

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

<b>NEPR</b>  <b>Received:</b>  <b>Oct 28, 2024</b>  <b>11:22 PM</b>
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**IN RE:**

GENERA PR LLC FUEL OPTIMIZATION  
PLAN

**CASE NO.:** NEPR-MI-2023-0004

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

**SECOND 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”),<sup>1</sup> through its counsels of record, and respectfully submits and prays as follows:

1. On February 21, 2024, Genera submitted to the Puerto Rico Energy Bureau of the Public Service Regulatory Board (“Energy Bureau”) the February 21<sup>st</sup> Motion, through which Genera included a revised Fuel Optimization Plan (“FOP”) as Exhibit A. This submission outlined strategies designed to achieve savings by reducing fuel costs through various initiatives. These included, but were not limited to, lowering premiums, enhancing the fuel reliability efficiency of Legacy Generation Assets, and transitioning from more polluting, costlier fuels to less polluting, more economical alternatives.<sup>2</sup>

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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” or “Administrator”), 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.

<sup>2</sup> 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.,

2. On May 23, 2024, Genera participated in a Technical Session convened by the Energy Bureau (the “May 23<sup>rd</sup> Technical Session”) to discuss and evaluate Genera’s FOP initiatives implemented in Fiscal Year 2024 (“FY2024”), as well as others that pending implementation. After the conclusion of the May 23<sup>rd</sup> Technical Session, the Energy Bureau issued several bench orders directing Genera to provide additional information on certain future initiatives proposed in the FOP, and to develop a system to maintain the alignment of incentives.

3. The May 23<sup>rd</sup> 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.

4. On June 28, 2024, Genera submitted a document titled *Motion in Compliance with Bench Orders Issued During May 23<sup>rd</sup> Technical Conference and Request of Approval of Process Proposal* (“June 28<sup>th</sup> Motion”), whereby Genera provided detailed responses to the questions raised by the Energy Bureau during the May 23<sup>rd</sup> Technical Session. The June 28<sup>th</sup> Motion aimed to address the immediate inquiries while 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.

5. On September 19, 2024, Genera submitted a document titled *Restated Request for Approval of Fuel Optimization Plan as Submitted on February 21, 2024* (“September 19<sup>th</sup> Restated

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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.

Request”). In this document, Genera noted that it had not received any orders from the Energy Bureau to address additional questions or fulfill other requirements. Consequently, Genera reiterated its request for the Energy Bureau to promptly decide on the approval of the revised FOP as presented in the February 21<sup>st</sup> Motion and endorsed by the P3A on February 16, 2024. The approval of the FOP is crucial for Genera to advance its strategic initiatives, which include innovative fuel change projects and asset enhancement efforts aimed at optimizing fuel usage and significantly reducing operational costs. Genera assured the Energy Bureau that all proposed measures were crafted with regulatory compliance, fiscal responsibility, and a commitment to the long-term energy security of Puerto Rico. Further, Genera stressed that prompt approval is essential to initiate the transformative processes outlined in the FOP, which are poised to bring substantial economic benefits to Puerto Rico.

6. Despite Genera’s diligent efforts and ongoing communications, the review of the FOP and its Fuel Initiatives has not yet resulted in the necessary approvals. The continued delay in the approval process significantly impedes Genera's ability to develop strategic operational adjustments crucial for regulatory compliance and operational efficiency. Consequently, Genera respectfully yet assertively requests that the Energy Bureau grant approval of the FOP as outlined in the February 21<sup>st</sup> Motion. **Alternatively**, if the Energy Bureau understands that there is still a need to discuss some of the initiatives or specific reservations exist regarding the complete plan, Genera seeks approval for the methodologies of the FOP Fuel Initiatives implemented in FY2024, which are:

- i. Reduce Fixed Premium for ULSD (Initiative III(1));
- ii. Fuel Reliability Enhancements for ULSD (Initiative III(2));
- iii. Spot Purchases Option for Fuel Oil and ULSD (Initiative III(4));

iv. Asset Supplementing (Initiative VII(8)).

7. This targeted approval is essential to maintain the financial viability and operational integrity of PREPA's legacy assets and to ensure compliance with established regulatory mandates and the LGA OMA.

8. It is imperative that the Energy Bureau act with the utmost urgency to approve the submitted FOP as any further delays increasingly jeopardize the deadlines established by Section 7.1(c) of the LGA OMA. The referred section meticulously outlines the timeline and procedures for the submission and approval of the Incentives and Penalties Report (as defined in the LGA OMA), encompassing the Fuel Optimization Report. Specifically, Section 7.1(c) of the LGA OMA provides that, within thirty (30) days following the end of a contract year, Genera is required to submit this comprehensive report to both the P3A, as the Administrator, and the Energy Bureau, including detailed performance data, supporting documents, and a good-faith calculation of any Incentive Payments or Penalties. Upon receipt, the P3A has one hundred and twenty (120) days to review and discuss the findings with Genera on a weekly basis. During this period, additional information or documentation may be requested. If no formal objections are raised within this one hundred and twenty (120)-day window, the report is automatically deemed accepted.

9. Genera submitted the Incentives and Penalties Report, which includes the Fuel Optimization Report, to the P3A on July 25, 2024. According to the contractual process outlined in Section 7.1(c) of the LGA OMA, P3A is required to make a determination on this report within a maximum of one hundred and twenty (120) days following its submission. This sets the deadline for the P3A's review and approval of the report on November 22, 2024.

10. In conclusion, Genera strongly urges the Energy Bureau to expedite the review and approval of the submitted FOP. The urgency of this approval is critical not only for adhering to the

established regulatory deadlines outlined in Section 7.1(c) of the LGA OMA but also for unlocking substantial operational and financial benefits that the FOP promises. Timely approval is pivotal for Genera to effectively implement its strategic initiatives aimed at optimizing fuel usage, essential for enhancing the financial health and operational performance of PREPA's legacy assets. This action is imperative to ensure the advancement of Puerto Rico's energy sector towards greater efficiency and sustainability.

11. The potential delay in securing this approval poses a significant risk, potentially stalling improvements that could streamline fuel consumption practices, reduce operational costs, and bolster the economic dynamics of Puerto Rico's energy framework. Such a scenario would not only impede progress but could also set back the efficiency gains and cost-saving measures crucial for the energy sector's sustainability and resilience. Therefore, it is imperative for the Energy Bureau to prioritize this review with the highest level of urgency and diligence, ensuring that the FOP receives the consideration it requires to facilitate these vital approvals.

**WHEREFORE**, Genera respectfully requests that the Energy Bureau **take notice of the above** for all purposes and **approve** Genera's FOP as submitted with the February 21<sup>st</sup> Motion, or alternatively, the methodologies for the FOP Fuel Initiatives implemented during FY 2024.

**RESPECTFULLY SUBMITTED.**

In San Juan, Puerto Rico, this 28<sup>th</sup> day of October 2024.

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TSPR 22,996

**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 28<sup>th</sup> day of October 2024

/s/ Alejandro López Rodríguez  
Alejandro López Rodríguez