

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

IN RE: REVIEW OF THE PUERTO RICO
ELECTRIC POWER AUTHORITY'S 10-YEAR
INFRASTRUCTURE PLAN – DECEMBER
2020

CASE NO.: NEPR-MI-2021-0002

SUBJECT: Resolution and Order for Motion
to Submit Detailed Scope of Work for the
Generation Fleet Project, No. 164988

RESOLUTION AND ORDER

I. Introduction and Factual Background

On March 26, 2021, the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") issued a Resolution and Order ("March 26 Resolution") in the instant case, 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.¹ 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 agency², 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 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 Assets³, 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 LGA⁴.

On October 27, 2023, Genera filed a document titled *Amended Motion for Leave to Submit Amendment to Project and 406 BESSs Initial Scope of Work* ("October 27 Motion"). Genera included as Exhibit A, a document titled *BESS Equipment Project Amendment*, as Exhibit B a document titled *BESS Project 406 Initial SOW* and as Exhibit C a document titled *BESS Project Presentation*. Through the October 27 Motion, Genera requested the Energy Bureau to grant Genera leave to present to COR3 and FEMA, the Project Amendment, and the Section 406 Initial SOW, and to continue with all activities required to complete all the essential documentation and analysis to complete the Battery Energy Storage System ("BESS")

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 March 26 Resolution, pp. 18-19.

³ As defined in the LGA OMA.

⁴ LGA OMA, Section 5.8 (c).



Project⁵. Genera stated that a detailed Scope of Work ("SOW") will be submitted to FEMA per facility.⁶

On November 8, 2023, the Energy Bureau issued a Resolution and Order ("November 8 Resolution") conditionally approving the BESS projects ("BESS PROJECT") submitted by Genera in the October 27 Motion, subject to the submittal by Genera of detailed SOWs for each project.⁷

On February 1, 2024, the Energy Bureau issued a Resolution and Order ("February 1 Resolution") conditionally approving the projects submitted by Genera. The February 1 Resolution included an Attachment A which listed the *Conditionally Approved BESS Project Under Section 406 Initial SOW*, and had information on the project sites, the size in MW, and estimated costs, among other information. The Energy Bureau also ordered Genera to submit monthly reports on the progress of interconnection studies to be undertaken by LUMA⁸, as well as updates on the development status of the detailed SOWs and the BESS Request for Proposals ("RFP"). The projects had 430 MW of BESS resources at an estimated total installation cost of \$647,580,000.

On March 28, 2024, Genera filed a document titled *Motion to Submit Scope of Work in Compliance with Resolution and Order dated November 8, 2023* ("March 28 Motion"), which included as Exhibit A, under seal as confidential information, the SOW for Project #164988 titled *Island Wide Generation Fleet Project for Vega Baja, Arecibo, and Salinas*. The SOW comprised 274 MW of 430 MW of BESS resource and referred to the projects at the locations of Vega Baja, Cambalache, and Aguirre.

On April 23, 2024, the Energy Bureau issued a Resolution and Order approving Genera's BESS Projects at Vega Baja, Cambalache, and Aguirre, ("April 23 Resolution") conditioned on Genera presenting the detailed approved projects' SOWs to FEMA and COR3 to finalize their approval process, and with monthly reporting requirements to the Energy Bureau.

On June 20, 2024, Genera filed a *Motion to Submit Amended Scope of Work for Project No. 164988*, ("June 20 Motion"). The June 20 Motion amends the scope of work and the budgets for the BESS Project, number 164988, compared to that provided by Genera in Exhibit A of its March 28 Motion and its October 27 Motion. Genera's amended SOW maintained 430 MW of BESS resources at seven (7) of the original nine (9) sites described in the October 27 Motion, and an estimated total installation cost of \$746,537,250.

On July 17, 2024, the Energy Bureau issued a Resolution and Order ("July 17 Order") approving the amended SOW and budget for the BESS Projects in Attachment A of the July 17 Order. The Energy Bureau reiterated and stressed the **URGENCY** of completing all the steps to install these resources in an accelerated way and ordered Genera to expedite the completion of all steps for this BESS Project.

On October 2, 2024, Genera filed a document titled *Motion to Submit Detailed Scope of Work for Generation Fleet Project, No. 164988* ("October 2 Motion"), through which Genera outlined the SOW for Project 164988 focusing on the Yabucoa, Costa Sur, Dagua and Jobos sites, including the construction of a new BESS remote control rooms at the Costa Sur and San Juan Power Plants.

⁵ October 27 Motion, p. 9.

⁶ *Id.*, Exhibit B, Section IV.

⁷ November 8 Resolution, p.2.

⁸ LUMA Energy, LLC and LUMA Energy ServCo, LLC, jointly referred to as "LUMA".



II. Discussion

In the June 20 Motion, Genera stated that it proposed to submit the Detailed Scope of Work for project Number 164988 under the DR-4339 -PR Public Assistance Program ("PA") and stated that the submittal will "provide a description of the project, including scope, schedule, and cost estimates, as well as Environmental & Historical Preservation ("EHP") requirements and proposed 406 hazard mitigation work."⁹

With the October 2 Motion Genera in Exhibit A the SOW titled *Generation Fleet – Demolition, Control Rooms and peakers*, which focus on the Yabucoa, Costa Sur, Daguaao and Jobos sites. The SOW also included the construction of two (2) new remote BESS control rooms at the Costa Sur and San Juan Power Plants. Genera explains the intention to substitute existing units with RICE and combustion turbines to provide synchronous condenser capabilities to the grid and that the proposed equipment capacity, except for Costa Sur, will be less than the existing units.¹⁰

However, Genera did not provide any cost estimate nor scheduling information in either the October 2 Motion or its Exhibit A, for the Energy Bureau to make a determination of the SOW for the Generation Fleet Project, No. 164988.

III. Conclusion

The Energy Bureau **TAKES NOTICE** of Genera's October 2 Motion requesting SOW approval. The Energy Bureau **DENIES** the October 2 Motion for absence of material information required for an approval request, which is a detailed cost estimate of the SOW. Therefore, the Energy Bureau **ORDERS** Genera to present, **within ten (10) days of the notification of this Resolution and Order**, a detailed cost distribution, scheduling, and comparison of previous SOW's approved¹¹ by the Energy Bureau for the SOW titled *Generation Fleet – Demolition, Control Rooms and Peakers*, outlined in the October 2 Motion for the Energy Bureau's to complete its review.

The Energy Bureau **WARNS** Genera that any request for SOW approval in which material information is absent to complete the Energy Bureau's revision, such as a detailed cost estimate, shall be **DENIED** without further evaluation. This type of filing lacking material information makes unnecessary use of the Energy Bureau's staff and will not be tolerated.

The Energy Bureau **WARNS** GENERA 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.

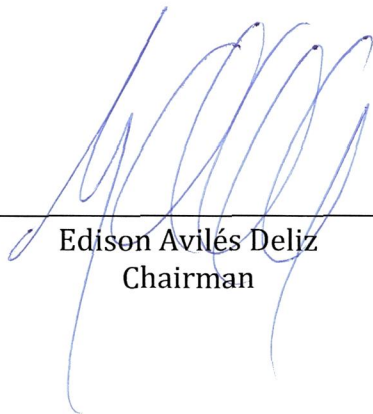
⁹ Exhibit A, p. 2.

¹⁰ Exhibit A, p. 5.

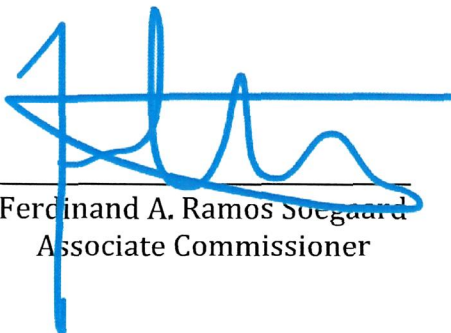
¹¹ Indicate the Resolution and Order in which the Energy Bureau had previously approved each SOW.




Be it notified and published.



Edison Avilés Deliz
Chairman



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 agreed on December 18, 2024. Associate Commissioner Lillian Mateo Santos did not intervene. Also certify that on December 18, 2024, I have proceeded with the filing of this Resolution and Order and was notified by email to arivera@gmlex.net; mvalle@gmlex.net; RegulatoryPREBOrders@lumapr.com; laura.rozas@us.dlapiper.com; margarita.mercado@us.dlapiper.com, Yahaira.delarosa@us.dlapiper.com; julian.angladapagan@us.dlapiper.com; alopez@sbgblaw.com; jfr@sbgblaw.com, legal@genera-pr.com, regulatory@genera-pr.com.

I sign in San Juan, Puerto Rico, today, December 18, 2024.



Sonia Seda Gaztambide
Clerk