

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

NEPR
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IN RE:

GENERA PR LLC FUEL OPTIMIZATION
PLAN

CASE NO.: NEPR-MI-2023-0004

SUBJECT: Restated Request for Approval of
Fuel Optimization Plan as Submitted on
February 21, 2024

**RESTATED REQUEST FOR APPROVAL OF FUEL OPTIMIZATION PLAN
AS SUBMITTED ON FEBRUARY 21, 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. Creating savings is central to Genera’s mission and overarching goal. The main strategy to achieve these savings involves reducing fuel costs through various measures, including, but not limited to, lowering premium, enhancing the fuel reliability efficiency of Legacy Generation Assets, and transitioning from more polluting, costlier fuels to less polluting, more economical alternatives.² These initiatives are proposed in the Fuel Optimization Plan (“FOP”),

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 (“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 the Energy Bureau with respect to any matter related to the performance of any of the O&M Services provided by Genera under the LGA OMA.

² To wit, Fuel Cost Savings Initiatives, as defined in the LGA OMA, encompass any initiatives undertaken by Genera that aim to reduce Fuel Costs. These initiatives include, but are not limited to: (i) improving the fuel efficiency of any Legacy Generation Assets; (ii) converting any Legacy Generation Assets to operate on new alternative fuels (e.g., natural gas, hydrogen); (iii) supplementing Legacy Generation Assets with power generation equipment that is more fuel-efficient and/or operates on new alternative fuels, situated at or near the relevant Generation Site; (iv) reducing costs related to transportation, testing, delivery, or storage (including tank maintenance); and (v) pursuing savings opportunities related to credit and portfolio optimization. *See* Section 1.1 of the LGA OMA, p. 18.

which is still pending approval from the Puerto Rico Energy Bureau of the Public Service Regulatory Board (“Energy Bureau”).³

2. On July 18, 2023, the Energy Bureau issued a Resolution and Order titled "Commencing Procedure to Evaluate GENERA PR LLC Fuel Optimization Plan." This directive initiated a formal proceeding to assess Genera’s FOP, as mandated under Section 4.2(t) of the LGA OMA. The primary goal of this proceeding is to evaluate the methodology Genera proposed for quantifying savings within its FOP, particularly in relation to the performance payments Genera might receive under the agreement. During this process, Genera has submitted multiple versions of the FOP, and the Energy Bureau has issued several requests for information, to which Genera has consistently responded.

3. On February 21, 2024, Genera submitted the February 21st Motion, through which Genera included a revised FOP as Exhibit A, alongside Exhibit B, which consisted of a letter from the P3A dated February 16, 2024.⁴ This letter provisionally approved the FOP revised and dated January 4, 2024, noting several observations and comments that Genera addressed in the February 21st Motion.

4. On May 23, 2024, Genera participated in a Technical Session convened by the Energy Bureau to discuss and evaluate Genera’s FOP initiatives implemented in Fiscal Year 2024, as well as those that were pending. After the conclusion of the May 23rd Technical Session, the Energy Bureau issued several bench orders directing Genera to provide additional information on

³ See Fuel Optimization Plan, filed on February 21, 2024, as Exhibit A to the *Motion Submitting Revision to the Fuel Optimization Plan in Compliance with Resolution and Order Dated January 10, 2024* (“February 21st Motion”), submitted pursuant to Section 4.2(t) of the LGA OMA.

⁴ See *Id.*

certain future initiatives proposed in the FOP, and to develop a system to maintain the alignment of incentives.

5. The May 23rd Technical Session also sought to elucidate the procedural frameworks and their relationship with other dockets. Furthermore, these bench orders required Genera to devise a system designed to ensure sustained alignment of incentives, enhancing the strategic effectiveness of the FOP.

6. On June 28, 2024, Genera submitted a document titled *Motion in Compliance with Bench Orders Issued During May 23rd Technical Conference and Request of Approval of Process Proposal* (“June 28th Motion”), whereby Genera provided detailed responses to the questions raised by the Energy Bureau during the May 23rd Technical Session. The June 28th Motion aimed to address the immediate inquiries while also enhancing the comprehensive understanding of Genera’s FOP initiatives. Genera’s strategy ensures that all stakeholders, including the Energy Bureau and the public, are thoroughly informed about the measures Genera has implemented to effectively manage fuel costs and execute optimization strategies.

7. Furthermore, in the June 28th Motion, Genera, considering the financial stakes of these initiatives, submitted a detailed proposal for approval concerning the reconciliation mechanisms for fuel costs within PREPA's generating units.⁵ This proposal highlighted the utilization of Fuel Clause Adjustments (“FCA”) for systematic quarterly cost reconciliation. The described system calculates the total fuel expenses for the projected three-month period by incorporating adjustments from prior periods and dividing these by the applicable retail kWh sales.

⁵ See June 28th Motion, pp. 5-7.

Genera urged the Energy Bureau to approve the procedures delineated in the June 28th Motion⁶, thereby ensuring transparency, fiscal stability, and sustained benefits for the ratepayers.

8. **Genera has not received any order to answer additional questions or any other requirements from the Energy Bureau. Therefore, it is assumed that there are no outstanding issues in the captioned case since the June 28th Motion, and the matter has been ripe for adjudication for nearly three months.**

9. In light of the discussions outlined above, Genera respectfully but firmly reiterates its request that the Energy Bureau exercises its ministerial duty and promptly decides on Genera's request to grant approval for the revised FOP as presented in the February 21st Motion and endorsed by the P3A on February 16, 2024. The approval of this FOP is critical for Genera to advance the strategic initiatives detailed therein, which include innovative fuel change projects and asset enhancement efforts designed to optimize fuel usage and reduce operational costs significantly. Genera assures the Energy Bureau that all proposed measures have been crafted taking into account regulatory compliance, fiscal responsibility, and commitment to the long-term energy security of Puerto Rico. Prompt approval is essential to initiate the transformative processes outlined in the FOP, which are poised to bring substantial economic benefits to Puerto Rico.

WHEREFORE, Genera respectfully requests that the Energy Bureau **take notice** of the above for all purposes and **approve** Genera's FOP submitted with the February 21st Motion, taking into consideration the additional context provided by Genera in subsequent filings.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 19th day of September 2024.

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⁶ *See Id.*

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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.

In San Juan, Puerto Rico, this 19th day of September 2024

/s/ Alejandro López Rodríguez
Alejandro López Rodríguez