

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

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

CASE NO.: NEPR-MI-2024-0004

SUBJECT: Order regarding *Motion to Inform Commencement of Activities Pursuant to United States Department of Energy Order No. 202-25-1 for Fuel Swapping Conversion*, filed by Genera PR, LLC.

ORDER TO CEASE AND DESIST AND TO SHOW CAUSE

On January 31, 2025, the Energy Bureau of the Puerto Rico Public Service Regulatory Board (“Energy Bureau”) issued resolutions conditionally approving the fuel conversion of the Palo Seco Mobile Packs (“MPs”) and Mayagüez Combustion Turbines (“CTs”) to natural gas. The Energy Bureau recalled that it had initially issued a conditional approval for the fuel conversion of both the Palo Seco MPs and the Mayagüez CTs on October 11, 2024. However, after reviewing Genera PR, LLC’s (“Genera”) response filings, the Energy Bureau determined that Genera had failed to meet the required conditions. Consequently, it rescinded the original conditional approval and imposed a new set of conditions to be fully met before any work could begin.

On February 20, 2025, Genera filed a request for reconsideration seeking to vacate certain directives and reinstate previously approved terms, citing concerns about ownership documentation and contractual frameworks.

On May 6, 2025, Genera informed the Energy Bureau of its intention to commence testing and commissioning procedures for the fuel conversion at Palo Seco. Genera asserted it would move forward with commissioning activities based on its own interpretation of public interest and anticipated cost savings. This filing occurred while Genera’s motion for reconsideration of prior conditional approvals remained pending before the Energy Bureau.¹

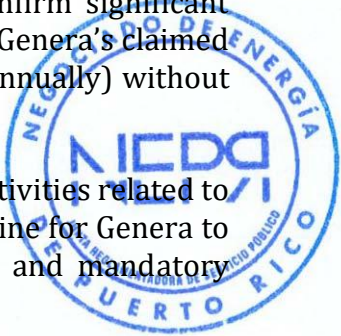
In response to Genera’s unilateral announcement of its intent to commence testing and commissioning of natural gas operations at the Palo Seco MPs, on May 8, 2025, the Energy Bureau issued a Resolution, Cease and Desist Order, and Order to Show Cause, instructing Genera to halt any such activities until further notice, emphasizing the need to avoid a concentration or monopoly of natural gas supply that could benefit specific entities.

The Energy Bureau deemed Genera’s decision to be a direct challenge to the Energy Bureau’s regulatory process.

The Energy Bureau highlighted material risks of allowing the conversion to proceed without safeguards, including the potential creation of a supply monopoly favoring Genera’s parent company, New Fortress Energy. Public disclosures by New Fortress confirm significant market entry barriers for competitors. The Energy Bureau also noted that Genera’s claimed fuel cost savings have varied widely (from \$18.26 million to \$48 million annually) without consistent or substantiated support.

As such, the Energy Bureau ordered an immediate cease and desist of all activities related to fuel conversion at both Palo Seco MPs and Mayagüez CTs; a five-day deadline for Genera to show cause why it should not be sanctioned for unauthorized actions; and mandatory

¹ On February 20, 2025, Genera filed a document titled *Motion for Reconsideration of Resolution and Order dated January 31, 2025* (“February 20 Motion”), in which Genera requests the Energy Bureau to reconsider the January 31 Resolution for the Mayagüez CTs and the January 31 Resolution for the Palo Seco MP, vacate the current directives, and reinstate the previously approved terms. In the May 15, 2025, Resolution and Order the Energy Bureau announced its intent to resolve the February 20 Motion within thirty (30) days from May 20, 2025.



submission of all documentation related to any gas-related work already undertaken, including scope, timing, and cost.

On May 28, 2025, Genera filed a document titled *Motion to Inform Commencement of Activities Pursuant to United States Department of Energy Order No. 202-25-1 for Fuel Swapping Conversion* (“May 28 Motion”). In its May 28 Motion, Genera informed the Energy Bureau of its intention to initiate fuel conversion operations at the Cambalache and Mayagüez plants, asserting authority under the United States Department of Energy (“DOE”) Order No. 202-25-1 (“DOE Order”). Genera claimed that the DOE Order authorizes the Puerto Rico Electric Power Authority (“PREPA”) and its agents to undertake urgent actions, including fuel conversion, in response to an energy emergency in Puerto Rico. Genera further asserted that in the absence of a determination by the Energy Bureau, within ten (10) days, it would proceed with implementation.

The Energy Bureau acknowledges the existence of DOE Order No. 202-25-1. The DOE Order was issued under the authority granted by Section 202(c) of the Federal Power Act, 16 USC 824a(c), and Section 301(b) of the Department of Energy Organization Act, 42 USC 7151(b), and is intended to authorize the temporary emergency dispatch of specific electric generating units to maintain grid reliability in Puerto Rico during an ongoing energy crisis. **However, this order does not authorize fuel conversion activities, nor does it relieve any entity from complying with local energy regulatory requirements.**

Genera’s claim that the DOE Order permits fuel swaps without the Energy Bureau’s approval constitutes a direct challenge to the Energy Bureau’s authority and orders. DOE Order No. 202-25-1 refers exclusively to the emergency dispatch of designated generating units as-is and contains no language authorizing or mandating any fuel conversion activities. The referenced Order merely permits PREPA or its agents to operate (dispatch) those units identified as “Specified Generation Resources” during limited periods necessary to address emergency load conditions, and in a manner that minimizes environmental impact and complies, to the maximum extent practicable, with federal, state, and local environmental regulations.

In fact, the Order clearly disallows any fuel conversion during this emergency period since it indicates “The majority of the conventional generation fleet requires urgent maintenance and fuel conversion initiatives that cannot currently be efficiently implemented, as taking the units offline for these activities would likely result in negative impacts to grid reliability.” Moreover, there is no provision that preempts or supersedes the regulatory authority of the Energy Bureau. Therefore, Genera’s assertion that DOE Order 202-25-1 independently authorizes the commencement of fuel conversion projects, without prior approval from the Energy Bureau, is **legally unfounded**.

The Energy Bureau **HIGHLIGHTS** that the orders issued by the DOE pursuant to Section 202(c) of the Federal Power Act are not inherently preemptive of state jurisdiction, absent an express preemption directive by Congress. As such, DOE’s Order No. 202-25-1 does not override the Energy Bureau’s statutory authority to regulate and approve fuel conversion activities within the jurisdiction of Puerto Rico.

Furthermore, the Energy Bureau **ACCENTUATES** that the initiation of fuel conversion not only violates regulatory requirement, but may also prove counterproductive to grid stability, as it entails temporarily disabling generating assets during a period in which their availability is essential to addressing the declared energy emergency.

The Energy Bureau **REITERATES** that the fuel conversion initiatives proposed by Genera are subject to prior review and express authorization by the Energy Bureau in accordance with Puerto Rico’s energy laws and regulatory framework.

The Energy Bureau **ORDERS** Genera to immediately **CEASE AND DESIST** from all activities related to the fuel conversion of generating units, including but not limited to Cambalache and Mayagüez, until **explicit authorization is granted by the Energy Bureau**.

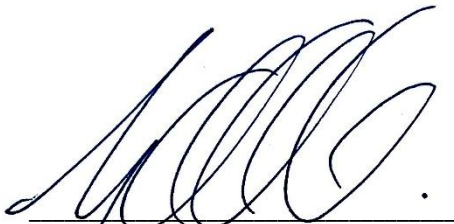



The Energy Bureau **ORDERS** Genera to **SHOW CAUSE**, within **ten (10) days** from the date of notification of this Order, as to why it should not be fined under Section 6.36 of Act 57-2014² for attempting to proceed with unauthorized fuel conversion activities and for misinterpreting the scope of DOE Order No. 202-25-1 to circumvent regulatory requirements.

The Energy Bureau **WARNS** Genera that failure to comply with this Order and/or failure to show sufficient cause, will result in the imposition of the **maximum** administrative fines authorized under Section 6.36 of Act 57-2014, including monetary fines of up to **two hundred fifty thousand dollars (\$250,000) per day for each violation**.

The Energy Bureau **ORDERS** its Clerk to notify this Order in both the instant docket and in docket *In Re: Review of the Puerto Rico Electric Power Authority's 10-Year Infrastructure Plan – December 2020*, Case No.: NEPR-MI-2021-0002, as the May 28 Motion was filed in that proceeding.


Be it notified and published.


Edison Avilés Deliz
Chairman
Lillian Mateo Santos
Associate Commissioner
Antonio Torres Miranda
Associate Commissioner

CERTIFICATION

I certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on May 30, 2025. Associate Commissioners Ferdinand A. Ramos Soegaard and Sylvia B. Ugarte Araujo did not intervene. I also certify that on May 30, 2025 a copy of this Resolution was notified by electronic mail to jfr@sbgblaw.com; legal@genera-pr.com; regulatory@genera-pr.com. I also certify that today, May 30, 2025, I have proceeded with the filing of the Resolution issued by the Puerto Rico Energy Bureau.

I sign this in San Juan, Puerto Rico, today May 30, 2025.


Sonia Seda Gaztambide
Clerk

² Known as the *Puerto Rico Energy Transformation and RELIEF Act*, as amended (“Act 57-2014”).