

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

IN RE: Petition for approval of amendment to PPOA between Energiza, LLC and PREPA

CASE NO.: NEPR-AP-2025-0003

SUBJECT: Request for approval of Energiza First Amendment.

RESOLUTION AND ORDER

I. Introduction and background

By Resolution dated December 10, 2024, the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") approved an Energy Compliance Certificate (the "Certificate") in connection with a Power Purchase and Operating Agreement ("PPOA") to be executed between Energiza and PREPA for the development of a 478 MW natural gas-fired generation facility. Subsequent to the issuance of the Certificate of Compliance, on June 20, 2025, the Energy Bureau received a petition filed by PREPA requesting approval of an amendment to the PPOA. After several procedural steps, including the filing of additional information by PREPA, and as discussed in this Resolution, The Energy Bureau approves the requested amendment.

On June 20, 2025, the Puerto Rico Electric Power Authority ("PREPA") submitted to the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") a document titled *Petition for Approval of Amendment to PPOA between Energiza, LLC and PREPA* ("June 20 Petition"). Through June 20 Motion, PREPA requests approval of an amendment to the Energiza PPOA.¹

According to PREPA, the proposed amendment seeks to pass through potential fuel cost savings to PREPA's customers, reduce the Capacity Payment, increase the facility's Guaranteed Capacity, and is expected to generate an estimated \$302 million in cost savings over the contract term.² PREPA states that the amendment has already been approved by both the Public-Private Partnerships Authority ("P3 Authority") and PREPA's Governing Board and is now subject to approval by the Energy Bureau and the Financial Oversight and Management Board ("FOMB").³ PREPA has also requested that certain documents related to the amendment be kept confidential under applicable laws and regulations.⁴

On July 2, 2025, the Energy Bureau issued a Resolution and Order ("July 2 Order"), in which it ordered PREPA to submit all supporting documents, spreadsheets, models, and other relevant files in their original native format (*e.g.*, Excel, Word, or other editable formats), with all underlying formulas, links, and source data fully preserved. The July 2 Order also required PREPA to file a Memorandum of Law justifying its request for confidential treatment of the exhibits filed with its June 20 Petition.

On July 14, 2025, PREPA filed a document titled *Memorandum of Law in Support of Request of Confidentiality of PPOA Amendment and in Compliance with the July 2, 2025 – Resolution*

¹ See *Power Purchase Operating Agreement by and between Energiza LLC ["Energiza"] and The Puerto Rico Electric Power Authority and San Juan Generation Assets LLC and Cratos Energy Holdings LLC*, dated as of December 20, 2024 ("Energiza PPOA").

² See June 20 Motion, pp. 1-2.

³ *Id.*, p. 2.

⁴ *Id.*, pp. 2-3.



and Order ("July 14 Memorandum"). PREPA states that Article 4(iv) of the Puerto Rico Government Open Data Act, Act 122-2019, codified at 3 L.P.R.A. § 9894, exempts from disclosure "[i]nformation and official information related to decision-making in public policy-making processes, as recognized by law, including deliberative materials."⁵

On July 15, 2025, the Energy Bureau issued a Resolution and Order extending the evaluation period for ninety (90) days to conduct an in-depth evaluation.

On July 18, 2025, PREPA filed a document titled *Motion in Compliance with July 2, 2025, Resolution and Order* ("July 18 Motion"), in which PREPA submitted supporting documentation as Exhibits A, B, and C. PREPA requested confidential designation and treatment to Exhibits A, B, and C under the same legal argument as stated in its July 14 Memorandum.

II. Analysis

The Energy Bureau has determined that the information submitted by PREPA **COMPLIES** with the Energy Bureau's Orders. PREPA requested First Amendment to the PPOA is comprised of two (2) main changes to the executed PPOA, such as:

1. Increasing the contract capacity from 478 MW to 560 MW.
2. Reducing the Capacity Payment Pricer from \$21.05/kW-month to \$19.55/kW-month.

The amendment also includes additional language that passes any refinancing savings to the ratepayers. The amendment also increases the cap savings from \$0.50/kW-month to \$1.00/kW-month in benefit of the ratepayers.⁶

The *Public-Private* Partnerships process established under Act 120-2018 and Act 29-2009 applies to transactions involving PREPA's facilities, whether such facilities are already in existence or are planned for future development. In this context, "facilities" include, among others, electric power generation facilities.⁷ Under this framework, the P3 Authority is authorized to establish a Partnership Agreement, including in the form of a Power Purchase and Operating Agreement ("PPOA"), through which PREPA may acquire generation services, such as energy or dependable capacity from an Independent Power Producer.

For any transaction that establishes a Public-Private Partnership in accordance with Act 120-2018, the Energy Bureau shall certify that a Preliminary Contract Complies with Act 17-2019 and its regulatory framework.⁸ In the case NEPR-AP-2024-0003⁹, the P3 Authority requested the issuance of a Certificate of Energy Compliance related to the PPOA (Preliminary Contract) relating to a 476 MW multifuel combined cycle generation facility to be developed in San Juan, Puerto Rico.

⁵ July 14 Memorandum, ¶ 7.

⁶ June 20 Petition, Exhibit A.

⁷ Act 29-2009 defined *Facilities*, whether existing or to be developed in the future. It includes systems to produce, transmit or distribute electric power. Consistent with this, the Regulation 9078 defined *Facilities*, whether existing or to be developed in the future, including, but not limited to systems to produce, transmit or distribute electric power; fuel-related facilities, thermal power plants, renewable energy generation plants (including hydroelectric power plants), peaking power plants, energy storage systems, smart meters, service and control centers, transmission lines, substations, and microgrids. See *Regulation for the Procurement, Evaluation, Selection, Negotiation and Award of Partnership Contracts and Sale Contracts for the Transformation of the Electric System Under Act No. 120-2018*, as amended, Regulation No. 9078 dated April 1, 2019 ("Regulation 9078").

⁸ See, Act 120-2018, § 2(d).

⁹ See, *Resolution and Order (Energy Compliance Certificate), In re: Certificate of Energy Compliance*, Case No.: NEPR-AP-2024-0003.



The Approved IRP¹⁰ acknowledges that PREPA may pursue the development of the Palo Seco CCGT by submitting a substantive filing for approval to the Energy Bureau. The procedural approach demonstrates that the project does not need to wait for consideration under a new IRP. The Energy Bureau recognizes that the Approved IRP initially contemplated a 300 MW facility; however, following the competitive procurement process, the P3 Authority decided to increase the capacity to 478 and now PREPA requests an amendment to increase the facility to 560 MW. The Energy Bureau deems that, under the prevailing circumstances, this deviation is not material and remains consistent with the objectives of the Approved IRP.

Also, the Energy Bureau has previously stated that an addition of 3,000 MW of generation capacity is required to stabilize the electric system of Puerto Rico.¹¹ Consistent with the approved IRP and applicable legal requirements, PREPA, through the Public-Private Partnership Authority ("P3 Authority"), is responsible for procuring such additional generation resources.¹² The amendment presented by PREPA to increase the capacity from 478 MW to 560 MW is reasonable in the context that the Energy Bureau is requiring 3,000 MW of generation for Puerto Rico competing on equal terms through a transparent and competitive procurement process.

For the above reasons the Energy Bureau **DETERMINES** that the increase in capacity is reasonable and beneficial to the electric system and the ratepayers.

The previously issued Certificate of Energy Compliance, the Energy Bureau determined that the originally proposed price of \$21.05/kW-month was reasonable. The amendment now before the Energy Bureau proposes to reduce that price to \$19.55/kW-month. Considering current inflationary pressures and other prevailing market factors, which would not necessarily suggest that prices at this stage should be lower than those previously considered, the Energy Bureau concludes that the proposed reduction is favorable and results in a more beneficial outcome for ratepayers.

The July 18 Motion included documentation which details the benefit of these amendments which may represent an annual saving of approximately \$10MM to the ratepayers.

The reduction in the Capacity Payment Price is a significant saving to the ratepayers therefore the Energy Bureau **APPROVES** such amended price reduction.

The additional contractual provisions that are being amended in terms of possible refinancing, it is noted that one of the modifications provides that, if PREPA successfully exits bankruptcy and Energiza refinances its debt, the resulting benefits will be even greater than those included in the original PPOA. This amendment ensures that such benefits would accrue to PREPA and ultimately redound to the advantage of the ratepayer. These amended provisions, together with the proposed price reduction, further strengthen the conclusion that the amendment is reasonable and in the public interest.

The Energy Bureau has stated that adding 3,000 MW of generation capacity is required to stabilize the electric system of Puerto Rico.¹³ Consistent with the approved IRP and applicable legal requirements, PREPA, through the P3 Authority, is responsible for procuring such additional generation resources.¹⁴ The amendment presented by PREPA to increase the capacity from 478 MW to 560 MW is reasonable in the context that the Energy Bureau is requiring 3,000 MW of generation for Puerto Rico competing on equal terms through a transparent and competitive procurement process. .

¹⁰ 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").

¹¹ See Resolution and Order dated March 19, 2025, issued in case In re: Competitive Procurement for New Generation, Case No.: NEPR-MI-2025-0001.

¹² Id.



The proposed project complies with the provisions of the Integrated Resource Plan (IRP), and the modifications now proposed do not alter the substantive determination of compliance previously made in the Certificate of Energy Compliance. Accordingly, the December 20 Energy Compliance Certificate determination remains applicable to the proposed amendment and is hereby incorporated by reference as issued in the Certificate of Energy Compliance.

III. Conclusion

For the reasons stated above, in this Resolution, the Energy Bureau **APPROVES** the First Amendment as presented as Exhibit A of the June 20 Petition.

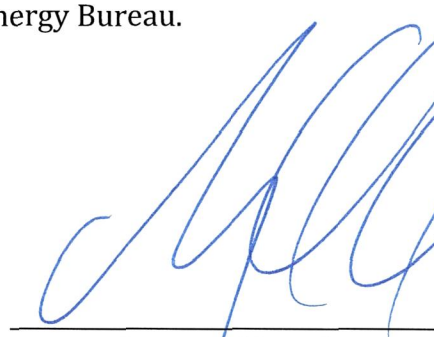
The Energy Bureau **GRANTS** confidential designation and treatment to Exhibits A, and B of the June 20 Petition and Exhibits A, B, and C of the July 18 Motion.

The Energy Bureau **ORDERS** PREPA to file within ten (10) days of the executed version of the First Amendment. Any further amendments require the prior approval of the Energy Bureau.

The Energy Bureau **WARNS** PREPA that, in accordance Art. 6.36 of Act 57-2014:⁹

- (i) 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.

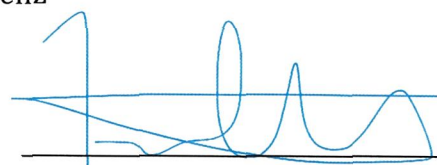
Be it notified and published.




Edison Avilés Deliz
Chairman



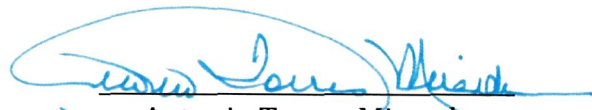
Lillian Mateo Santos
Associate Commissioner



Ferdinand A. Ramos Soegaard
Associate Commissioner



Sylvia B. Ugarte Araujo
Associate Commissioner



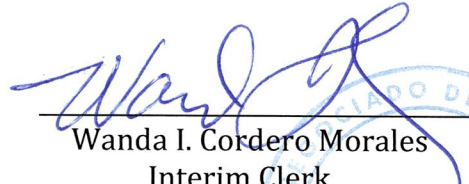
Antonio Torres Miranda
Associate Commissioner



CERTIFICATION

I certify that the majority of the members of the Puerto Rico Energy Bureau agreed on September 17, 2025. Also certify that on September 17, 2025, I have proceeded with the filing of this Resolution and Order and was notified by email to arivera@gmlex.net; mvalle@gmlex.net and nzayas@gmlex.net.

I sign in San Juan, Puerto Rico, today, September 17, 2025.


Wanda I. Cordero Morales
Interim Clerk

