

**GOVERNMENT OF PUERTO RICO
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

Motion in Compliance with Resolution and Order of November 8, 2024, and Reiterating Request for Approval to Relocate San Juan RICE Generation Unit to Costa Sur.

MOTION IN COMPLIANCE WITH RESOLUTION AND ORDER OF NOVEMBER 5, 2024, AND REITERATING REQUEST FOR APPROVAL TO RELOCATE SAN JUAN RICE GENERATION UNIT TO COSTA SUR

TO THE ENERGY BUREAU:

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

1. On January 23, 2023, the Puerto Rico Energy Bureau (“PREB”) issued a *Resolution and Order* (“January 23 Order”) that conditionally approved PREPA’s RFP process for the procurement of emergency peaker generation systems at Jobos, Dagua, and Palo Seco (“the Projects”), subject to various conditions.

2. The January 23 Order approved and provided the flexibility to consider the best mix of capacity and locations for the emergency generation. When Genera received the bids for the competitive process, it conducted an evaluation titled *Grid Support Units Project Update* (“GSUPU”). The GSUPU, among other things, considered the optimization of the purchasing process, taking into consideration the benefits of reconfiguration of locations and different sizes of units.

3. After several procedural events, on July 23, 2024, PREB issued a *Resolution and Order* approving eight (8) reciprocating internal combustion engine (“RICE”) generation units and two 50 MW gas turbine generators (“GTGs”) units at Costa Sur. However, PREB denied the deployment of three (3) 50 MW gas turbine units to San Juan. Genera’s initial request for the San Juan site included three (3) GTGs and one (1) RICE generator; however, only the RICE unit was approved. Thus, per PREB’s order, the only generation equipment to be installed in San Juan is one (1) RICE generator.

4. On October 30, 2024, Genera filed a *Motion Requesting Leave to Relocate San Juan RICE Generation Unit to Costa Sur* (“October 30 Motion”), in which it informed that, following PREB’s approval, Genera reassessed the project in San Juan, and with the removal of the GTG units, the project was reduced from 168 MW to only 18 MW. Genera further stated that it had analyzed the option of relocating San Juan’s single RICE unit to alternative existing generating facilities to provide a common RICE power plant configuration for all facilities, simplifying operations, maintenance and staffing, along with redundancy to manage periodic outages. Accordingly, Genera explained that it understands that Costa Sur would be a better alternative for this RICE unit as a matter of cost efficiency and for the reasons listed in the document titled *Request for Leave to Relocate San Juan RICE Generation Unit to Costa Sur*, which was attached as Exhibit A to the October 30 Motion. In short, Genera informed that Costa Sur would be a better fit because of: (1) Space availability; (2) Points of Interconnection availability; (3) Common Infrastructure; (4) Simplified installation; (5) Simplified operation and maintenance; (6) Storage and logistics of spare parts; and (7) Availability of natural gas and liquid fuel.

5. Based on this analysis, Genera requested authorization to relocate the single 18 MW RICE unit approved by PREB in its July 23 Resolution from the San Juan site to the Costa Sur site.

6. On November 8, 2024, PREB issued a *Resolution and Order* (“Resolution and Order of November 8”) stating that Genera provided no quantitative evidence supporting its cost efficiency claim, and did not provide specific adverse cost impacts associated with a San Juan location. PREB also held that Genera did not directly compare the extent of the specific attributes of each site (San Juan vs. Costa Sur) and how such comparison supports Genera’s preference for the Costa Sur location. PREB observed that it believed the multi-unit site at San Juan presents at least some similar characteristics as those of Costa Sur.¹

7. Accordingly, PREB ordered Genera to supplement its request by responding to the questions listed in Attachment A to the Resolution and Order of November 8. Genera was required to respond to the above-referenced questions by November 25, 2024.

8. Consistent with the Resolution and Order of November 8, Genera hereby submits its responses to the questions posed by PREB in Attachment A.

¹ The Resolution and Order of November 8 specifically stated that:

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. 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.

Resolution and Order of November 8, at 4.

WHEREFORE, Genera respectfully asks PREB to take notice of the foregoing, deem it in compliance with the Resolution and Order of November 8, and that the request to relocate the San Juan RICE to Costa Sur be approved.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 25th day of November 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; **Lcda. Mirelis Valle Cancel**, mvalle@gmlex.net; **Lcda. María Teresa Bustelo-García**, mbustelo@gmlex.net.

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Exhibit A – Responses to the questions posed by PREB

Docket Number: NEPR-MI-2022-0005

In Re: 10 YEAR PLAN FEDERALLY FUNDED COMPETITIVE PROCESS

Re: Monthly Progress Report

GPR-PREB-NEPRMI20220005-20241108#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.

Response:



GPR-PREB-NEPRMI20220005-20241108#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.

Response:



GPR-PREB-NEPRMI20220005-20241108#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**.

Response:

- 1. Space Availability:** Costa Sur has both the space availability and the existing infrastructure to benefit from the multiple RICE configuration.

Site	Area (acres)	Consideration
Costa Sur	40	Planned for two GTGs, 1 RICE and 30MW BESS. Utilities and site infrastructure can support an additional RICE generator taking advantage of shared systems. Space is available to accommodate additional RICE generator, with minimal demolition work.
Cambalache	52.4	Existing thermal power generation assets, addition of 52 MW of BESS. No RICE proposed, therefore no opportunity for economies of scale by common supporting BOP infrastructure.
Aguirre	200	Proposed 160 MW of BESS including 200 containers. No RICE proposed, therefore no opportunity for economies of scale by common supporting BOP infrastructure.
Daguao	3.5	Limited buildable space. Two RICE generators are already proposed for this site. No space available to accommodate additional RICE generator.

Jobos	4.3	Two RICE generators are already proposed for this site. No space available to accommodate additional RICE generator.
Palo Seco	40	Limited space available for new construction. Proposed 101 MW of BESS including 132 containers. No RICE proposed, therefore no opportunity for economies of scale by common supporting BOP infrastructure.
Vega Baja	1.2	Proposed 52 MW BESS for the site. No RICE proposed, therefore no opportunity for economies of scale by common supporting BOP infrastructure.
Yabucoa	3.2	Two RICE generators are already proposed for this site in addition to 40 MW of BESS. No space available to accommodate additional RICE generator.

2. Points of Interconnection Availability: The 38kV and 115kV switchyards at Costa Sur are next to the planned location of the new peakers and BESS projects. For San Juan, the interconnection to the switchyard requires an underground work across the entire west side of the site.

3. Common Infrastructure: Establishing a shared infrastructure reduces the overall costs significantly on a per-unit basis compared to creating two stand-alone facilities. Given that Costa Sur has an approved RICE unit installation, placing an additional RICE unit at this site opens the opportunity to consolidate:

- **Electrical Infrastructure:** By combining both RICE units at one site, electrical infrastructure such as high-voltage switchgear and transformers can be shared, avoiding duplication of these costly components.
- **Control Systems:** Placing both units on one site enables the control and monitoring systems to be centralized, sparing the need to install

a full set of SCADA and control equipment at a second site. This not only minimizes equipment costs but also optimizes staffing and maintenance resources, as only one set of personnel is needed to oversee the combined systems.

- **Fuel Storage and Handling:** Fuel storage tanks, piping, and associated handling systems are also more cost-effective when shared. Constructing and managing a single, larger fuel storage and distribution network incurs a lower incremental cost than establishing separate systems for each site, avoiding the overhead of two distinct setups.
- **Auxiliary Equipment and Systems:** Common balance of plant systems like compressor & instrument air system, emissions control systems, building enclosure, fire protection, resulting in cost efficiencies in CAPEX and OPEX.

4. Simplified Installation: Cost savings would be realized by consolidating RICE equipment. An installation at San Juan would require transmission line investments associated with more extensive reconfiguration that would incur higher costs than those required at Costa Sur. In addition, installation of civil works, foundations, electrical and mechanical equipment, conduits, and piping are optimized by collocating the units at Costa Sur.

5. Operation and Maintenance: The structure of the LTSA provides a lower cost for multiple engine site configurations. The LTSA cost per Engine Running Hour of a 1 engine per site configuration is **higher** than the cost on a 2 engine per site configuration (approximately 15%-20% more).

6. Spare Parts: By consolidating operations into a single site, spare parts storage and logistics can be streamlined, eliminating the need to transport parts between multiple locations. With all necessary parts housed at one central site, the time, labor, and costs associated with

moving parts between facilities are minimized. Additionally, having spare parts in one location simplifies inventory management, reducing the likelihood of duplicative orders and ensuring that critical components are readily available, further reducing unplanned transportation expenses. Costa Sur would have a 2 GTGs and 2 RICE, under the proposed relocation, making it a central hub for managing spare parts and maintenance expertise.

- 7. Availability of natural gas and liquid fuel:** Costa Sur is the only other site, besides San Juan, that has access to bulk natural gas and diesel fuel. An additional RICE generator at Costa Sur does not incur in additional costs from land transportation of fuel.

GPR-PREB-NEPRMI20220005-20241108#5(a)

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.

Response:

Please refer to ROI 1.

GPR-PREB-NEPRMI20220005-20241108#5(b)

- b. Indicate where those buildings or fuel tanks were to be relocated to, or if they were just to be demolished.

Response:

As part of Genera's initial options for the installation of new units at San Juan, the existing main warehouse and workshop would be demolished, and new structures would be constructed in the plant premises. Retired fuel tanks footprint and southside lot were considered for new warehouse and workshop.

GPR-PREB-NEPRMI20220005-20241108#5(c)

- 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?

Response:

Buildings and tanks initially considered to be demolished for the installation of new generating units at San Juan Power Plant would not be demolished if no new unit is planned to be installed there.

GPR-PREB-NEPRMI20220005-20241108#5(d)

- d. If the 18 MW RICE unit were to be approved for installation at Costa Sur, has Genera considered potential relocation of the 40MW 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.

Response:

The relocation of the BESS planned for Costa Sur is not being considered.

GPR-PREB-NEPRMI20220005-20241108#5(e)

- 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.

Response:

Currently, Genera does not have any near or longer-term plans to retire or install units at the San Juan site because PREB has neither ordered nor allowed Genera to do so. The retirements that Genera is pursuing are specifically to facilitate the installation of new CTG, RICE, and BESS units. According to the operative Integrated Resource Plan, generation retirements can only occur after reliable generation is installed.

However, determining whether there is sufficient generation to retire dispatchable units that Genera administers ultimately resides with PREB. To Genera's knowledge, apart from the 340 MW installed by FEMA and purchased by PREPA on March 15, 2024, there has been no integration of new utility-scale generation assets in Puerto Rico. Genera did request PREB's approval to install 168 MW in San Juan. This request was based on the evident necessity for additional generation on the island and the fact that both the assets and their installation would be federally funded, incurring no cost to Puerto Rico. This is unlike the development of generation resources or power purchase agreements approved by PREB or currently in the procurement process.

Unfortunately, PREB denied this unique opportunity to add additional generation to the island. Furthermore, even though PREB had initially approved 281 MW of generation, on July 23, 2024, PREB decided to reduce it to 244 MW. The rationale for this determination remains unknown, as resource adequacy studies clearly demonstrate the necessity of every megawatt that can be installed on the island.

Nonetheless, Genera's role is limited to operating and maintaining the Legacy Generation Assets and administering the federal funds assigned to these assets and related services. Genera's ongoing requests to add as much federally funded generation as possible to the island are made in good faith for the benefit of the people of Puerto Rico, rather than as part of its contractual obligations.