for Leasing Supplemental Power Generation

Puerto Rico Energy Bureau  
Public Service Regulatory Board  
268 Avenida Muñoz Rivera  
Edificio World Plaza  
Piso 7, Suite 704  
Hato Rey, Puerto Rico 00918

**Re: Request for Order to Initiate Procurement Process for Leasing Supplemental Power Generation**

Dear Chairman Avilés-Deliz and Associate Commissioners:

Genera PR is seeking that the Energy Bureau orders the commencement of a critical procurement process to improve the stability and reliability of Puerto Rico's electric system. The request, reasons supporting the need for prompt action, and certain principles that we suggest are followed in the process are set forth below.

Genera PR operates under the Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement, effective January 24, 2023.<sup>1</sup> This agreement designates Genera PR as the sole operator and administrator of the Legacy Generation Assets, responsible for their operation and maintenance. Our primary objective is to ensure the efficient and reliable operation of these assets to support Puerto Rico's energy needs. In alignment with this, Genera is also focused on collateral activities to stabilize the electric system, which will, in turn, allow it to perform its contractual responsibilities.

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<sup>1</sup> *Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement* dated June 22, 2020 by and among the Puerto Rico Electric Power Authority as Owner, the Puerto Rico Public-Private Partnerships Authority as Administrator, LUMA Energy, LLC as ManagementCo, and LUMA Energy ServCo, LLC as ServCo. Capitalized terms not defined herein should be interpreted with the meaning provided in the LGA OMA.

LUMA Energy, under the terms of the Puerto Rico Transmission and Distribution System,<sup>2</sup> is tasked with the operation and maintenance of Puerto Rico's transmission and distribution system. LUMA's responsibilities include ensuring the reliability and resilience of the electric grid, which is crucial for the overall stability of the energy system. As part of its mandate, LUMA is responsible for conducting resource adequacy analyses to identify potential generation resource deficiencies. This analysis is critical for maintaining a stable and reliable electric grid. LUMA's recent resource adequacy study, submitted on December 11, 2023, highlights the need for a Perfect Capacity of 905MW to ensure system reliability.<sup>3</sup> This capacity is essential to meet peak demand and mitigate the risk of load shedding.

As ordered by PREBA, Genera PR has developed an Electric System Stabilization Plan to address immediate and long-term challenges in the generation sector. This plan includes measures to enhance the reliability and to integrate new generation resources. A key component of this plan is the addition of temporary supplemental generation to bridge the gap until new generation capacity is brought online. PREPA recently purchased 14 generators that will be in place until December 21, 2025. These generators add ~ 340 MW of dispatchable generation to the grid. Per the Resource Adequacy Study, adding this new emergency generation will reduce the 37.5 LOLE to 18.5. Nonetheless, the results of the sensitivities analysis presented by LUMA provide that adding 905 MW would reduce the LOLE further to 0.1. An additional ~ 565 MW, which added to the 340

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<sup>2</sup> *Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement* dated January 24, 2023, by and among Puerto Rico Electric Power Authority as Owner, the Puerto Rico Public-Private Partnerships Authority as Administrator and Genera PR LLC as Operator.

<sup>3</sup> Puerto Rico Electrical System Resource Adequacy Analysis Report, December 11, 2023; see Sec. 3.2 "4. Meeting Industry LOLE Benchmarks. This sensitivity simulation determines how much additional 'perfect' generation capacity would need to be added to the Puerto Rico electrical system in order for an LOLE target of 0.10 days/year to be met. For reference, 'perfect' generation capacity is equivalent to a generator that can operate 100% of the time, for every hour of the year. Equivalently, it can be considered as a constant MW reduction in load for every hour of the year. The goal of this simulation is to quantify the generation shortfall in Puerto Rico. While no generator is "perfect," identifying how many MW of perfect capacity are needed helps to avoid best-case estimate of what would be required in terms of generation (or load reduction) to bring Puerto Rico in line with a 0.10 days/year LOLE target." Sec. 3.2; see also Table 3-2.

MW already installed on a temporary basis, is needed to almost eliminate LOLE and place Puerto Rico in a position in which the electric system service that the receive is equal to customers in the mainland US.

Based on Genera's assessment, the electric system's total capacity to operate in accordance with prudent utility practice and in adherence to North American Electric Reliability Corporation standards and guidelines is 5,500MW.<sup>4</sup> This capacity can be achieved with the projects that Genera is implementing, such as peakers, as well as the integration of third-party contracted resources, including utility-scale PV and BESS. Nonetheless, the implementation of these projects takes time. Therefore, Genera is proposing that supplemental generation is leased to bridge the gap in generation needs while the installation of the new generation assets is completed. This will help the electric system operate at utility standards-level during the transition. The stabilization of the system is crucial to provide uninterrupted service to the T&D System Operator's customers and maintain reserve margins at adequate levels during outages for maintenance and preventative works, including federally-funded projects.

Based on the above-stated, we respectfully urge PREB to enter an order facilitating the prompt lease of temporary integration of approximately 565 MW on a temporary basis.

In principle, the project should adhere to the following stipulations and criteria:

1. Temporary lease: The temporary integration of these units mirrors the expedited temporary modifications carried out by the US Army Corps of Engineers (USACE) post-FEMA intervention, where 425 MW was efficiently connected to the system. Furthermore, the temporary integration of

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<sup>4</sup> 3,300MW to meet peak demand, 660MW for generation reserve, 400MW for operating reserve, and 1,140MW for maintenance reserve.



temporary generation has been recently favored by the PREB and also categorized as not against the IRP.<sup>5</sup>

2. Turn-Key project: The lease procurement should encompass a turn-key approach, requiring the lessor to oversee unit delivery to all sites, facilitate construction, installation, and operation (excluding environmental permits), connect the units to the grid in coordination with the T&D System Operator, commission the units, and undertake decommissioning, demolition, and demobilization upon lease expiration or termination.
3. Operation and maintenance: Keep in mind the following information: The budget for personnel and services provided by Genera does not cover individuals or services for operating and maintaining future leased units. This includes operating and maintaining the units, supplying consumables, spares, capital, and any necessary environmental or equipment manufacturer-recommended maintenance or overhaul. However, since the units will be installed Generation Sites, Genera should be designated as the administrator of the lease agreement. Genera is willing to take on this role without requesting increases in its Service Fee. If the lease agreement includes the personnel, administration, and services mentioned above, Genera will also not include costs in the Pass-Through Expenditures, which are funded through base rates, to administer the lease agreement.
4. Availability of units: Priority should be given to units already available in the market, streamlining the timeframe. Expediency is paramount in the

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<sup>5</sup> In the recent *Resolution and Order* dated February 21, 2024, entered in docket no. NEPR-MI-2022-0003, PREB emphasized the urgent need for temporary generation units to stabilize the grid while permanent repairs are being carried out in the aftermath of Hurricane Fiona. PREB found the acquisition of temporary generation consistent with the IRP. These temporary units are seen as a necessary short-term measure to support long-term energy goals and are expected to be in use until December 31, 2025. This temporary measure is aimed at providing immediate relief while more sustainable and permanent solutions are developed in line with the IRP.

temporary initiative, making it imperative to bypass uncertainties relating to new unit lead times.

5. High efficiency and dual-fuel capability: In compliance with statutory mandates, the units must demonstrate high efficiency as per PREB's definition and should be dual-fuel capable, with natural gas as the primary fuel, while ULSD is recommended as the secondary fuel, considering existing diesel fuel infrastructure at most Genera sites.
6. Lease costs: Efforts are underway to secure the necessary funds to cover the two-year lease, with funding through base rates being the final recourse. Nonetheless, the procurement process should begin and be conducted in parallel with identifying potential funding sources.
7. Permitting process: Simultaneously with the lease procurement process, Genera will commence applications with construction and environmental regulatory agencies to initiate the permitting process for temporary generation.
8. Interconnection: Genera has evaluated potential configurations for installation at various sites, accounting for interconnection point capabilities and access to fueling infrastructure. These evaluations are delineated in Appendix A. Pending confirmation from the T&D System Operator, this configuration can be achieved with minimal or no upgrades at the interconnection points.
9. Procurement process lead: Statutory requirements dictate that the Puerto Rico Public-Private Partnerships Authority manages outsourced PREPA services, functions and activities. Notwithstanding, Genera is prepared to spearhead the procurement process, subject to approval by the Energy Bureau.

The temporary solution proposed here is vital to ensuring the stability of Puerto Rico's electric system during the transition period. Genera is available to answer questions regarding the statements made above and further supplement, as ordered by PREB.

We appreciate your consideration of this request and look forward to your favorable response.

Respectfully,

A handwritten signature in black ink, appearing to read "K. Bolaños-Lugo".

Katuska Bolaños-Lugo  
Chief Regulatory Officer  
Genera PR

## Appendix A

