

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

NEPR

Received:

May 15, 2025

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IN RE:

REVIEW OF GENERA PR, LLC
REQUEST TO OPERATE PALO SECO MP
AND MAYAGÜEZ CT WITH NATURAL
GAS AS PRIMARY FUEL

CASE NO.: NEPR-MI-2024-0004

SUBJECT: Motion to Show Cause Why
Sanctions Should Not Be Imposed in
Compliance with May 8 Order.

**MOTION TO SHOW CAUSE WHY GENERA SHOULD NOT BE IMPOSED IN
COMPLIANCE WITH MAY 8 ORDER**

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

COMES NOW GENERA PR LLC ("Genera"), as agent of the Puerto Rico Electric Power Authority ("PREPA"),¹ through its counsel of record, and respectfully submits and prays as follows:

1. On January 31, 2025, the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") issued a Resolution and Order titled *Resolution and Order for Request for Leave to Operate Palo Seco MP with Natural Gas as Primary Fuel* ("January 31st Resolution for Palo Seco MPs"), finding that Genera's response did not satisfy the conditions outlined in the October 11, 2024 Resolution and Order. Consequently, and based on additional reasoning set forth in the January 31st Resolution concerning the Mayagüez CTs, the Energy Bureau—while ostensibly reaffirming the conditional approval of the Palo Seco MPs conversion—declared null and void the October 11, 2024 Resolution and Order and imposed additional

¹ Pursuant to the *Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement* ("LGA OMA"), dated January 24, 2023, executed by and among PREPA, the Puerto Rico Public-Private Partnerships Authority and Genera, Genera is the sole operator and administrator of the Legacy Generation Assets (defined in the LGA OMA) the sole entity authorized to represent PREPA before the Energy Bureau with respect to any matter related to the performance of any of the O&M Services provided by Genera under the LGA OMA.

conditions that Genera was to now satisfy to secure final approval of the Palo Seco MPs conversion.

2. On that same date, the Energy Bureau issued a Resolution and Order titled *Resolution and Order for Request for Leave to Operate Mayagüez CTs with Natural Gas as Primary Fuel* (“January 31st Resolution for the Mayagüez CTs”, and jointly with the January 31st Resolution for Palo Seco MPs, the “January 31st Resolutions”), which, among other things, conditionally approved the fuel swap for the Mayagüez CTs subject to the same conditions set for the Palo Seco MPs conversion.

3. On February 20, 2025, Genera filed a *Motion for Reconsideration of Resolution and Order Dated January 31, 2025* (“Motion for Reconsideration”), respectfully requesting that this Honorable Energy Bureau to reconsider both the January 31st Resolution for Palo Seco MPs and the January 31st Resolution for the Mayagüez CTs, vacate the directives contained therein, and reinstate the terms previously approved—subject to any fair and lawful requirements—so as to (i) afford Genera a meaningful opportunity to address any valid concerns about ownership documentation, (ii) safeguard the contractual framework of the Legacy Generation Assets Operation and Maintenance Agreement (“LGA OMA”), and (iii) preserve Genera’s ability to earn incentives for legitimate fuel cost savings initiatives, consistent with statutory authority and established contractual provisions.

4. On May 6, 2025, Genera filed a *Motion to Inform Commencement of Testing and Commissioning Procedures for Fuel Swapping Conversion at Palo Seco Pending Energy Bureau’s Final Ruling on Genera’s Reconsideration* (“May 6th Motion”). In the May 6th Motion, Genera informed its capability, willingness and eagerness to commence its testing and commissioning process for the LNG peaker generators located at Palo Seco which have been dully installed and

authorized to operate since the year 2022. Accordingly, Genera informed its intention to commence the testing and commissioning procedures taking into consideration the public interest and the potential savings it would represent for PREPA and the consumers of Puerto Rico.

5. On May 8, 2025, this Energy Bureau issued a *Resolution, Cease and Desist Order and Order to Show Cause* (“May 8th Order”) in which it (i) reiterated the conditions set forth in its January 31st Resolutions were issued to protect the public interest to, among others, avoid a concentration or monopoly of natural gas supply that could benefit New Fortress Energy; (ii) ordered Genera to cease and desist the commencement of testing and commissioning procedures for fuel swapping conversion at Palo Seco; (iii) ordered Genera to show cause for not imposing sanctions within five (5) days, and (iv) ordered Genera to provide all information regarding any work made to date in relation to natural gas in Palo Seco on or before May 12, 2025.

6. In compliance with the Energy Bureau’s May 8th Order, on May 9, 2025, Genera filed a *Motion Informing Compliance and Requesting Reconsideration of May 8, 2025 Resolution, Cease and Desist Order, and Order to Show Cause* (“May 9th Motion”) confirming, among others, that Genera did not incur in any expense or had any work done, regarding the commissioning and testing on the Palo Seco MP.

7. To ensure the record is clear, as stated in its May 9th Motion, as part of the normal operation of its business, Genera did not perform any action in the equipment since the units arrived “gas ready” and with all components necessary for gas operations, and the regasification equipment was already installed by United States Corps of Engineers (“USACE”) in their Mission Assignment back in 2023. No conversion to natural gas has been performed as of this date. Therefore, there is no basis to assert the commencement of any unauthorized operation, as Genera

reiterates that it has not initiated such activities, and there is no justification or legal grounds for the imposition of sanctions or fines suggested by the Energy Bureau in its May 8th Order.

8. Moreover, Genera respectfully understands that the conditions set forth in January 31, 2025 Resolutions are not applicable to the Palo Seco Fuel Swap and would like to clarify the record and reiterate that the public interest the Energy Bureau seeks to protect, as stated in its May 6th Order, is already being safeguarded. First, the natural gas supply agreement between PREPA and New Fortress Energy is currently in place under an extension to secure the uninterrupted supply until the Request for Proposal (“RFP”) process for LNG supply, being conducted by the Third Party Procurement Office (“3PPO”), is completed, and no regasification infrastructure needs to be installed to commence the requested fuel swap.

9. Second, the Energy Bureau’s allegations of a natural gas monopoly are unfounded, as New Fortress Energy is neither the sole supplier nor the largest natural gas provider in Puerto Rico. In fact, Naturgy Aprovevisionamientos, S.A. currently holds more than fifty percent (50%) of the natural gas market on the island. Included as Exhibit A of this motion is Genera’s Fuels Department Fuel Purchases Summary for the past year which shows New Fortress Energy is not the largest natural gas provider in Puerto Rico for the PREPA power generation.

10. Third, Genera also reiterates that the urgency behind its request to commence fuel-swapping operations is driven by the potential benefits to PREPA and the consumers of Puerto Rico, including estimated savings of approximately one hundred thirty thousand dollars (\$130,000.00) to up to four million dollars (\$4,000,000.00) per month, as demonstrated in Exhibit A of the May 9th Motion. This is especially relevant given that the units arrived “gas ready” with all components necessary for natural gas operations. Genera estimates that the cost to prepare these units is less than one hundred fifty thousand dollars (\$150,000.00), and the natural gas required

for commissioning would amount to approximately three ISO containers, costing around twenty-four thousand dollars (\$24,000.00). Continuing to operate gas-ready plants on diesel not only incurs higher costs but also results in greater emissions and increased maintenance expenses—without reasonable justification.

WHEREFORE, Genera respectfully request that this Energy Bureau **take notice** of the above for all relevant purposes; **accept** Genera’s **Motion to Show Cause Why Sanctions Should Not Be Imposed in Compliance with May 8 Order**; **not impose sanctions** for Genera not having commenced the conversion to natural gas; and **find that the May 8th Order has been complied with**.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 15th day of May 2025.

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/s/ Jorge Fernández-Reboredo
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CERTIFICATE OF SERVICE

We hereby certify that a true and accurate copy of this motion was filed with the Office of the Clerk of the Energy Bureau using its Electronic Filing System.

In San Juan, Puerto Rico, this 6th day of May 2025.

/s/ Jorge Fernández-Reboredo
Jorge Fernández-Reboredo

GENERA PR Fuels Departent

Fuel Purchases

NATURAL GAS

	New Fortress Energy (NFE) (TBtu)	Naturgy Aprovisionamientos, S.A. (NASA) (TBtu)
May - 2024	3.65	2.92
Jun - 2024	4.20	3.55
Jul - 2024	3.99	3.11
Aug - 2024	3.28	3.42
Sep - 2024	3.42	3.33
Oct - 2024	2.81	4.88
Nov - 2024	3.04	5.62
Dec - 2024	3.06	4.32
Jan- 2025	2.68	4.52
Feb - 2025	1.17	3.80
Mar - 2025	1.52	3.88
Apr -2025	2.10	3.79
TOTAL	34.92	47.15
Share Percent	42.55%	57.45%

*** NFE Totals include both contracts (FSPA + NGSPA)