

**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- NEPR-MI-2022-0005

SUBJECT: 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.

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 IRP. 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")⁷ through

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.

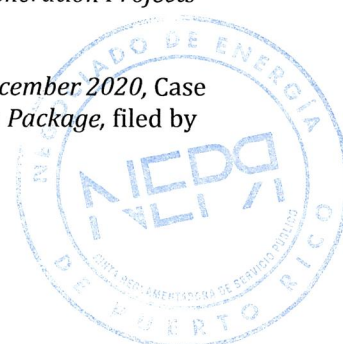
³ Resolution and Order, *In re: Review of the Puerto Rico Electric Power Authority's 10-Year Infrastructure Plan – December 2020*, Case No. NEPR-MI-2021-0002, March 26, 2021.

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.

⁷ *In re: Review of the Puerto Rico Electric Power Authority's 10-Year Infrastructure Plan – December 2020*, Case No. NEPR-MI-2021-0002, *Motion to Clarify Regarding Amendment to 404 HMPG Application Package*, filed by PREPA on October 26, 2022.



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 COR3 and 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")⁸ 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 PREPA application.⁹

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 request¹⁰ about an RFP for generation at the Jobos, Dagua 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 10-year infrastructure planning.¹¹ 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.¹²

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 Assets¹³, 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 LGA¹⁴.

⁸ *In re: Review of the Puerto Rico Electric Power Authority's 10-Year Infrastructure Plan – December 2020*, Case No. NEPR-MI-2021-0002.

⁹ Resolution and Order, *In re: Review of the Puerto Rico Electric Power Authority's 10-Year Infrastructure Plan – December 2020*, Case No. NEPR-MI-2021-0002, November 4, 2022.

¹⁰ PREPA Confidential Letter to the Energy Bureau, , regarding a "Request for Approval to Proceed with Request for Proposals for New Emergency Generation Units at Jobos, Dagua and Palo Seco", *In re: 10 Year Plan Federally Funded Competitive Process*, Case No. NEPR-MI-2022-0005, December 29, 2022

¹¹ 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.

¹² Resolution and Order, *In re: 10-Year Plan Federally Funded Competitive Process*, Case No. NEPR-MI-2022-0005, December 5, 2022, p. 4.

¹³ As defined in the LGA OMA.

¹⁴ LGA OMA, Section 5.8 (c).



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 Resolutions and Orders allowing Genera to proceed with modifications to the form and structure of the RFPs and directing Genera to move forward within the bounds of the directives given by the Energy Bureau.

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

On June 5, 2024, 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").¹⁵ 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 document titled *Memorandum of Law in Support of Confidential Treatment of the Grid Support Units Updated Evaluation Submitted on June 5, 2024* ("June 17 Motion") in which 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.

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 Order. Exhibit A from the July 8 Motion was filed under seal, and included a request for confidential treatment of the Exhibit A.

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".¹⁶

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 July 23 Resolution 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.

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.

On November 8, 2024 the Energy Bureau issued a Resolution and Order ("November 8 Resolution") seeking additional information about the relative value of locating the single 18 MW RICE unit at San Juan or installing it at the Costa Sur site with the other approved 18 MW RICE unit. Genera was asked to respond to five Requests of Information in Attachment A to the November 8 Resolution.

¹⁵ In re: 10 Year Plan Federally Funded Competitive Process, Case No. NEPR-MI-2022-0005.

¹⁶ In re: 10 Year Plan Federally Funded Competitive Process, Case No. NEPR-MI-2022-0005, July 9 Motion, page 2.



On November 25, 2024 Genera submitted a *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* (“November 25 Motion”). Genera responded to the five Requests of Information and provided more information on the relative location value – at San Juan or at Costa Sur - for the single 18 MW RICE unit.

II. Discussion

In its October 30 Motion, Genera listed seven reasons for its determination that Costa Sur would be a “better alternative” location¹⁷ 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 stated that “Cost efficiency is a major factor in this analysis”.¹⁸

In its November 25 Motion, in responses to the Energy Bureau’s Requests of Information, Genera expanded upon its reasoning, provided layouts of the San Juan and Costa Sur sites, and described – mostly qualitatively – the reasoning for cost savings to be seen with installation of the 18 MW RICE unit at Costa Sur instead of San Juan.

The San Juan site has numerous generation units – older steam facilities that will be retired when other resources are on the system, newer converted combined cycle facilities, and emergency peaking generation obtained through FEMA-funded programs after Hurricane Fiona. Other generation resources in the north and northeastern portion of Puerto Rico include existing units at Palo Seco, planned battery energy storage resources at Palo Seco, Vega Baja, and Cambalache, existing peaking units at Cambalache and planned RICE units at Daguaao.

The balance between resources in the north, and resources in the south of Puerto Rico is important. Puerto Rico’s energy policy includes striving to locate more resources in the north to reduce dependence on the transmission system for power transfers south to north. However, for this particular increment of 18 MW of approved resource, locating at either of these two relatively well-connected transmission locations will allow for the full resource capacity value of the 18 MW RICE unit to be made available to the Puerto Rico system. The reasoning put forward by Genera in its request to locate the 18 MW unit at Costa Sur instead of San Juan is reasonable.

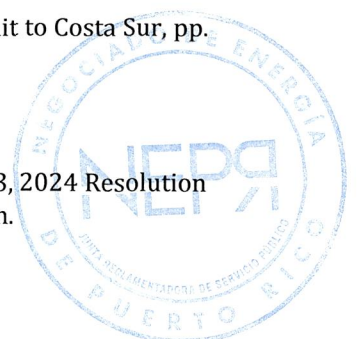
The Energy Bureau **APPROVES** Genera’s request to locate the 18 MW RICE unit at Costa Sur. Thus, 144 MW of RICE resources – eight (8) 18 MW units – is now planned to be distributed across four sites, two each at Daguaao, Yabucoa, Jobos, and Costa Sur. The remaining 100 MW of approved generation (2-50 MW turbine units) is to be installed at Costa Sur.¹⁹

The Energy Bureau **REMINDS** Genera that in the June 5 Motion, Genera informed the Energy Bureau that “[Genera] has conducted a project feasibility evaluation, developed a fleet replacement strategy, optimized the equipment configuration for each project site, and completed various engineering analyses to support the optimal use of FEMA funding for these projects. These studies included such aspects as existing available area at each site, an evaluation of the electrical point of interconnection, external site utilities, existing road access, optimized fuel usage, proximity to seaports, combustion emissions limitations, future

¹⁷ October 30 Motion, Exhibit A – request to Leave to Relocate San Juan RICE Generation Unit to Costa Sur, pp. 2-3.

¹⁸ *Id.*

¹⁹ This distribution of units updates the table of Attachment A to the Energy Bureau’s July 23, 2024 Resolution and Order in NEPR-MI-2022-005 concerning Genera’s Grid Support Units Update Evaluation.



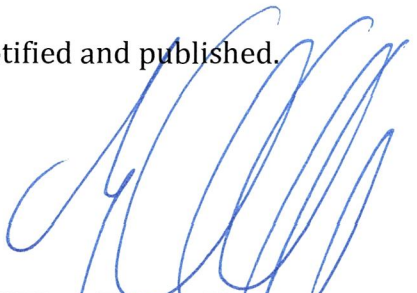
improvements and/or expansion.”²⁰ Genera stated that the project feasibility evaluation concluded that the optimal use of FEMA funding for the project included at the San Juan site 3 x 49.4 MW GT + Black Start Capability. Genera indicated that the primary support for selection of the San Juan site was i) Bulk natural gas availability = lower fuel cost + better efficiency driving lower production costs, and ii) San Juan requires a larger and more reliable black start system.²¹ Through the July 8 Motion Genera presented as Exhibit A for the San Juan site 3 x 50 MW GTGs and 1 x 18 MW Black Start Rice Generator. The Energy Bureau approved such project at the San Juan site based on Genera’s project feasibility evaluation.²²

The Energy Bureau **WARNS** Genera that the approval to change equipment location from the San Juan site to the Costa Sure site requested by Genera shall not be considered as authorizing Genera delays in the project timeline. The Resolution and Order issued September 17, 2024, remains unaltered.

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.

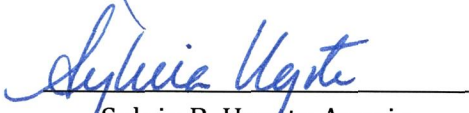
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Edison Avilés Deliz
Chairman



Lillian Mateo Santos
Associate Commissioner



Sylvia B. Ugarte Araujo
Associate Commissioner



Antonio Torres Miranda
Associate Commissioner

²⁰ June 5 Motion, Exhibit A, p. 1.

²¹ *Id.*, p. 2.

²² July 23 Resolution.



CERTIFICATION

I hereby certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on January 15, 2025. Associate Commissioner Ferdinand A. Ramos Soegaard did not intervene. I also certify that on January 15, 2025, a copy of this Resolution and Order was notified by electronic mail to mbustelo@gmlex.net; arivera@gmlex.net; mvalle@gmlex.net; lrn@roman-negron.com; legal@genera-pr.com; regulatory@genera-pr.com; and I have proceeded with the filing of the Resolution and Order issued by the Puerto Rico Energy Bureau.

For the record, I sign this in San Juan, Puerto Rico, on January 15, 2025.





Sonia Seda Gaztambide
Clerk