

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

**NEPR**

**Received:**

**Jul 31, 2025**

**9:18 PM**

**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

**MOTION IN COMPLIANCE WITH RESOLUTION AND ORDER OF JULY 22, 2025**

**TO THE HONORABLE PUERTO RICO ENERGY BUREAU:**

**COMES NOW** the Puerto Rico Electric Power Authority ("PREPA"), through its undersigned legal counsel, and respectfully informs and requests as follows:

1. On February 21, 2024, Genera PR LLC ("Genera") filed a *Request for Leave to Operate Palo Seco MP and Mayagüez CT with Natural Gas as the Primary Fuel* before the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau"), as part of the proceedings concerning the evaluation of the Fuel Optimization Plan. Genera sought authorization to convert certain generation units to dual-fuel operation using ultra-low sulfur diesel ("ULSD") and natural gas ("NG").

2. On January 31, 2025, the Energy Bureau issued two Resolutions and Orders, granting conditional approval for the proposed conversion. The Energy Bureau stated:

- (i) The P3 Authority, 3PPO or PREPA, as applicable, SHALL execute a competitive procurement process, which may include either an RFP or any other legally permitted process (not necessarily an RFP). This process must ensure, to the extent feasible, the participation of multiple natural gas suppliers, fostering a transparent and competitive selection that

secures the most favorable economic and technical conditions for PREPA. Any selected approach must guarantee long-term cost-effectiveness, operational reliability, and financial benefits for ratepayers. The execution of this process will be a prerequisite to proceeding with the conversion, ensuring that the supply arrangements promote market competition and do not create undue entry barriers for alternative suppliers. The scope of the project SHALL include the conversion of the Mayagüez CTs to operate on dual-fuel-natural gas and diesel— requiring the supply and installation of the necessary conversion components, including, but not limited to, modifications to combustion systems, fuel handling equipment, and control systems. Additionally, the project will involve the installation of regasification units and associated infrastructure to facilitate the processing and delivery of natural gas to the converted units. This includes, but is not limited to, ambient air vaporizers, LNG storage facilities, interconnection pipelines, pressure regulation systems, and safety and monitoring equipment to ensure reliable and efficient operations.

3. The January 31 Resolution expressly authorized either the Public Private Partnership Authority ("P3 Authority"), the Third-Party Procurement Office ("3PPO"), or PREPA to conduct the procurement process. PREPA did not undertake this task; it was carried out solely by the 3PPO on behalf of the P3 Authority. As such, the entity responsible for leading and executing the procurement process was the 3PPO.<sup>1</sup>

4. On June 11, 2025<sup>2</sup>, the Energy Bureau ordered PREPA to submit, within three (3) days of notification, a summary of any procurement process conducted, in compliance with the conditions imposed in the January 31 Resolutions.

---

<sup>1</sup> See Exhibit A.

<sup>2</sup> Due to a clerical error, PREPA was not notified of the June 11, 2025 Resolution and Order until July 8, 2025.

5. Because it was 3PPO—not PREPA—that carried out the procurement process, PREPA had to obtain the relevant documentation from 3PPO in order to comply with the Energy Bureau's Resolution and Order of June 11.

6. Accordingly, on July 18, 2025, PREPA filed a motion in compliance, submitting, among other documents, a copy of RFP No. 3PPO-1125-17-MSIN for the acquisition of liquefied natural gas (LNG) for multiple generation sites, along with an addendum to the referenced RFP.

7. On July 22, 2025, Energy Bureau ordered PREPA to take the following actions ("July 22, Resolution"):

- a. Submit the administrative record of the RFP 3PPO-1125-17-MSIN no later than Thursday, July 24, 2025, at 5:00 p.m..
- b. Show cause, within five (5) days of the notification of the Resolution and Order, as to why it failed to follow the procedure established in the January 31 Resolution regarding the competitive procurement process. The Energy Bureau highlighted that the January 31 Resolution encompassed not only natural gas acquisition but also all necessary infrastructure for dual-fuel conversion (natural gas and ULSD) and regasification facilities.
- c. Within the same five-day term, PREPA was ordered to explain in detail, supported by documentation, the rationale for claiming it is in the ratepayers' best interest to bypass the Energy Bureau's established procedure and allow recovery of conversion costs (estimated at approximately \$125 million, excluding Mayagüez and Cambalache) directly through ratepayer tariffs. The Energy Bureau noted that its January 31 Resolution contemplated these costs being incorporated into the competitive procurement process.

d. Show cause, within five (5) days of the notification, as to why the proposed contract was not submitted to the Energy Bureau prior to the issuance of the RFP, and why it was not submitted for review after negotiation. The Energy Bureau clarified that Regulation 8815 mandates submission of a draft RFP and proposed contract for its evaluation and approval before issuance, which did not occur.

8. On July 24, 2025, PREPA filed a motion submitting the administrative record received – once again – from the entity in charge of the RFP, the 3PPO. Through the present motion, PREPA now addresses the remaining items in the July 22, Resolution.

9. First, regarding the order to show cause as to why PRPEA allegedly failed to follow the procedure established in the January 31 Resolution, it is imperative to point out that PREPA did not conduct or control the RFP process. The decision to exclude infrastructure components from the RFP and to proceed solely with LNG acquisition was made independently by the 3PPO. PREPA had no role in defining the scope or evaluating proposals. To clarify the rationale for the RFP structure, PREPA requested an explanation from the 3PPO. That response is attached as **Exhibit B**.

10. Second, the Energy Bureau also requested an explanation regarding for Genera's rationale in claiming it is in the ratepayers' best interest to allow recovery of conversion costs directly through tariffs. Since PREPA has not submitted any proposal, nor participated in any decision requesting rate recovery for the estimated \$125 million in conversion costs, a formal request to Genera for its

rationale was requested. Genera responded on July 25, 2025, and requested an extension until August 7, 2025 to submit the information<sup>3</sup>. PREPA will file that response upon receipt. PREPA reiterates that any such cost recovery request originates solely from Genera.

11. Finally, the Energy Bureau ordered PREPA to explain why the proposed contract was not submitted prior to the issuance of the RFP, and why it was not submitted for review after negotiation, in compliance with Regulation 8815.<sup>4</sup> PREPA respectfully submits that the regulation does not apply in this context.

12. At the outset, Regulation 8815 governs procurements led by PREPA. In its January 31 Resolution, the Energy Bureau indicated that the procurement process should be conducted by the P3 Authority, 3PPO **or** PREPA. As previously mentioned, the procurement in this case was conducted entirely by the 3PPO, on behalf of the P3 Authority – not by PREPA.

13. PREPA agrees that, had it conducted the procurement process, compliance with Regulation 8815 would be required. However, that was not the case.

14. Moreover, Article 9.2 of Regulation 8815 states:

[O]nce submitted to the PPP Authority, **this Regulation shall not apply,**

but the final Contract negotiated and approved pursuant to such Act

---

<sup>3</sup> See Exhibit C.

<sup>4</sup> Joint Regulation for the Procurement, Evaluation, Selection, Negotiation, and Award of Contracts for the Purchase of Energy and for the Procurement, Evaluation, Selection, Negotiation, and Award Process for the Modernization of the Generation Fleet Pursuant to Act No. 83 of May 2, 1941, as amended, and Act No. 57-2014, as amended. ("Regulation No. 8815").

29 process shall be submitted to the Energy Commission for verification and determination that its terms, and any change to the scope of the Project, if any, do not render it inconsistent with the IRP and that the profit margin and price escalators in the Contract comply with the parameters previously approved by the Energy Commission or, if not previously presented to and approved by the Energy Commission, are otherwise acceptable to the Energy Commission.

15. This provision confirms that once a project is routed through the public-private partnership mechanism under Act 29, the procurement process itself is no longer governed by Regulation 8815. PREPA's only obligation is to ensure that the final contract is submitted for post-procurement review for consistency with the Integrated Resource Plan ("IRP")—a process not yet triggered, as the contract remains under negotiation.

16. Accordingly, PREPA respectfully submits that Regulation 8815 does not apply and that its role in the procurement process was limited to seeking information in good faith from the entities responsible.

17. Based on the aforementioned, PREPA respectfully submits that it has complied with the Energy Bureau's July 22, 2025 Resolution. PREPA did not conduct or control the procurement process, which was led by the 3PPO under the authority of the P3A. It promptly submitted the administrative record and sought the necessary explanations from both the 3PPO and Genera. PREPA has not requested cost recovery from ratepayers and awaits Genera's justification. As

the process was conducted under Act 29, Regulation 8815 does not apply. PREPA has acted diligently and in good faith, and therefore requests to be deemed in full compliance.

**WHEREFORE**, PREPA respectfully requests that the Energy Bureau take notice of the foregoing and deem PREPA in full compliance with the Resolution and Order of July 22, 2025.

**RESPECTFULLY SUBMITTED.**

In San Juan, Puerto Rico, this 31<sup>st</sup> day of July 2025.

**CERTIFICATE OF SERVICE:** We hereby certify that this document was filed with the Office of the Clerk of the Energy Bureau using its Electronic Filing System at <https://radicacion.energia.pr.gov/login>, and courtesy copies were sent via e-mail to Genera PR, LLC through its counsels of record at [jfr@sbgblaw.com](mailto:jfr@sbgblaw.com), [jdiaz@sbgblaw.com](mailto:jdiaz@sbgblaw.com).

**GONZÁLEZ & MARTÍNEZ**

1509 López Landrón  
Seventh Floor  
San Juan, PR 00911-1933  
Tel.: (787) 274-7404

**s/ Alexis G. Rivera Medina**

**Alexis G. Rivera-Medina**

TSPR No.: 18,747

E-mail: [arivera@gmlex.net](mailto:arivera@gmlex.net)



**PUERTO RICO PUBLIC-PRIVATE  
PARTNERSHIPS AUTHORITY**  
GOVERNMENT OF PUERTO RICO

Exhibit A

February 24, 2025

**BY ELECTRONIC MAIL**

**Winnie Irizarry**

Chief Executive Officer

[winnie@genera-services.com](mailto:winnie@genera-services.com)

with copy to:

**Genera PR LLC**

Attention: General Counsel

[legal@genera-pr.com](mailto:legal@genera-pr.com)

**Subject: Notice of Correspondence from 3PPO Regarding Expiration of NGSPA  
and Request for Position on Procurement Process Activation**

Reference is made to the Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement ("LGA O&M Agreement") dated as of January 24, 2023, by and among the Puerto Rico Electric Power Authority ("PREPA"), the Puerto Rico Public-Private Partnerships Authority ("P3A") and Genera PR LLC ("Genera"). Reference is also made to the Natural Gas Sale and Purchase Agreement ("NGSPA"), dated March 15, 2024, between Genera, as agent of PREPA, and NFEnergía LLC ("NFE") for the acquisition and supply of Liquified Natural Gas ("LNG") to fuel the mobile generation units located at the San Juan and Palo Seco Power Plants, among others. Further reference is made to the Professional Services Agreement ("PSA"), executed on July 31, 2024, between P3A and Regulatory Compliance Services, Corp. ("3PPO"), which authorizes the 3PPO to serve as a third-party procurement office supporting PREPA transactions under Act 120-2018. Terms not defined in this letter shall have the meanings ascribed to them in the LGA O&M Agreement.

P3A hereby notifies Genera that it has received correspondence from the "3PPO", dated February 19, 2025, advising that the NGSPA has not been extended and is scheduled to expire within twenty-four (24) days from the date of said correspondence. Additionally, the 3PPO has recommended the activation of the exigency procurement process, as



established in the Procurement Manual<sup>1</sup>, to ensure the continuity of essential services and mitigate any potential disruption caused by the expiration of the NGSPA. For your reference, a copy of the 3PPO's letter is attached hereto as Exhibit A.

Pursuant to the 3PPO Standard Operating Procedure ("SOP"), procurement responsibilities may be transferred to the 3PPO under specific circumstances. Considering that the 3PPO oversaw the procurement process for the NGSPA due to Organizational Conflict of Interest involving Genera, the imminent expiration of the NGSPA, and in light of the provisions set forth on the SOP, P3A formally requests that Genera provide its position regarding potential activation of the procurement process with the 3PPO to safeguard continuity of services. Specifically, P3A requests confirmation as to whether Genera considers it reasonable and appropriate, under the current circumstances, to proceed with the procurement process through the 3PPO in accordance with the procedures established in the SOP.

Given the importance and urgency of this matter, P3A requests that Genera submit its written response **no later than February 25, 2025**. Should there be any questions or the need for further clarification, please do not hesitate to contact the undersigned at [gerardo.loran@p3.pr.gov](mailto:gerardo.loran@p3.pr.gov).

Sincerely,

*Gerardo Loran*

Gerardo Loran (Feb 24, 2025 15:12 AST)

Gerardo Lorán Butrón  
Deputy Executive Director

---

<sup>1</sup> Exigency" means a situation that demands immediate aid or action, where there is a need to avoid, prevent, or alleviate serious harm or injury, financial or otherwise, and use of competitive procurement proposals would prevent the urgent action required to address the situation.

## Exhibit - A



February 19, 2025

From: Osvaldo Carlo López  
Third-party Procurement Office (3PPO)  
1225 Ponce de León Avenue, Suite 1001  
San Juan, PR 00907

To: Josué Colón Ortiz  
Director  
Puerto Rico Public-Private Partnerships Authority (P3A)  
Minillas Government Center, North Tower, 6th Floor  
Avenida José De Diego, San Juan, PR 00940

**Subject:** Urgent Exigency Process for LNG Procurement to Ensure Fuel Supply for Temporary Units

Dear Executive Director Colón Ortiz,

We write to request the immediate activation of the exigency procurement process for liquefied natural gas (LNG) to ensure the continued fuel supply for Puerto Rico's temporary power units.

The Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement ("LGA O&M Agreement"), dated January 24, 2023, between the Puerto Rico Electric Power Authority ("PREPA"), the Puerto Rico Public-Private Partnerships Authority ("P3A"), and Genera PR, LLC ("Genera"), governs power generation operations. Additionally, the Natural Gas Sale and Purchase Agreement ("NGSPA"), dated March 15, 2024, between Genera, as agent of PREPA, and NFEnergía LLC ("NFE"), regulates NFE's LNG delivery obligations. Further reference is made to the Professional Services Agreement ("PSA"), executed on July 31, 2024, between P3A and Regulatory Compliance Services, Corp. ("3PPO"), which authorizes the 3PPO to serve as a third-party procurement office supporting PREPA transactions under Act 120-2018.

With 24 days remaining before the current LNG supply contract expires, NFEnergía has expressed reluctance to extend the agreement due to ongoing disputes regarding incentive payments. Should the contract not be renewed, the resulting fuel shortage will jeopardize 300 MW of power generation, critically affecting Puerto Rico's electrical grid, infrastructure, and essential services.

Given the urgency, we recommend activating the exigency procurement process under P3A and 3PPO to initiate procurement immediately. This process may secure a 30-day contract to mitigate the shortage, unless an extension is necessary and is approved by P3A. The 3PPO is working on issuing long-term contract RFP to secure LNG supply mitigating power shortage.

The execution of this strategy may be a solution to maintaining Puerto Rico's energy security.

The 3PPO requests P3A's approval to proceed with the execution of the Exigency procurement process.

Respectfully,

A handwritten signature in blue ink, consisting of several loops and a final flourish.

Osvaldo Carlo López  
Senior Regulatory Compliance Officer/Principal

cc: Gerardo Lorán  
Juan Gonzalez  
Rubén Lugo  
Mariela Quiñones



July 30, 2025

## **Justification for the Elimination of Conversion Projects from the Multi-Site LNG Acquisition RFP**

The following explanation outlines the reasons for the removal of the conversion components from the Multi-Site LNG Acquisition Request for Proposals (RFP) issued in April 2025. This decision was based on both procedural and strategic considerations that emerged during the RFP process.

### **1. Original Scope Included Conversions at Multiple Sites**

The original RFP sought to procure LNG supply and associated services, including the conversion of generation units from diesel to natural gas or dual-fuel capability. These were grouped as:

- Category 1: San Juan Units 5 & 6 and Temporary Generation Units
- Category 2: Other PREPA-owned legacy units eligible for conversion
- Category 3: Future sites with LNG delivery or conversion potential

This integrated scope aimed to leverage federal recovery funds, such as FEMA or CDBG-MIT, to support conversion-related capital improvements.

### **2. Sole Conversion Proposal Did Not Meet RFP Requirements**

Only one proponent, NFEnergía, LLC (NFE), submitted a proposal covering both LNG supply and conversion scopes. However, the proposal failed to meet several mandatory requirements, including:

- Submission of a noncompliant bid bond that did not satisfy the issuer or form criteria under Exhibit E
- Failure to provide binding agreements with qualified EPC contractors, as required under Exhibit K

- Material deviations from the model contract, including terms inconsistent with public interest protections and the risk allocation structure set forth in the RFP

These deficiencies led to the formal disqualification of NFE under the published evaluation criteria.

### 3. Reconsideration Did Not Resolve Key Deficiencies

NFE submitted a reconsideration request following its disqualification. The request was reviewed in detail, but it did not resolve the critical issues:

- No correction or replacement of the noncompliant bid bond
- Continued lack of binding EPC arrangements
- No revised proposal consistent with the required contract terms

As such, the proponent remained disqualified, and no compliant proposal offering conversion services remained under consideration.

### 4. Preserving Federal Funding Compliance

The inclusion of conversions in the original RFP was based on the expectation that federal funding might be available. However, continuing to pursue conversion projects through a process in which no compliant bidder remained would have posed serious risks, including:

- Jeopardizing the allowability of project costs under federal guidelines
- Failing to meet the procurement integrity standards required under 2 C.F.R. § 200
- Potential audit exposure and loss of reimbursement eligibility

To protect future funding opportunities and ensure alignment with federal compliance standards, the conversion components were removed from the RFP.

### 5. Conversions to Proceed Under Separate Procurement

All Category 1, 2, and 3 conversions remain a priority and will be addressed through separate procurement efforts. These future processes will be structured around:

- Readiness of engineering and permitting
- Identification of applicable funding sources
- Clear and federally compliant procurement procedures

This approach promotes transparency, competition, and protects access to federal funding.

## 6. Strategic Risk Management and Emergency Considerations

Considering the critical state of Puerto Rico's energy system and the urgent need to secure a reliable LNG supply, the 3PPO determined that it was prudent to evaluate all potential options to prevent disruption of fuel service to essential generation assets. Although NFE was formally disqualified for failure to meet key RFP requirements, a reconsideration request was submitted and, given the emergency context, the 3PPO allowed the evaluation of its proposal to proceed in parallel as a contingency measure.

However, after a thorough review, the reconsideration did not resolve the fundamental deficiencies that initially led to disqualification. No other compliant proponent offered conversion services. As such, proceeding with the conversion components under the existing RFP framework would have exposed the process to significant compliance and audit risks, potentially jeopardizing eligibility for federal funding.

Accordingly, the 3PPO concluded that the prudent and compliant course of action was to remove all conversion scopes from the Multi-Site LNG Acquisition RFP. This decision was taken as a risk prevention strategy, ensuring alignment with procurement regulations, protecting federal fund eligibility, and enabling the continuation of LNG supply procurement without further delay.

The conversion of legacy units remains a strategic objective and will be pursued through separate and properly structured procurement processes, once funding, permitting, and engineering readiness allow for a compliant and competitive solicitation.

Sincerely,

Third-Party Procurement Office (3PPO)

Thursday, July 31, 2025 at 21:13:55 Atlantic Standard Time

---

**Subject:** RE: Resolución emitida en el caso NEPR-MI-2024-0004  
**Date:** Friday, July 25, 2025 at 11:47:06 AM Atlantic Standard Time  
**From:** Jorge Fernandez-Reboredo  
**To:** Lcdo. Alexis Rivera, José J. Díaz Alonso  
**CC:** Lcda. Mirelis Valle Cancel, Felix A Hernandez-Caban, Jorge Fernandez-Reboredo, Stephen Romero Valle  
**Attachments:** image082720.png, image256221.png

Buenos días a todos,

Acusamos recibo del mensaje recibido en la mañana de hoy. Hemos compartido el mismo con nuestro cliente Genera y el requerimiento de información para el próximo 30 de julio de 2025. Aunque estamos en la mejor disposición de proveer aquella información disponible a PREPA, ésta no podrá ser completada dentro del término sugerido. Ante esta situación, agradeceremos nos concedan una prórroga que permita a Genera compilar los datos y documentación requerida para el **7 de agosto de 2025**.

Esta solicitud se hace de buena fe y con el legítimo interés de cooperar con PREPA en este procedimiento.

De tener cualquier pregunta, pueden comunicarse con nosotros a su conveniencia.

Atentamente,

JFR

**Jorge Fernandez-Reboredo**

Socio | Partner  
T 787-300-3200  
M 787-392-0446  
Miramar Plaza Center 954 Ave.  
Ponce de León, Suite 201  
San Juan, PR 00907, Puerto Rico  
[ecija.com](http://ecija.com)

In compliance with GDPR, ECIJA guarantees the confidentiality and privacy of the personal information that we process, and to provide a compliant and consistent approach to data protection. To learn more about how we collect, keep, and process data, please view our privacy policy at: <https://ecija.com/en/privacy-policy/> or contact our DPO at [dpo@ecija.com](mailto:dpo@ecija.com).

 **Please consider the environment before printing this email. At ECIJA we are committed to reducing waste and promoting the conscious use of resources to preserve the environment.**

---

**From:** Lcdo. Alexis Rivera <[arivera@gmlex.net](mailto:arivera@gmlex.net)>  
**Sent:** Friday, July 25, 2025 9:19 AM  
**To:** Jorge Fernandez-Reboredo <[jfr@sbgblaw.com](mailto:jfr@sbgblaw.com)>; José J. Díaz Alonso <[jdiaz@sbgblaw.com](mailto:jdiaz@sbgblaw.com)>

**Cc:** Lcda. Mirelis Valle Cancel <mvalle@gmlex.net>; Felix A Hernandez-Caban <felix.hernandez@prepa.pr.gov>  
**Subject:** Resolución emitida en el caso NEPR-MI-2024-0004

Estimados compañeros:

El pasado martes, el Negociado de Energía emitió una Resolución en el caso de referencia, la cual se acompaña. Como parte de las órdenes emitidas, el Negociado requirió una explicación detallada, junto con cualquier documento que la respalde, para justificar que permitir la recuperación de los costos de conversión de Mayagüez y Palo Seco a través de la tarifa —en lugar de mediante el proceso competitivo de RFP para el contrato de suministro de gas, según establecido en resoluciones anteriores— responde al mejor interés de los abonados.

Dado que Genera solicitó la conversión de las unidades y propone que los costos relacionados sean recuperados mediante la tarifa, solicitamos que Genera provea la explicación requerida por el Negociado de Energía. En ese sentido, agradeceré que en o antes del 30 de julio de 2025, se nos remita lo requerido para poder ser sometido en el término dispuesto.

Estamos disponibles para discutir cualquier asunto sobre el particular.

Cordialmente,

ARM