GOVERNMENT OF 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's petition to modify the configuration of new peaking generation – Required Information.

RESOLUTION AND ORDER

I. Relevant Background

A. Approval of Peaking Generation Units Capacity

On July 23, 2024, the Energy Bureau of the Public Service Regulatory Board ("Energy Bureau") issued a Resolution and Order ("July 23 Resolution"), approving, subject to the conditions set forth therein and in prior related approvals, the procurement by Genera¹ of up to 244 MW of peaking generation units.² These resources are to consist of reciprocating internal combustion engines ("RICE") and combustion gas turbines ("GTs"). In light of Genera's proposed configuration of peaking generation units and the Energy Bureau's corresponding evaluation, the Energy Bureau approved a total of 244 MW, as shown in the table below:

July 23 Resolution										
	RICE (MW)	#of RICE units	RICE Total (MW)	GT (MW)	#of GT units	GT Total (MW)	Plant Total (MW)			
Costa Sur	18	1	18	50	2	100	118			
San Juan	18	1	18	0	0	0	18			
Daguao	18	2	36	0	0	0	36			
Jobos	18	2	36	0	0	0	36			
Yabucoa	18	2	36	0	0	0	36			
Total		8	144		2	100	244			

B. The Stabilization Plan

On March 28, 2025, the Energy Bureau adopted a two year Electric System Priority Stabilization Plan ("Stabilization Plan"), which is to be implemented by the electric system operators with the objective of mitigating the frequent power interruptions affecting customers.³ The Stabilization Plan outlines a strategic approach for deploying peaking generation units to enhance system stability, while also accounting for ongoing and planned initiatives including deployment of battery energy storage systems ("BESS"). The Stabilization Plan includes, as part of its strategic initiatives, the deployment of the 244 MW of peaking generation capacity approved by the Energy Bureau in the July 23 Resolution.⁴

C. Genera's Management of the Peaking Generation Units RFP

⁴ *Id.*, p. 7; Attachment A, Item #9, p. 16; and Attachment B, p. 23.

¹ Genera PR LLC ("Genera").

² Although the approved generation capacity includes both peaker and black start units, for the sake of simplicity, this Resolution and Order will refer to all such units collectively as *peaking generation units* or *peakers*.

³ See Resolution and Order dated March 28, 2025, issued in case In Re: Electric System Priority Stabilization Plan, Case No.: NEPR-MI-2024-0005.

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Prior to Genera assuming responsibility for the operation and maintenance of PREPA's legacy generation units, PREPA was at an advanced stage in the procurement process for several peaking generation units intended to address deficiencies in the electric system's generation capacity.⁵ The installation and operation of these units were aimed at enhancing the stability and reliability of the generation resources that form part of PREPA's electric system.⁶ At that time, the Energy Bureau was specifically conducting an administrative proceeding concerning the approval of the requirements applicable to a Request for Proposals ("RFP") process for the acquisition of these peaking generation units by PREPA.⁷

Genera subsequently represented, that it could complete the procurement process initiated by PREPA more quickly and at a lower cost.⁸ Relying on those representations, the Energy Bureau transferred to Genera the responsibility to carry out the acquisition of the peaking generation units.⁹ The referenced acquisition process for peaking generation units is the same process that subsequently resulted in the issuance of the Energy Bureau's July 23 Resolution.

As part of its ongoing reporting obligations regarding the status of the acquisitions, Genera later informed the Energy Bureau that both the timeframe and the cost for acquiring the units would exceed the original estimates. Nevertheless, following several procedural steps, the Energy Bureau -acting pursuant to the broad authority conferred by applicable law-issued an order requiring Genera to proceed with the public bidding process and installation of the units within the timeframe that Genera itself had previously and consistently asserted was feasible.¹⁰ Genera subsequently challenged the enforceability of the Energy Bureau's determination,¹¹ and that dispute remains pending before the courts.¹²

D. Proposed Modification of Peaking Generation Capacity and Configuration

On April 2, 2025, Genera filed a motion ("April 2 Motion") requesting an increase in the total peaking generation capacity previously approved in the July 23 Resolution. In addition, Genera seeks to modify the configuration of the peaking generation units originally proposed on July 8, 2023,¹³ which ultimately led to the approval issued in the July 23 Resolution. The new capacity and configuration of peaking generation units proposed by Genera are set forth in the table below:

⁶ Id.

7 Id.

⁹ See, Resolution and Order dated August 23, 2023 issued in case In Re: 10 Year Plan Federally Funded Competitive Process, Case No.: NEPR-MI-2022-0005.

¹⁰ See Resolution and Order dated September 17, 2024, issued in Case In Re: 10 Year Plan Federally Funded Competitive Process, Case No.: NEPR-MI-2022-0005.

¹¹ See Motion for Reconsideration of Resolution and Order of September 17, 2024, and Request for Administrative Hearing dated October 7, 2024 filed by Genera on October 7, 2024 in case In Re: 10 Year Plan Federally Funded Competitive Process, Case No.: NEPR-MI-2022-0005.

¹² See <u>Genera PR, LLC v. Negociado de Energía de Puerto Rico</u>, Case No. KLRA20240063, Puerto Rico Court of Appeals and <u>Genera PR, LLC v. Negociado de Energía de Puerto Rico</u>, Case No. CC-2025-0107, Puerto Rico Supreme Court.

¹³ See Exhibit A of Motion to Submit Response to Request for Information in Compliance with Resolution and Or Dated June 21, 2024, filed by Genera on July 8, 2024, in the captioned case.

⁵ See, Resolution and Order dated January 23, 2023, and, in general, In Re: 10 Year Plan Federally Funded Competitive Process, Case No.: NEPR-MI-2022-0005.

⁸ See Memorandum of Law Requesting Confidential Designation and Treatment of Genera PR LLC Proposed Process for the Procurement of Black-Start and Emergency Peaking Resources dated May 25, 2023 and Motion to Submit Bi-Monthly Report on the Status of Emergency Generation and Black-Star Generation Procurement for the Period of August 1 to August 15, 2023, in Compliance with Resolution and Order dated January 23, 2023 dated August 16, 2023, both filed in case In Re: 10 Year Plan Federally Funded Competitive Process, Case No.: NEPR-MI-2022-0005.

April 2 Motion											
	RICE (MW)	#of RICE units	RICE Total (MW)	GT (MW)	#of GT units	GT Total (MW)	Plant Total (MW)				
Costa Sur	0	0	0	50	2	100	100				
San Juan	0	0	0	0	0	0	0				
Daguao	0	0	0	28	2	56	56				
Jobos	0	0	0	28	2	56	56				
Yabucoa	0	0	0	28	2	56	56				
Total		0	0	N/A	8	268	268				

In its April 2 Motion, Genera also informed the Energy Bureau that, apparently despite the pending litigation concerning the September 17 Resolution, it has continued to advance the RFP process for the acquisition of peaking generation units.¹⁴ According to the motion, after initial contract negotiations with the originally selected vendor (who had been selected to provide RICE units) failed, Genera reconvened its Evaluation Panel and requested revised proposals from all qualified bidders.¹⁵ Based on that second evaluation process, Genera selected a new vendor as the preferred proposer. ¹⁶ However, negotiations with that vendor also failed due to updated delivery constraints and the vendor's inability to provide required technical components, including a synchronous condenser.¹⁷ As a result, Genera contacted the next-ranked proposer from the revised proposal round to confirm the continued validity of its previously submitted revised proposal.¹⁸ Upon confirmation, and without requiring further proposal revisions, Genera selected that proposer as the final vendor and issued a notice of intent to award.¹⁹ As of the date of the April 2 Motion, Genera had commenced negotiations with the newly selected proposer and, accordingly, requested an amendment to the project configuration and authorized capacity based on the updated technical and logistical parameters of the new proposer's equipment.²⁰

Evaluation

Genera supported its proposed modifications to the peaker project, including the increase in authorized capacity from 244 MW to 268 MW and the reconfiguration of generation units, by asserting that the changes are based on a comprehensive technical evaluation of site conditions, equipment capabilities, fuel logistics, and grid integration requirements. According to the Exhibit A to the April 2 Motion, Genera contended that the replacement of the originally selected proposer required adjustments to the original design due to key differences in technology and unit capacities. The equipment proposed by the newly selected proposer reportedly uses GTs with standardized frame sizes (28 MW and 50 MW), which, according to Genera, offer advantages such as modular installation, operational flexibility, and extended maintenance intervals when operated on natural gas.

Genera also explained that the configuration includes two 50 MW GTs at Costa Sur, where proximity to the Liquified Natural Gas ("LNG") import terminal enables more efficient fuel delivery and regasification, reducing both fuel costs and logistical complexity. At Daguao, Jobos, and Yabucoa, sites where fuel must be trucked in, smaller 28 MW GTs will be installed to limit the volume of transported fuel and optimize dispatchability under local infrastructure constraints. These GTs will also be equipped with or prepared for synchronous condenser capabilities to support future grid stability services.

¹⁵ *Id.*, p. 3.

¹⁶ *Id.*, pp. 3-4.

- ¹⁷ *Id.,* p. 5.
- ¹⁸ Id.

¹⁹ Id.

²⁰ Id.



¹⁴ See April 2 Motion, pp. 2-5.

In the technical explanations provided in Exhibit A, Genera further emphasized that using standardized GTs units provides operational benefits such as common spare parts, streamlined training for personnel, and enhanced reliability and ramping performance, key to maintaining grid stability as more renewable generation is integrated. Genera also noted that current global manufacturing constraints, including prevailing lead times for critical components, necessitate project designs that align with market availability and expedite deployment. Accordingly, Genera states the reconfiguration reflects an effort to meet Puerto Rico's urgent generation needs with technically and operationally appropriate solutions tailored to each site's conditions.

The Energy Bureau has evaluated the original peaking generation capacity project, as well as subsequent capacity increases requested by PREPA and Genera. The Energy Bureau approved those increases upon determining that they were consistent with the Approved IRP,²¹particularly as reflected in the most recent authorization detailed in the July 23 Resolution. These approvals included specific limitations to ensure consistency with the long-term resource planning framework.

Nevertheless, the Energy Bureau recognizes, as stated in its July 23 Resolution, that Genera failed to provide sufficient information or quantitative analysis to support the specific mix of generation resources proposed, particularly the allocation between fossil fuel and battery energy storage systems across the identified sites.²² As noted in the July 23 Resolution, Genera *provided no quantitative support for its Table 1 resource mix resulting from any form of economic optimization, or even qualitative assessment of the tradeoffs implicit between peaking generation, black start resources, battery storage, or renewable energy.²³ The Energy Bureau further concluded that <i>the mix of resources in Genera's Table 1 does not result from an optimization of the sort that the Energy Bureau could rely on to gauge tradeoffs between alternative resource uses at the nine sites.²⁴*

A similar lack of substantiating analysis applies to the configuration proposed in the April 2 Motion. As with the earlier filing, Genera has not provided supporting quantitative data or a transparent analytical basis justifying the proposed combination of unit sizes, technologies, or site-specific allocations in the revised peaking generation plan. Nonetheless, the Energy Bureau has emphasized the critical need to act swiftly given Puerto Rico's ongoing grid reliability challenges. As expressly stated in the July 23 Resolution: *Puerto Rico does not have the luxury of time to review further analyses before trying to ensure enough resource availability.*²⁵ The Energy Bureau finds that this observation is particularly applicable to the present instance. Accordingly, as discussed below, the Energy Bureau will act on the current request without requiring further delay.

The Energy Bureau has previously stated that an addition of approximately 3,000 MW of generation capacity is required to stabilize the electric system in Puerto Rico.²⁶ Consistent with the Approved IRP and applicable legal requirements, PREPA, through the Public-Private Partnerships Authority ("P3 Authority"), is responsible for procuring such additional

²² See July 23 Resolution, pp. 4-8.

²³ Id., p. 6.

²⁴ Id.

²⁵ Id., p. 8.



²⁶ See Resolution and Order dated March 19, 2025, issued in case In Re: Competitive Procurement for New Generation Sources, Case No.: NEPR-MI-2025-0001.

²¹ See Final Resolution and Order on the Puerto Rico Electric Power Authority's Integrated Resource Plan, In re. Review of the Puerto Rico Electric Power Authority Integrated Resource Plan, Case No. CEPR-AP-2018-0001, August 24, 2020 ("Approved IRP"). Minor modifications and/or clarifications to the Approved IRP were introduced through a *Resolution and Order on Reconsiderations* issued by the Energy Bureau on December 2, 2020, in case: In re. Review of the Puerto Rico Electric Power Authority Integrated Resource Plan, Case No. CEPR-AP-2018-0001.

generation resources.²⁷ The Energy Bureau has emphasized that all generation technologies must compete on equal terms through transparent and competitive procurement processes.²⁸ This proactive action by the Energy Bureau further underscores the urgency to act, as already emphasized by the Energy Bureau in its July 23 Resolution. While the Energy Bureau **STRONGLY ENCOURAGES** Genera to present its proposals with comprehensive and well-supported information, the Energy Bureau, based on the information currently available, will proceed with the determinations necessary to safeguard the public interest.

The current proposal by Genera to increase the authorized capacity from 244 MW to 268 MW represents a net increase of less than 10%, which the Energy Bureau deems reasonable in light of the circumstances surrounding the competitive acquisition process, including the characteristics of the generation units proposed by participating bidders. As represented by Genera, the competitive procurement process has followed its course, and the proposed modifications reflect the outcomes of that process.²⁹ In particular, the proposed configuration reflects an increase in the planned capacity of peaking units at the Daguao, Jobos, and Yabucoa sites, from 18 MW to 28 MW per unit. Each site, which originally hosted two peaking units totaling 42 MW, would now host two 28 MW GTs, for a total of 56 MW per site. Genera has further represented that, despite the increase in nominal capacity, the existing transmission infrastructure (subject to the proposed modifications) remains adequate to support the updated configuration at the site.³⁰ The Energy Bureau notes that the supporting documentation provided with the April 2 Motion indicates that interconnection at existing substations is technically feasible and continues to support the deployment of generation resources at these sites.³¹

Genera also proposes modifying the type of generation technology to be deployed, from eight (8) originally approved RICE units to six (6) GTs.³² The Energy Bureau acknowledges the distinct operational characteristics, advantages, and limitations of both RICE and GT technologies. However, consistent with its prior determinations, the Energy Bureau reiterates its technology-agnostic stance and its commitment to evaluating resource proposals based on performance, feasibility, and consistency with planning objectives. As reflected in the IRP³³ and the Stabilization Plan,³⁴the Energy Bureau has maintained a technology-agnostic approach in evaluating generation resource proposals. Specifically, the Energy Bureau has not issued determinations favoring one technology over another, including in the process conducted for the approval of peaking generation units.

The Stabilization Plan, at page 7, references the generation resources expected to be added, generally identifying only RICE units, but without offering any discussion or justification for their inclusion. This reflects an effort to align with previously approved actions rather than to provide a prescriptive or technical endorsement of a particular technology. Moreover, on that same page, the Stabilization Plan highlights the benefits of *fast-responding, distributed resources such as combustion turbine Peaker units,* and emphasizes the importance of their ability to quickly ramp up or down, without any mention of RICE units. In sum, the Stabilization Plan does not prescribe or mandate the use of RICE technology. Therefore, the Energy Bureau **FINDS** that the approval of the GTs proposed in the April 2 Motion is not inconsistent with the Stabilization Plan. Genera was an active participant in the development of the Stabilization Plan. Additionally, as the operator of the Legacy Generation Assets,

²⁷ Id.

²⁸ Id.

²⁹ See April 2 Motion.

³⁰ See April 2 Motion, Exhibit 1, p. 1.

³¹ Id.



³² The originally approved GTs for Costa Sur remain unchanged under the revised proposal.

³³ See Approved IRP, p. 282 [the Energy Bureau stated that the *RFPs for local capacity need for up to 81 MW to be technology agnostic*].

³⁴ *See* Stabilization Plan, p. 7.

Genera holds direct responsibility for the implementation of the Stabilization Plan; particularly, in matters related to the swift deployment of additional peaking generation capacity, which is central to the instant proceeding. As such, Genera shall take any and all necessary measures to ensure that the proposed modifications do not hinder or delay the execution of the implementation strategies set forth in the Stabilization Plan.

III. Conclusion

For the reasons stated above, in this Resolution and Order, the Energy Bureau **APPROVES** the proposed increase in capacity and the revised configuration of the generation peaking units. Any prior limitations on the use or dispatch of the proposed units, as established in previous resolutions issued by the Energy Bureau, shall remain in full force and effect unless expressly modified or superseded by the Energy Bureau. In addition, the mandates established in the Energy Bureau's September 17 Resolution regarding the implementation timeline and cost parameters for the project remain in full effect, subject to the limitations and considerations set forth therein and taking into account that the September 17 Resolution is currently under judicial review. Accordingly, this Resolution and Order shall not be construed as a modification, reconsideration, or supersession of the Energy Bureau's prior determinations with respect to those matters, and all obligations and conditions imposed in the September 17 Resolution remain binding, unless and until modified by the appropriate legal authority.

The Energy Bureau **WARNS** Genera that, in accordance Art. 6.36 of Act 57-2014:³⁵

- noncompliance with this Resolution and Order, regulations and/or applicable laws may carry the imposition of fines and administrative sanctions of up to one hundred twenty-five thousand dollars (\$125,000) per day; and
- (ii) for any recurrence of non-compliance or violation, the established penalty shall increase to a fine of not less than fifteen thousand dollars (\$15,000) nor greater than two hundred fifty thousand dollars (\$250,000), at the discretion of the Energy Bureau.

Be it notified and published.

Edison Avilés Deliz Chairman

Lillian Mateo Santos Associate Commissioner

Sylvia B. Ugarte Araujo Associate Commissioner

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Antonio Torres Miranda Associate Commissioner

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³⁵ Known as the Puerto Rico Energy Transformation and RELIEF Act, as amended ("Act 57-2014

CERTIFICATION

I certify that the majority of the members of the Puerto Rico Energy Bureau agreed on April 17, 2025. Also certify that on April 17, 2025, I have proceeded with the filing of this Resolution and Order and was notified by email to mvalle@gmlex.net; arivera@gmlex.net; legal@genera-pr.com; regulatory@genera-pr.com; lrn@roman-negron.com

I sign in San Juan, Puerto Rico, today, April 17, 2025

Wand

Wanda I. Cordero Morales Interim Clerk

