

**GOVERNMENT OF PUERTO RICO
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: Genera Motion to Submit Grid
Support Units Update Evaluation and
Responses to Energy Bureau Requests of
Information

RESOLUTION AND ORDER

I. Introduction and Background

On August 24, 2020, the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") issued a Resolution and Order ("IRP Order") in the Integrated Resource Planning case that included a Modified Action Plan.¹ The Modified Action Plan included a Table of Components noting the approval of "RFPs for local capacity need for up to 81 MW to be technology agnostic".²

On March 26, 2021, the Energy Bureau issued a Resolution and Order ("March 26 Resolution") in the 10-year infrastructure plan case,³ through which it ordered the Puerto Rico Electric Power Authority ("PREPA") to submit each specific capital investment project for approval to avoid potential noncompliance with the Approved Integrated Resource Plan ("IRP") and Modified Action Plan. To streamline the process, the Energy Bureau requested PREPA to submit the specific projects to the Energy Bureau at least thirty (30) calendar days before their submittal to the Puerto Rico Central Office for Recovery, Reconstruction and Resiliency ("COR3") and the Federal Emergency Management Agency ("FEMA"), and any other federal agency,⁴ and to continue reporting to the Energy Bureau and FEMA, within the next five (5) years, the progress of all ongoing efforts related to the final approval of the submitted projects not yet approved by the Energy Bureau.

On August 2, 2022, in the 10-Year Infrastructure Plan docket,⁵ PREPA filed a *Motion to Inform Reallocation of FEMA 404 HMPG Funds and Request for Approval of Generation Projects* ("August 2 Motion").⁶ It included PREPA's identification of emergency generation peaking service and black start service needs.

On October 26, 2022 PREPA filed a document titled *Motion to Submit 404 HMPG Application Package and Request for Leave to Present to COR3 and FEMA* ("October 26 Motion") through which it requested the Energy Bureau to note the submittal of the Emergency Generating Units HMGP' Project Application package and grant PREPA leave to submit it to the Puerto Rico Central Office for Recovery, Reconstruction and Resiliency ("COR3") and the

¹ 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").

² IRP Order, Modified Action Plan – Table of Components, at p. 283.

³ *In re: Review of the Puerto Rico Electric Power Authority's 10-Year Infrastructure Plan – December 2020*, Case No. NEPR-MI-2021-0002.

⁴ March 26 Resolution, pp. 18-19.

⁵ *In re: Review of the Puerto Rico Electric Power Authority's 10-Year Infrastructure Plan – December 2020*, Case No. NEPR-MI-2021-0002.

⁶ *Id.*, *Motion to Inform Reallocation of FEMA 404 HMPG Funds and Request for Approval of Generation Projects* filed by PREPA on August 2, 2022.



Federal Emergency Management Agency ("FEMA") to request the approval of eleven (11) new Emergency Generation Units.

On October 27, 2022, PREPA filed a document titled *Motion to Clarify Regarding Amendment to 404 HMPG Application Package* ("October 27 Motion") through which it withdrew its request for approving eleven (11) new simple cycle gas turbines, and requested the Energy Bureau to grant PREPA leave to submit an amended 404 HMGP Application Package to acquire four (4) black-start units to be at Costa Sur and Yabucoa and seven (7) simple cycle/gas turbines.

On November 4, 2022, after assessing PREPA's October 26 and October 27 Motions, and being mindful of the fragility of the electric power resources on the Puerto Rico system after Hurricane Fiona, the Energy Bureau conditionally approved "seven additional peakers" associated with the Puerto Rico Electric Power Authority's ("PREPA") application.⁷

On January 23, 2023, after receiving responses from PREPA to questions posed by the Energy Bureau in a January 5, 2023 Resolution and Order ("January 5 Order") addressing a December 29, 2022 PREPA request⁸ about an RFP for generation at the Jobos, Daguao and Palo Seco sites, the Energy Bureau issued a Resolution and Order ("January 23 Order") that conditionally approved the "seven additional peakers". 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.

While PREPA was developing RFPs for emergency generation in late 2022 and early 2023, PREPA was also considering an RFP for black start generation requirements following ongoing examination of black start needs in the context of 10-year infrastructure planning.⁹ On December 5, 2022, the Energy Bureau issued a Resolution and Order approving PREPA's request for black start resource RFPs for installation at Costa Sur and Yabucoa, for no more than 81 MW net output capacity.¹⁰

On January 24, 2023, Genera PR LLC ("Genera"), PREPA and the Puerto Rico Public-Private Partnership Authority ("P3A") executed the Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement ("LGA OMA"). According to the LGA OMA, Genera is the sole operator and administrator of the Legacy Generation Assets¹¹, and the exclusive entity authorized to represent PREPA before the Energy Bureau about any matter related to the performance of the Operation and Maintenance ("O&M") services provided by Genera under the LGA OMA. Further, Genera is the sole entity responsible for procuring and administering federal funds for projects to repair or replace the LGA¹².

During 2023, Genera submitted Motions to the Energy Bureau about the detailed form and structure of the RFP or RFPs for emergency generation and black start services. During 2023, the Energy Bureau issued a series of Resolutions and Orders allowing Genera to proceed with modifications to the form and structure of the RFPs and directing Genera to proceed within the bounds of the directives given by the Energy Bureau.

⁷ Resolution and Order, *Id.*, November 4, 2022, (on PREPA's October 26 Motion and October 27 Motion).

⁸ PREPA Confidential Letter to the Energy Bureau, December 29, 2022, regarding a "Request for Approval to Proceed with Request for Proposals for New Emergency Generation Units at Jobos, Daguao and Palo Seco".

⁹ PREPA submitted various Motions and the Energy Bureau issued various Resolutions and Orders concerning the 10-year infrastructure plan, in case NEPR-MI-2021-0002, including a June 8, 2021 Resolution and Order first approving black start project procurements at Costa Sur and Aguirre.

¹⁰ Resolution and Order, *In re: 10-Year Plan Federally Funded Competitive Process*, December 5, 2022, p. 4.

¹¹ As defined in the LGA OMA.

¹² LGA OMA, Section 5.8 (c).



During 2023, Genera submitted monthly progress reports in compliance with the January 23 Order.

On June 5, 2024, Genera PR LLC ("Genera") submitted a *Motion to Submit the Grid Support Units Update Evaluation for the Emergency Generation and Black Start Generation Procurement in Compliance with Resolution and Order Dated January 23, 2023* ("June 5 Motion"). The June 5 Motion has a 4-page Exhibit A submitted under seal of confidentiality, which is listed as a "Grid Support Units Project Update" ("GSUPU").

On June 17, 2024, Genera submitted a Memorandum of Law requesting confidential treatment of the information submitted as Exhibit A to the June 5 Motion.

On June 21, 2024, the Energy Bureau issued a Resolution and Order ("June 21 Order") with ten (10) Requests of Information ("ROI") to Genera as Attachment A. Some of the questions were multi-part questions.

Jim

On July 8, 2024, Genera filed its *Motion to Submit Response to Request for Information in Compliance with Resolution and Order Dated June 21, 2024* ("July 8 Motion"). The July 8 Motion included Exhibit A, responses to the Energy Bureau's second Request of Information from the Energy Bureau's June 21 Resolution. Exhibit A from the July 8 Motion was filed under seal, and included a request for confidential treatment of said Exhibit A.

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On July 9, 2024, Genera filed its *Motion to Submit Supplemental Information to the Motion Submitted on July 8, 2024, and Request for Confidential Treatment* ("July 9 Motion"). The July 9 Motion included an Exhibit A, filed under seal of confidentiality. Genera states that Exhibit A "offer[s] precise and comprehensive data that will assist the Energy Bureau in its thorough review of the GSUPU, effectively addressing any potential questions regarding its technical, environmental, and economic implications".¹³

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On July 23, 2024, the Energy Bureau issued a Resolution and Order ("July 23 Resolution") determining that Genera submit to the Energy Bureau copies of the approval by COR3 and/or FEMA the projects in the Resolution and Order Attachment A, listing Energy Bureau approval for projects consisting of (8) small RICE units (18 MW each) totaling 144 MW at five stations, and (2) 50 MW GT units at Costa Sur. Three of the five stations contained (2) 18 MW RICE units, and the remaining two stations - San Juan and Costa Sur - contained (1) 18 MW RICE unit for installation.

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On October 30, 2024, Genera submitted a *Motion Requesting Leave to Relocate San Juan RICE Generation Unit to Costa Sur* ("October 30 Motion"). The request was to relocate the single 18 MW RICE unit approved by the Energy Bureau in its July 23 Resolution from the San Juan site to the Costa Sur site.

II. Discussion

In its October 30 Motion, Genera listed seven reasons for its determination that Costa Sur would be a "better alternative" location¹⁴ than San Juan for the single 18 MW RICE unit approved for installation at San Juan, as Costa Sur already had a single 18 MW unit approved for installation and placing (2) units instead of (1) unit at Costa Sur would be "better": i) Space availability, ii) Points of interconnection availability, iii) Common infrastructure, iv) Simplifies installation, v) Operation and maintenance, vi) Spare parts, and vii) Availability of natural gas and liquid fuel. Genera also states that "Cost efficiency is a major factor in this analysis".¹⁵

¹³ July 9 Motion, page 2.

¹⁴ October 30 Motion, Exhibit A – request to Leave to Relocate San Juan RICE Generation Unit to Costa Sur, pp. 2-3.

¹⁵ *Id.*



Genera provides no quantitative evidence supporting its “cost efficiency” claim and does not provide specific adverse cost impacts associated with a San Juan location (vs. Costa Sur) for the seven reasons in its October 30 Motion. Genera notes that the San Juan site has “diesel, heavy fuel oil and natural gas facilities”. Genera does not directly compare between San Juan and Costa Sur the extent of the site attributes it notes in its reasons for preferring the Costa Sur location, even though the multi-unit site at San Juan exhibits at least some similar characteristics as seen at Costa Sur.

Jim
JAN
The San Juan site has operable and inoperable power plant equipment, including units to be retired once enough capacity is available on the Puerto Rico system to allow for the retirement of older oil-fired units, as per the Modified Action Plan of the IRP.¹⁶ This would indicate “points of interconnection availability” at the San Juan site, and “space availability”. Since the San Juan site hosts other operable units, it too, like the Costa Sur site, has “common infrastructure” to support new generation units. Storage room for spare parts and O&M personnel would appear to exist at the San Juan site, give the other units in operation. Genera does not discuss the relative locational value of an incremental 18 MW, at the San Juan (vs. the Costa Sur) site. Puerto Rico has historically been concerned with the concentration of generation in the southern sections of the island, while load is concentrated in the northern parts of the island.

III. Conclusion

ASB
The Energy Bureau seeks additional necessary information from Genera before it can determine whether it is in the best interests of PREPA ratepayers to have the incremental 18 MW of capacity at the San Juan site, or at the Costa Sur site. The Energy Bureau **ORDERS** Genera to respond to the questions in **Attachment A** of this Resolution and Order, **on or before fifteen (15) days following the notification of this Resolution and Order.**

AM
The Energy Bureau **WARNS** LUMA that:

- (i) noncompliance with this Resolution and Order, regulations and/or applicable laws may carry the imposition of fines and administrative sanctions of up to \$25,000 per day;
- (ii) any person who intentionally violates Act 57-2014, as amended, by omitting, disregarding, or refusing to obey, observe, and comply with any rule or decision of the Energy Bureau shall be punished by a fine of not less than five hundred dollars (\$500) nor over five thousand dollars (\$5,000) at the discretion of the Energy Bureau; and
- (iii) for any recurrence of non-compliance or violation, the established penalty shall increase to a fine of not less than ten thousand dollars (\$10,000) nor greater than twenty thousand dollars (\$20,000) at the discretion of the Energy Bureau.

Be it notified and published.

¹⁶ IRP Order.

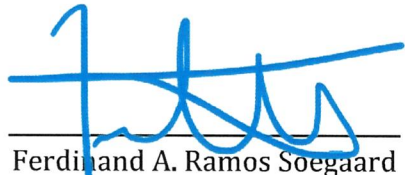




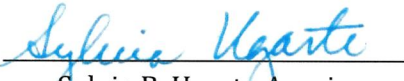
Edison Avilés Deliz
Chairman



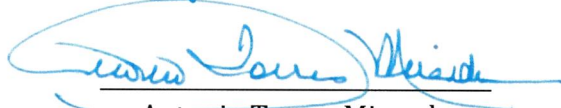
Lillian Mateo Santos
Associate Commissioner



Ferdinand A. Ramos Soegaard
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 has so agreed on November 8, 2024. I also certify that on November 8, 2024 a copy of this Resolution and Order was notified by electronic mail to arivera@gmlex.net; mvalle@gmlex.net; lrn@roman-negron.com; legal@genera-pr.com; regulatory@genera-pr.com. I also certify that on November 8, 2024, I have proceeded with the filing of the Resolution and Order issued by the Puerto Rico Energy Bureau.

I sign this in San Juan, Puerto Rico, on November 8, 2024.



Sonia Seda Gaztambide
Clerk



ATTACHMENT A
Requests of Information

1. Provide a layout of the San Juan site location showing the planned location of the 18 MW RICE unit if it were to be installed at that site.
2. Provide a layout of the current San Juan site excluding the 18 MW RICE unit, with all other operable and non-operable generation units and auxiliary equipment indicated on the layout.
3. Provide a layout of the current Costa Sur site including the 18 MW RICE unit, with all other operable and non-operable generation units and auxiliary equipment indicated on the layout.
4. Provide an incremental cost comparison table for locating the 18 MW RICE unit at Costa Sur, or San Juan, for each of the seven reasons in Exhibit A (pages 2-3) of the October 30 Motion. For each reason, provide an estimate of the cost savings associated with locating the 18 MW RICE unit at Costa Sur instead of San Juan, including with specificity the underlying source for the estimate.
5. Genera states in the October 30 Motion at page 2 of Exhibit A: “The proposed new black start and emergency generation equipment at San Juan required the demolition and relocation of warehouses, a workshop, and fuel tanks to facilitate the installation of the new projects” and, “Genera analyzed the option of relocating San Juan’s single RICE unit to alternative existing generating facilities, simplifying operations and maintenance and staffing, along with redundancy to manage periodic outages”.
 - a. If not indicated on the layouts in response to question number 1 or 2 above, provide a layout of the San Juan site identifying the warehouses, workshop, and fuel tanks slated for demolition and relocation.
 - b. Indicate where those buildings or fuel tanks were to be relocated to, or if they were just to be demolished.
 - c. If the 18 MW RICE unit were to be approved for installation at Costa Sur, will those buildings and tanks at the San Juan site be retained, or does Genera plan to demolish and relocate those elements anyway?
 - d. If the 18 MW RICE unit were to be approved for installation at Costa Sur, has Genera considered potential relocation of the 40 MW of BESS units approved for Costa Sur in NEPR-MI-2021-0002 (July 17, 2024 Resolution and Order), to the San Juan site? Please discuss.
 - e. If Genera has any near or longer-term assessment of planning for resources to be retired or installed at the San Juan site, provide such assessment and all related analytical and other workpapers. Discuss.

