

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 the  
Energiza PPOA's First Amendment.

RESOLUTION AND ORDER

I. Relevant Background

On November 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 *Motion in Compliance with September 17, 2025, Resolution and Order and Memorandum of Law in Support of Request for Confidential Treatment* ("November 20 Motion"). Through November 20 Motion, PREPA requests approval of an amendment to the Energiza PPOA.<sup>1</sup> As part of the November 20 Motion, PREPA included the following documents:

- Exhibit A: Board of Directors Request for Action issued by the Puerto Rico Public-Private Partnerships Authority ("P3A").
- Exhibit A1: *Summary of First Amendment to Power Purchase and Operating Agreement.*
- Exhibit A1a: First Amendment to PPOA ("Proposed Amendment").
- Exhibit B: *Certificate as to Resolution* issued by P3A.
- Exhibit C: *Resolution 5214, Approval of Amendment to the Energiza Power Purchase and Operating Agreement* issued by PREPA.
- Exhibit D: Letter from Energiza to P3A and Energy Czar of Puerto Rico ("Energy Czar") regarding PPOA Amendment-Project Critical Path.
- Exhibit E: Letter from Energiza to P3A and Energy Czar summarizing the September 17 meeting related to Energiza's PPOA Amendment-Project Critical Path.
- Exhibit F: Sample Calculations.
- Exhibit G: Letter from Energiza to PREPA and the P3A Authority regarding the Energiza PPOA technology change and its benefits.

According to PREPA, the Proposed Amendment seeks to replace the originally planned Mitsubishi Power turbines with General Electric Vernova ("GEV") technology due to availability and cost issues.<sup>2</sup> Also, the amendment increases the facility's guaranteed capacity from 478 MW to 528 MW for primary fuel and from 334 MW to 450 MW for backup fuel, with potential expansion of up to 20% depending on the turbine model.<sup>3</sup> PREPA states that the Capacity Purchase Price will remain unchanged.<sup>4</sup> The amendment also introduces a new

<sup>1</sup> 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").

<sup>2</sup> See November 20 Motion, pp. 2-3.

<sup>3</sup> *Id.*, pp. 3-4.

<sup>4</sup> *Id.*



take-or-pay structure, ensuring PREPA is not charged for fuel shortfalls caused by the seller or seller force majeure, and establishes a dollar-for-dollar pass-through of any fuel-cost reductions, thereby directly reducing PREPA's operating expenses.<sup>5</sup> PREPA states that the amendment has already been approved by both the P3A and PREPA's Governing Board and is now subject to approval by the Energy Bureau and the Financial Oversight and Management Board ("FOMB").<sup>6</sup> PREPA has also requested that certain documents related to the amendment be kept confidential under applicable laws and regulations.<sup>7</sup>

On December 5, 2025 the Energy Czar, together with P3A, requested that the Energy Bureau **expedite the evaluation and approval of the Proposed Amendment** due to urgent timing constraints reported by Energiza, including the critical need to secure a reserved GEV turbine slot essential for meeting the project's efficiency, capacity, and reliability requirements. The request highlighted that the failure to approve the amendment promptly could result in loss of the turbine slot, multi-year delays, significant cost increases, and reduced efficiency and backup-fuel performance. The Energy Czar and P3A emphasized that the amendment is crucial to protect public interest, avoid major project disruptions, safeguard grid reliability, and ensure timely execution, urging the Energy Bureau to take any necessary action to prevent impairment of the project due to circumstances outside PREPA's or P3A's control.

## II. Analysis

The Proposed Amendment to the Energiza PPOA comprise five (5) main modifications to the executed PPOA, such as:

1. Replacement of turbine technology from Mitsubishi Power to GEV.
2. Increase in contract capacity: Primary fuel from 478 MW to 528 MW; backup fuel from 334 MW to 450 MW, with a potential expansion up to 20% depending on the turbine model.
3. Maintenance of the Capacity Purchase Price at the originally agreed level.
4. New take or pay structure: PREPA will not pay for fuel shortfalls caused by the seller or seller force majeure events.
5. Any reductions in fuel costs are passed dollar-for-dollar to PREPA.

The *Public-Private Partnerships* process established under Act 120-2018<sup>8</sup> and Act 29-2009,<sup>9</sup> 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.<sup>10</sup> Under this framework, the P3A is authorized to establish a Partnership Agreement, including in the form of a Power Purchase and Operating

<sup>5</sup> *Id.*, p. 4.

<sup>6</sup> *Id.*, p. 4.

<sup>7</sup> *Id.*, pp. 5-7.

<sup>8</sup> *Puerto Rico Electric Power System Transformation Act*, as amended ("Act 120-2018").

<sup>9</sup> *Public-Private Partnership Authority Act*, as amended (Act 29-2009").

<sup>10</sup> 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").





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.<sup>11</sup> In the case NEPR-AP-2024-0003,<sup>12</sup> the P3A 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.

The Approved IRP<sup>13</sup> 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 P3A decided to increase the capacity to 478 and now PREPA requests an amendment to increase the facility to 528 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.

Additionally, 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.<sup>14</sup> Consistent with the approved IRP and applicable legal requirements, PREPA, through the P3A, is responsible for procuring such additional generation resources.<sup>15</sup>

The amendment presented by PREPA to increase the capacity from 478 MW to 528 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.

The Energy Bureau **DETERMINES** that the amendments proposed to the Energiza PPOA are reasonable and beneficial to the electric system and the ratepayers. The increase in guaranteed capacity improves system reliability and reduces the need for more expensive interim generation. Maintaining the original Capacity Purchase Price prevents cost escalation and protects ratepayers from higher energy charges. The introduction of a new take-or-pay structure shields ratepayers from paying for fuel shortfalls caused by the seller, ensuring they are not charged for events outside PREPA's control. Finally, the dollar-for-dollar fuel-cost pass-through directly lowers PREPA's operating expenses, producing measurable savings that ultimately benefit ratepayers through reduced fuel-adjustment charges.

Regarding 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 Energiza PPOA. This amendment ensures that such benefits would accrue to PREPA and ultimately redound to the advantage of the ratepayer. These amended provisions, further strengthen the conclusion that the amendment is reasonable and in the public interest.

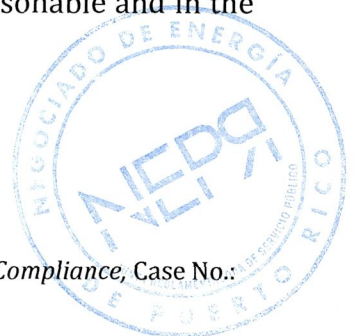
<sup>11</sup> See Act 120-2018, § 2(d).

<sup>12</sup> See Resolution and Order (Energy Compliance Certificate), *In re: Certificate of Energy Compliance*, Case No.: NEPR-AP-2024-0003, December 10, 2024.

<sup>13</sup> 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").

<sup>14</sup> See Resolution and Order dated March 19, 2025, issued in case *In re: Competitive Procurement for New Generation*, Case No.: NEPR-MI-2025-0001.

<sup>15</sup> *Id.*





The proposed project continues to comply with the provisions of the Approved 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.

The Energy Bureau underscores that it is not, and has never been, a party to the contractual negotiations at issue. The Energy Bureau does not direct, supervise, or participate in the negotiation of the terms agreed upon between the P3A and Energiza, nor does it assume responsibility for the commercial strategy, policy determinations, or risk-allocation decisions inherent to those negotiations. The responsibility for negotiating a contract that reflects sound governmental judgment and advances the objectives and interests entrusted to P3A lies exclusively with the governmental negotiator, whose scope of evaluation encompasses various operational, financial, policy, and strategic considerations outside the jurisdiction of the Energy Bureau.

The Energy Bureau further emphasizes that its role is not to second-guess or replicate the bargaining process, nor to substitute its discretion for that of the governmental entity that negotiated the agreement (P3A). Instead, the Energy Bureau's authority is strictly limited to determining whether the submitted contract complies with applicable regulatory requirements, supports just and reasonable rates, and aligns with the statutory mandate to ensure that utility services remain reliable, affordable, and consistent with the public interest. Accordingly, it must be clearly understood that the proceeding before the Energy Bureau is not a negotiation of the contract, but a regulatory review focused solely on ensuring adherence to the legal and regulatory framework governing public utilities.

However, the Energy Bureau notes that, to the extent that a policy-based decision embedded in the negotiated agreement would (i) adversely affect the public interest, (ii) undermine the Energy Bureau's ability to fulfill its statutory duties, or (iii) result in unjust, unreasonable, or discriminatory outcomes for ratepayers, the Energy Bureau may require modifications or conditions to ensure compliance with applicable regulatory standards. In such limited circumstances, the Energy Bureau is justified in addressing those contractual elements, even if they stem from broader governmental policy judgments, solely to the extent necessary to prevent detriment to ratepayers and to protect the integrity of the regulatory framework.

### III. Conclusion

For the reasons stated above, in this Resolution, the Energy Bureau **APPROVES** the Proposed Amendment as presents as Exhibit A1a of the November 20 Motion.

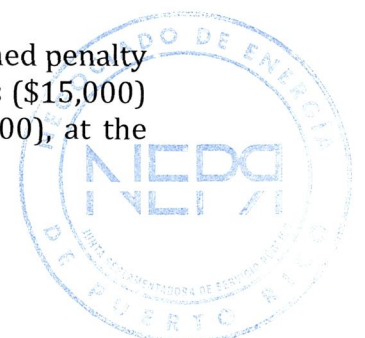
The Energy Bureau **GRANTS** confidential designation and treatment to Exhibits A, A1, A1a, D, E, F and G to the November 20 Motion.

The Energy Bureau **ORDERS** PREPA to file **immediately** the approved amendment with the Financial Oversight and Management Board for Puerto Rico ("FOMB") for its review and approval. 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:<sup>9</sup>

- (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.

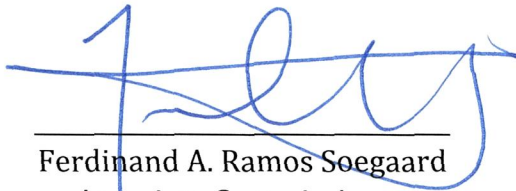




Edison Avilés Deliz  
Chairman



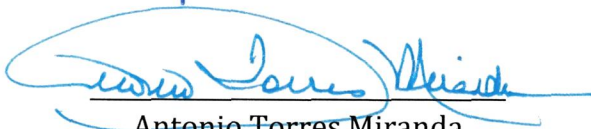
Lillian Mateo Santos  
Associate Commissioner



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 December 10, 2025. Also certify that on December 10, 2025, I have proceeded with the filing of this Resolution and Order and was notified by email to alexis.rivera@prepa.pr.gov; nzayas@gmlex.net; rcruzfranqui@gmlex.net; mvalle@gmlex.net.

I sign in San Juan, Puerto Rico, today, December 10, 2025.



Sonia Seda Gaztambide  
Clerk