

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

IN RE: ELECTRIC SYSTEM PRIORITY
STABILIZATION PLAN

CASE NO.: NEPR-MI-2024-0005

SUBJECT: Reporting Directives and
Information Requirement regarding
PREPA's Proposed Contract Resulting from
Temporary Emergency Power Generation.

RESOLUTION AND ORDER

On February 27, 2025, the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") issued a Resolution and Order whereby it ordered LUMA Energy, LLC and LUMA Energy ServCo, LLC (referred to jointly as "LUMA") to express its position regarding the need for additional temporary generation, and its capacity in light of the findings of the Resource Adequacy Report ("February 27 Resolution").

In response to the February 27 Resolution, on March 6, 2025, LUMA filed before the Energy Bureau a document titled *Motion Submitting LUMA's Position* ("March 6 Motion"). Through the March 6 Motion, LUMA acknowledged a current generation deficit, which it estimated between 700 and 850 MW. However, LUMA noted it had not yet conducted a detailed technical analysis the importance of evaluating the proposal, including identifying priority locations, analyzing site conditions, and developing models of the impact on the electrical system. LUMA highlighted that in 2024 there were 115 load-shedding events, which is significant compared to the North American utility standard of 1 event every ten (10) years.

On March 12, 2025, the Energy Bureau ordered that LUMA, Genera, and the Puerto Rico Electric Power Authority ("PREPA") submit on or before March 24, 2025, a detailed report on all generation projects awarded and under their responsibility so a responsible evaluation of the request to acquire new generation could be carried out.

Due to the imminent emergency conditions, the Energy Bureau determined to support the request for temporary generation acquisition, before the deadline of the ordered reports. Consequently, on **March 19, 2025, the Energy Bureau endorsed the initiative of an urgent and temporary nature to address the estimated 700-850MW generation shortfall**, with particular attention to the **availability, capacity, installation timeframe, and related costs** of the temporary generation acquired.¹ The Energy Bureau ordered PREPA to, within three (3) days, appear before the Puerto Rico Public-Private Partnerships Authority ("P3") and initiate the process with the Independent Third-Party Procurement Office ("3PPO"), since Genera is a restricted party as established by P3. Likewise, the Energy Bureau ordered PREPA

¹ See, Resolución y Orden respecto a la adquisición de nueva generación temporera, *IN RE: PLAN PRIORITARIO PARA LA ESTABILIZACIÓN DE LA RED ELÉCTRICA*, Case No. NEPR-MI-2024-0005, March 19, 2025. The Energy Bureau determined the following:

Por consiguiente, el Negociado de Energía **APRUEBA** toda aquella iniciativa necesaria con carácter urgente y temporero para atender la situación de emergencia que enfrentamos, prestando especial atención a la disponibilidad, capacidad, tiempo de instalación y los costos relacionados con la generación temporera adquirida.

El Negociado de Energía **SUBRAYA** que la adquisición de nueva generación temporera no contraviene el Plan Integrados de Recursos vigente.

De conformidad con lo anterior, se **ORDENA** a la Autoridad a, dentro de tres (3) días, contados a partir de la notificación de la presente Resolución y Orden, acudir ante la Autoridad para las Alianzas Público - Privadas ("P3") e iniciar el proceso de la Oficina de Compras de Terceros Independiente ("3PPO", por sus siglas en inglés), dado que Genera es una parte restringida según dispuesto por P3.3 De igual forma, se **ORDENA** a la Autoridad acreditar al Negociado de Energía el cumplimiento con la presente Resolución y Orden en o antes del lunes, 24 de marzo de 2025.

Además, se **ORDENA** a la Autoridad a, una vez culminado el proceso de licitación para la adquisición de generación, presentar ante el Negociado de Energía los costos asociados a cada iniciativa, a los fines de que el Negociado de Energía pueda establecer si los mismos son prudentes y razonables.



to certify to the Energy Bureau compliance with the order on or before March 24, 2025 ("March 19 Resolution"). Additionally, the Energy Bureau ordered PREPA that once the procurement process for generation acquisition had concluded, **it shall submit the costs associated with each initiative, so the Energy Bureau can determine whether such costs are prudent and reasonable.**

On March 21, 2025, PREPA informed it had initiated the corresponding process under the March 19 Resolution.

To address Puerto Rico's state of energy emergency, on March 28, 2025, the Energy Bureau issued a Resolution and Order establishing an Electric System Priority Stabilization Two-Year Plan. The Energy Bureau further ordered LUMA, Genera, and PREPA to provide a monthly report of the activities established in the Electric System Priority Stabilization Two-Year Plan.

The two monthly reports (March and April 2025) have been filed by all parties. Pertaining to the 800MW of additional emergency temporary generation, PREPA explained the timeframe for the RFP, which was issued March 25, 2025. PREPA indicated: 3PPO is managing the process; the due date to file proposals is April 25, 2025 (analysis will begin immediately); the timeline depends on the proposals, of which there are more than expected; as per PREPA's reports, **the expected contract execution date with the Selected Proponent would be May 2, 2025.**

On June 20, 2025, **approximately three (3) months after the Energy Bureau's endorsement and almost two (2) months after PREPA's expected execution date**, PREPA filed a document titled *Motion Submitting Proposed Contract Resulting from Temporary Emergency Power Generation RFP* for the Energy Bureau's Review and Approval ("June 20 Motion"). Through the June 20 Motion PREPA tendered, for the Energy Bureau's consideration, a draft Performance Service Agreement with Power Expectations, LLC covering up to 800 MW of temporary emergency generation (600 MW at Aguirre and 200 MW at Costa Sur), together with the 3PPO evaluation report and other confidential exhibits. PREPA asked the Energy Bureau to approve the contract, acknowledge that the procurement complied with the Energy Bureau's March 19 Resolution on the generation emergency, and to keep the submitted contract materials under seal as protected and proprietary information.

Through the June 20 Motion, PREPA requests the Energy Bureau to approve urgently needed temporary emergency generation. Before ruling, the Energy Bureau requires the clarifications below and **ORDERS** PREPA to file written answers **no later than July 1, 2025:**

- (a) **Term justification.** Why does the draft contract propose an initial term of two (2) years (agreement may be extended up to two (2) additional optional one (1) year periods) as opposed to the 18-month timeframe originally proposed by Genera? Although the Energy Bureau may elect to limit any approval to 18 months or accept other contract length terms, it still needs comparative data, especially if the pricing varies.
- (b) **Pricing scenarios.** From the submitted information for evaluation we observed a base price for Years 1 and 2, followed by a decrease in Years 3 and 4. Please indicate if the 3PPO or other bidders considered further increasing the time frame. If so, submit, for the record, any other pricing proposal.
- (c) **Information and Proposals.** Submit all qualified bidders' information and proposals during the negotiation process.

PREPA claims Exhibits A and B to the June 20 Motion contain trade secrets and ongoing-negotiation material.² The Energy Bureau **GRANTS** confidential treatment and **ORDERS** PREPA to file public, redacted versions of both exhibits **within five (5) days** of this Resolution

² June 20 Motion, p. 4.



and Order, under Sections 1.4, 6.3, and 6.15 of Act 57-2014 (as amended) and the Bureau's Confidential-Information Policy.³

The Energy Bureau may conduct an expedited review of the proposed Performance Service Agreement for the emergency temporary generation in a separate proceeding. If it chooses this route, it will issue a notice to the Clerk.

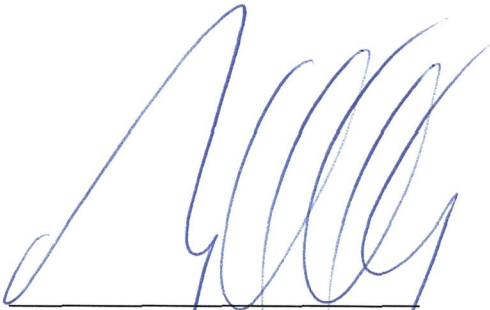


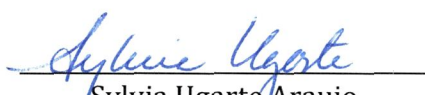
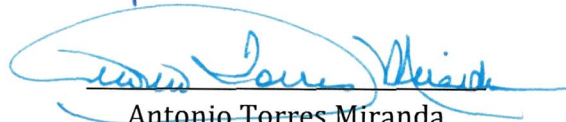
The Energy Bureau **ORDERS** PREPA to file written answers **no later than July 1, 2025**.

The Energy Bureau **WARNS** PREPA that this determination does not preclude the Energy Bureau from continuing to request additional information.

The Energy Bureau **WARNS** PREPA that, in accordance Art. 6.36 of Act 57-2014:⁴

- (i) noncompliance with this Resolution and Order, regulations and/or applicable laws may carry the imposition of fines and administrative sanctions from ten thousand dollars (\$10,000) 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	Ferdinand A. Ramos Soegaard Associate Commissioner
	
Sylvia Ugarte Araujo Associate Commissioner	Antonio Torres Miranda Associate Commissioner



³ See, Resolution, *In re: Policy on Management of Confidential Information in procedures before the Commission*, Case No. CEPR-MI-2016-0009, August 31, 2016; and Resolution, *In re: Policy on Management of Confidential Information in procedures before the Commission*, Case No. CEPR-MI -2016-0009, September 20, 2016.

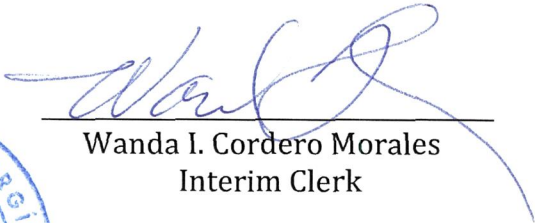
⁴ Known as the *Puerto Rico Energy Transformation and RELIEF Act*, as amended ("Act 57-2014").

CERTIFICATION

I certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on June 27, 2025. I also certify that on June 27, 2025 a copy of this Resolution and Order was notified by electronic mail to the following: arivera@gmlex.net; mvalle@gmlex.net; lrn@roman-negron.com; legal@genera-pr.com; regulatory@genera-pr.com; RegulatoryPREBorders@lumapr.com; emmanuel.porrogonzalez@us.dlapiper.com; laura.rozas@us.dlapiper.com; margarita.mercado@us.dlapiper.com. I also certify that today, June 27, 2025, I have proceeded with the filing of the Resolution and Order issued by the Puerto Rico Energy Bureau.

I sign this in San Juan, Puerto Rico, today June 27, 2025.




Wanda I. Cordero Morales
Interim Clerk