

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

IN RE: ACCELERATED EVALUATION OF RENEWABLE ENERGY AND ENERGY STORAGE PROJECT PROPOSALS TO SECURE FEDERAL INVESTMENT TAX CREDITS (ITCs)

CASE NO.: NEPR-MI-2025-0005

SUBJECT: Determination for PPOA and ESSA contracts proponents 1, 2 and 3.

RESOLUTION AND ORDER

I. Relevant Background

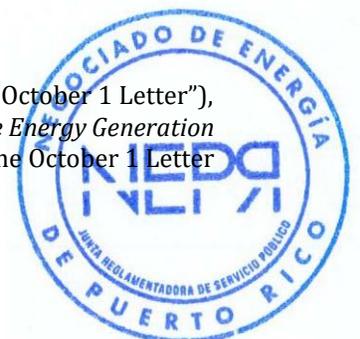
On September 22, 2025 the Governor of Puerto Rico, Hon. Jennifer A. González Colón, issued Executive Order OE-2025-047 ("Executive Order") which amended and expanded the Puerto Rico energy emergency and authorized extraordinary measures to accelerate the evaluation and approval of renewable energy and storage projects qualifying for federal investment tax credits ("ITCs") under Public Law 119-21, also known as the One Big Beautiful Bill Act ("OBBA"). On September 26, 2025, the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") issued a Resolution and Order ("September 26 Resolution") through which it provided the Puerto Rico Electric Power Authority ("PREPA") with guidelines for the implementation of the accelerated acquisition of renewable resources in accordance with Executive Order. On October 1, 2025, PREPA filed a motion ("October 1 Motion") notifying the initiation of a process to carry out the procurements ordered pursuant to the procedure instituted by the Executive Order and the September 26 Resolution. To that end, on October 1, 2025, PREPA issued a notice to prospective proponents inviting them to participate in the accelerated procurement process. Such notice set forth the applicable instructions and evaluation criteria and, incorporated by reference the RFP model and the model contracts used in the Tranche 4 RFP process, which had previously been included with the Energy Bureau's September 26 Resolution.¹

Following several procedural steps, on November 13, 2025, PREPA submitted to the Energy Bureau a filing titled *Moción en Cumplimiento de Resolución y Orden de 26 de septiembre de 2025 y Memorando en Apoyo a Solicitud de Confidencialidad* ("November 13 Motion"), in which PREPA states that it has complied with the requirements established in the September 26 Resolution. Through this motion, PREPA submits a document titled *Evaluation Report - Request for Proposal (RFP) Power Advocate Event 237366*, identified as *Anejo 1*, which contains PREPA's analysis of the proposals received and its recommendations ("Evaluation Report"). PREPA also includes Attachments A-H to *Anejo 1*, which consist of PREPA's individual evaluation summaries for each proposal, with the proponent names redacted in accordance with the Energy Bureau's directives ("Evaluation Summaries"). PREPA requested confidential treatment for the Evaluation Report and the Evaluation Summaries.

On November 27, 2025, the Energy Bureau issued a Resolution and Order ("November 27 Order"), through which it ordered PREPA to submit no later than December 5, 2025, all documentation generated, received, transmitted, or relied upon as part of the accelerated acquisition of renewable resources process conducted pursuant to the Executive Order and September 26 Resolution.

On December 5, 2025, PREPA submitted a document titled *Moción Aclaratoria y en Cumplimiento con las Resoluciones y Órdenes de 21 y 27 de Noviembre de 2025 y Memorando en Apoyo a Solicitud de Confidencialidad* ("December 5 Motion"), in which PREPA explains that it has complied with the requirements established in the November 21 and 27 Resolution and Order, respectively. As part of the December 5 Motion, PREPA included the following files and documents, and request confidential treatment for them:

¹ See Annex to the October 1 Motion, which includes the letter dated October 1, 2025 (the "October 1 Letter"), and Addendum 1 to the September 26 Resolution, titled *Request for Proposals for Renewable Energy Generation and Energy Storage Resources, Executive Order EO-2025-047* (the "Model RFP"). Together, the October 1 Letter and the Model RFP are referred to herein as the "Accelerated Process RFP".



Anejo I-Propuestas Recibidas

Anejo II-Notificación a Proponentes-13 de noviembre de 2025

Anejo III-Notificación aclaratoria a proponentes-1 de diciembre de 2025

Anejo IV-Publicación en Power Advocate 237366

Anejo V-Mensajes enviados por Power Advocate

Anejo VI-Mensajes enviados con sus documentos adjuntos (attachments)

Anejo VII-Mensajes recibidos por Power Advocate

Anejo VIII-Mensajes recibidos junto con sus documentos adjuntos (attachments)

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On December 30, 2025, the Energy Bureau issued a Resolution and Order preliminary approving certain renewable energy and storage projects totaling approximately 659 MW of Energy Storage Systems ("BESS") and 25 MW of solar photovoltaic projects ("Solar PV"). The Resolution and Order also directed PREPA to complete negotiations with the selected proponents² and to submit the negotiated draft contracts for the Energy Bureau's final evaluation and approval (the "December 30 Order").

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On February 20, 2026, PREPA filed a document titled *Informative Motion Regarding Negotiations with Proponent 3 and Memorandum of Law in Support of Request for Confidential Treatment* ("February 20 Motion"). Through February 20 Motion, PREPA provided a status update on the negotiation process with Proponents 1 and 2, which was ongoing at the time. With respect to Proponent 3, PREPA informed that no agreement had been reached and submitted, for the Energy Bureau's review and determination, a redlined draft contract reflecting a comparison between the Tranche 4 RFP model contract and Proponent 3's proposed modifications ("Proponent 3 Redline Contract").³ The document also includes a brief, high-level explanatory comments from Proponent 3 in support of its proposals, as well as PREPA's corresponding responses. According to PREPA, several unresolved issues remain that materially deviate from the Tranche 4 RFP model contract, and PREPA requested guidance from the Energy Bureau on how to proceed with respect to the disagreements arising from the proposed modifications. PREPA also requested that Exhibits I (communication from Proponent 3 sent to PREPA) and Exhibit II (Proponent 3 Redline Contract) to the February 20 Motion remain confidential until the negotiation and approval process conclude, arguing both exhibits contain deliberative material. With respect to the matters addressed in the February 20 Motion, on February 23, 2026, Proponent 3 filed a motion in which it generally alleges that it has participated diligently in the negotiation process and has submitted proposed modifications to the contractual documents. Proponent 3 further requests that the Energy Bureau address the disputes concerning proposed modifications and evaluate its updated pricing proposal.

On February 26, 2026, Proponent 3 filed a document titled *Informative Motion and Request for Timing* ("February 26 Motion"). Through the February 26 Motion, Proponent 3 responded to PREPA's February 20 Motion. Particularly, Proponent 3 alleged that PREPA's February 20 Motion and accompanying documents were limited to Proponent 3's proposed revisions to the ESSA form and did not address its proposed revisions to the Power Purchase and Operating Agreement ("PPOA") form, its improved PPOA pricing offer, or its responses to PREPA's comments on the ESSA form. Accordingly, Proponent 3 argued that the record presented by PREPA before the Energy Bureau was incomplete. Moreover, Proponent 3 indicated that, if allowed to engage in a meeting with PREPA, it was prepared to offer an alternative to the revisions proposed to the PPOA and ESSA forms that address PREPA's concerns. In view of the foregoing, Proponent 3 requested that the Energy Bureau direct

² Individually referred to as Proponent 1, Proponent 2, and Proponent 3.

³ The contract subject to evaluation and comparison is the Energy Storage Services Agreement ("ESSA"), which serves as the model contract used for the provision of battery energy storage systems ("BESS").



PREPA and Proponent 3 to meet immediately to discuss: (i) additional revisions to the ESSA form to address PREPA's concerns; (ii) revision to the PPOA form that conform to the ESSA revisions; (iii) its improved PPOA pricing offer; and any remaining commercial, technical, and contractual matters that may be agreed upon between the parties. Proponent 3 further requested that, following the meeting, the Energy Bureau direct PREPA to submit the complete record to enable a comprehensive evaluation by the Energy Bureau.

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On February 27, 2026, PREPA filed a document titled *Informative Motion Regarding Negotiations with Proponents 1 and 2, and Memorandum of Law in Support of Request for Confidential Treatment* ("February 27 Motion"). With respect to Proponent 1, PREPA stated that it had not received a response to an inquiry and that it had failed to provide a detailed explanation describing the rationale for its proposed contract modifications. PREPA asserted that this failure coupled with substantial deviations from the approved Tranche 4 RFP model contract have rendered it impossible to finalize negotiations and submit a contract for the Energy Bureau's consideration. Hence, not having reached an agreement, PREPA submitted as Exhibit I the draft contract with comments and requested the Energy Bureau's guidance regarding the appropriate resolution of outstanding contractual matters with Proponent 1. Regarding Proponent 2, PREPA informed it had substantially accepted material requirements to the model contract and that it had no objections to the minimally redlined version of the contract. PREPA submitted the negotiated contract with tracked changes for the Energy Bureau's consideration ("Proponent 2 Proposed Contract"). PREPA requested Exhibits I and II to the February 27 Motion remain confidential until the negotiation and approval process conclude, arguing both exhibits contain deliberative material.

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Through a Resolution and Order dated March 3, 2026, the Energy Bureau, among other things, took notice of the Proponent 2 Proposed Contract, granted PREPA and Proponent 1 additional time to reach an agreement, and, with respect to Proponent 3, directed the parties to meet to address the proponent's revisions and potentially resolve pending contractual matters. The Energy Bureau also granted confidential designation and treatment to Exhibits I and II to the February 20 Motion and Exhibits I and II to the February 27 Motion.

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On March 6, 2026, PREPA submitted a document titled *Informative Motion Regarding Negotiations with Proponents 1 and 3, and Memorandum of Law in Support of Request for Confidential Treatment* ("PREPA March 6 Motion"). Through this motion, PREPA included, as Exhibit 1, the proposed contracts for Proponent 3 ("Proponent 3 Proposed ESSAs") and requested confidential treatment for the exhibits included therein. On the same date, Proponent 3 filed an *Informative Motion* submitting a copy of the correspondence delivered to PREPA on March 6, 2026, together with the attachments included therein, which consist of a package of revised ESSAs and PPOAs forms and other pricing offer documents ("Proponent 3 March 6 Motion"). As part of the Proponent 3 March 6 Motion, Proponent 3 filed the proposed PPOAs ("Proponent 3 Proposed PPOAs").⁴ Proponent 3 requested confidential treatment for the exhibits included with its motion.

On March 9, 2026, PREPA submitted a *Informative Motion Regarding Updated Negotiations with Proponent 1, and Memorandum of Law in Support of Request for Confidential Treatment* ("March 9 Motion"), through which it informed of the negotiations with Proponent 1. As part of this filing, PREPA included as Exhibit 3, the proposed contract for Proponent 1 ("Proponent 1 Proposed Contract"). PREPA also requested confidential treatment for the exhibits included with the March 9 Motion.

In summary, for purposes of this Resolution and Order, the Energy Bureau has under consideration twenty-four contracts arising from the Accelerated Process RFP: one (1) ESSA from Proponent 1, one (1) PPOA from Proponent 2, and eleven (11) PPOAs and eleven (11) ESSAs from Proponent 3. In total, these contracts represent approximately 547 MW of Solar PV capacity and 659 MW of BESS capacity.

II. Applicable Legal Framework

⁴ Unless otherwise provided, the Proponent 3 Proposed ESSA Contracts and the Proponent 3 Proposed PPOA Contracts are collectively referred to as the "Proponent 3 Proposed Contracts."



A. *Energy Bureau's Authority*

The Energy Bureau is the regulatory body responsible for overseeing and ensuring the proper execution and implementation of public policy regarding electricity service in Puerto Rico. It has the authority to (i) implement regulations and regulatory actions necessary to ensure capacity, reliability, safety, efficiency, and reasonableness in rate tariffs of the Puerto Rico electrical system; and (ii) establish guidelines, standards, practices, and processes for PREPA's procurement of energy from other electric service companies and for modernizing its power plants or energy-generating facilities.⁵

The Energy Bureau has the power to establish by regulation the rules and standards for electric service companies. This includes oversight of any transaction, action, or omission that impacts the electrical grid and electrical infrastructure in Puerto Rico. The Energy Bureau will enforce public policy standards in alignment with the Energy Public Policy as declared by legislation.

B. *Criteria for the Evaluation of Power Purchase Agreements*

Article 1.11(b) of Act 17-2019⁶ stipulates that any power purchase agreement, or any amendment to, or extension of, a power purchase agreement awarded before or after the approval of Act 57-2014 between PREPA, and any independent power producer shall be executed under Section 6.32 of Act 57-2014 and the regulations adopted by the Energy Bureau. To make sure such agreements have a proper and reasonable price, the parameters established by the Energy Bureau shall follow the ones normally used by the industry for such purposes, as well as any other parameter or method used to regulate revenues attributable to power purchase agreements. Also, Article 6.32(c) of Act 57-2014 empowers the Energy Bureau to adopt the guidelines for the evaluation and approval of energy purchase and sale contracts.

Act-17-2019 adopted as public policy the reduction in dependence on fossil fuels, aiming to eliminate energy generation based on coal, petroleum derivatives, and gas. Specifically, Act 17-2019 modified the Renewable Energy Portfolio standards established in Act 82-2010⁷. This amendment increased the requirement for energy generation from renewable sources to one hundred percent (100%) by 2050.⁸ Power Purchase Agreements shall be awarded considering the goals and mandates established in the Renewable Portfolio Standards, which compel the transition from energy generation from fossil fuels to aggressively integrating renewable energy as provided in Act 82-2010.

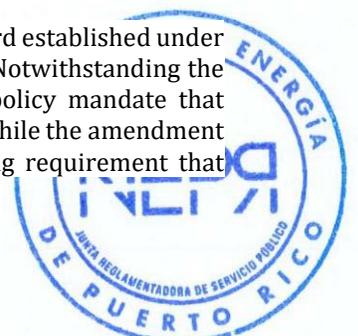
Article 6.32 of Act 57-2014 provides a comprehensive statutory framework for the evaluation and approval of power purchase agreements, as well as other transactions involving electric power services companies. It reiterates the Energy Bureau's authority to adopt regulations and regulatory actions that govern the process of evaluation and approval of power purchase agreements and other transactions involving electric power services companies. Article 6.32 (a) states that the Energy Bureau will evaluate and approve all contracts between electric service companies, including independent power producers, before they are executed. This will include, but is not limited to, contracts through which an

⁵ See, Section 6.3 of Act 57-2014, known as *Puerto Rico Energy Transformation and RELIEF Act*, as amended ("Act 57-2014").

⁶ Known as *Puerto Rico Energy Public Policy Act*, as amended ("Act 17-2019").

⁷ Known as *Public Policy on Energy Diversification by Means of Sustainable and Alternative Renewable Energy in Puerto Rico Act*, as amended ("Act 82-2010").

⁸ Act 1 of March 12, 2025 ("Act 1-2025"), amended the Renewable Energy Portfolio Standard established under Act 82-2010 by eliminating the previously applicable interim renewable energy targets. Notwithstanding the removal of those intermediate targets, the statute expressly preserved the ultimate policy mandate that electricity generation in Puerto Rico be supplied from renewable sources by 2050. Thus, while the amendment modified the compliance trajectory, it left intact, and effectively reaffirmed, the binding requirement that renewable energy sources account for 100% of energy generation by the year 2050.



independent power producer agrees to supply energy to PREPA or the electric service company responsible for operating the T&D System. It also covers any amendments, modifications, or extensions to existing contracts.

Consistent with the foregoing, Article 6.32 empowers the Energy Bureau to adopt and issue regulations that provide: (i) the standards and requirements with which the Power Purchase Agreements must comply; (ii) the terms and conditions to be included in any power purchase agreement and interconnection agreement, including reasonable costs per kilowatt hour (kWh) per type of generation technology; (iii) the guidelines and standards established by the Energy Bureau through such regulations shall be intended to ensure compliance with the principles of Act 57-2014, Act 83-2010⁹, and Act 17-2019.

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When evaluating a power purchase agreement or proposal thereto, each contract proposal between electric utility companies, the Energy Bureau must make sure it follows the public energy policy established in Act 17-2019 and with the Approved IRP.¹⁰ The Energy Bureau shall approve no contract that is inconsistent with the Approved IRP, especially regarding the renewable energy, distributed generation, conservation, and efficiency goals established in both the Approved IRP and the public energy policy.

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The Energy Bureau shall make sure the interconnection of any proposed project does not threaten the reliability and safety of the electric grid and shall require the removal of any terms or conditions in the proposed contract that are contrary to or threaten the safe and reliable operation of the electric grid. The Energy Bureau shall not approve a contract when technical evidence demonstrates that this project or the contractual conditions of a project would undermine the reliability and security of Puerto Rico's electric grid.

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The Energy Bureau shall also make sure tariffs, duties, rents, or charges paid to independent power producers are fair and reasonable and protect the public interest and the treasury. Likewise, the transmission and distribution grid interconnection tariff, including construction charges, transshipment tariffs, as well as any other requirements applicable to independent power producers or other electric utilities wishing to interconnect to the transmission and distribution system, are also fair and reasonable. In this process, the Energy Bureau must make sure the rates allow for an interconnection that does not affect the reliability of the electric service and promotes environmental protection, compliance with legal mandates, and does not adversely impact customers.

Likewise, the Energy Bureau will require the electric utility company responsible for the operation of the Electric System to submit a "Supplementary Study" for the project that is the subject of the proposed contract or the corresponding technical analysis that supports the contract. If a project does not require a "Supplementary Study" to be carried out, the electric utility company responsible for the operation of the Electric System shall issue to the Energy Bureau a certification to that effect, in which it shall state the reasons the circumstances and characteristics of the project make a "Supplementary Study" or a technical evaluation unnecessary.

Therefore, in evaluating the proposed amendments, the Energy Bureau must primarily determine: (i) whether the proposal is consistent with the Approved IRP; (ii) whether the proposal follows Puerto Rico's energy public policy; (iii) whether the proposed fee structure is fair, reasonable, and protects the public interest and the treasury; (iv) if the interconnection of the proposed project jeopardizes the reliability and stability of the system; and (v) whether the profit parameters and price escalators are based on parameters normally used by the industry.

⁹ Known as *Green Energy Incentive Act of Puerto Rico*, as amended ("Act 83-2010").

¹⁰ See *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"). Note that minor modifications and/or clarifications to the Approved IRP were introduced through a *Resolution and Order on Reconsiderations, In re: Review of the Puerto Rico Electric Power Authority Integrated Resource Plan*, Case No. CEPR-AP-2018-0001, December 2, 2020.



In this case, the Energy Bureau is considering a petition for the evaluation and approval of new power purchase agreements and energy storage agreements. Such agreements are subject to review under Article 6.32 of Act 57-2014, to the extent applicable.

III. Discussion and Analysis

A. Proposed Projects

1. Proponent 1 Project

Proponent 1 has proposed a 4-hour BESS project with a total capacity of 60 MW, to be develop and operated in the Municipality of Hatillo, Puerto Rico, for a term of twenty (20) years ("Proponent 1 Project").

Project	Resource Type	Capacity (MW)
Hatillo	BESS	60

2. Proponent 2 Project

Proponent 2 has proposed a Solar PV project with a total capacity of 25 MW, to be develop and operated in the Municipality of Juana Díaz, Puerto Rico with a term of twenty-five (25) years ("Proponent 2 Project").

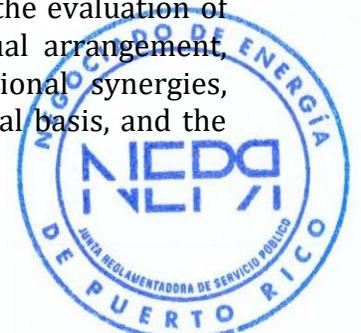
Project	Resource Type	Capacity (MW)
Juana Díaz	Solar PV	25

3. Proponent 3 Projects

Proponent 3 proposed a portfolio of eleven hybrid projects combining 4-hour BESS and Solar PV generation, with individual project capacities ranging from approximately 25 MW to 100 MW, for an aggregate capacity of approximately 599 MW in BESS and 523 MW in Solar PV. These projects are to be develop and operated in the Municipalities of Moca, Guayama, Salinas, Santa Isabel, Juana Díaz, Naguabo, Sabana Grande and Quebradillas, for a term of twenty-five (25) years ("Proponent 3 Projects"). Although the projects are independent, they will operate as facilities. Specifically, the Proponent 3 Projects consist of the following:

Project	Resource Type	BESS Capacity (MW)	Solar PV Capacity (MW)
Aguirre Salinas	BESS/Solar PV	50	34
Moca	BESS/Solar PV	25	25
La Tuna	BESS/Solar PV	100	100
Santa Isabel	BESS/Solar PV	80	80
Santa Isabel 2	BESS/Solar PV	100	40
Guayama	BESS/Solar PV	50	50
Juana Diaz	BESS/Solar PV	25	25
Naguabo	BESS/Solar PV	45	45
Sabana Grande	BESS/Solar PV	25	25
Salinas	BESS/Solar PV	74	74
Quebradillas	BESS/Solar PV	25	25
Total		599	523

Although Proponent 3 classifies its projects as *hybrid*, generally consisting of an integrated configuration of Solar PV generation and BESS capacity, the projects submitted in this proceeding are evaluated as independent proposals for purposes of this Resolution and Order and the Accelerated Process RFP. Accordingly, the record reflects the evaluation of twenty-two (22) distinct projects, each with their respective contractual arrangement, which, although they may exhibit certain relationships and operational synergies, particularly with respect to interconnection, are assessed on an individual basis, and the outcome of any one project does not depend upon the outcome of another.



B. Compliance with Approved IRP

An Integrated Resource Plan ("IRP") takes into consideration all reasonable resources needed to supply demand over a twenty (20)-year planning horizon.¹¹ As part of the IRP, a detailed action plan ("Action Plan") is established to govern the first five (5) years following its approval. In 2020, the Energy Bureau approved PREPA's current IRP.¹² The Approved IRP includes a Modified Action Plan covering the actions to be implemented during the first five (5) years following its approval, i.e., from 2021 through 2025.¹³ The Modified Action Plan provided for the procurement of 3,000 MW of Solar PV (or other types of renewable energy generation) and up to 1,500 MW of battery storage resources¹⁴ over its five-year implementation period, to be carried out through six (6) procurement tranches.¹⁵

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The Energy Bureau recognizes the Approved IRP as a fundamental planning instrument for the development, transformation, and operation of Puerto Rico's electric system. However, the Energy Bureau also notes that significant changes in the system since the approval of the current IRP, including changes affecting the availability of generation resources, as well as modifications to Puerto Rico's public energy policy through the enactment of Act 1-2025, have had an impact on the evaluation of various initiatives contemplated under the Approved IRP. Act 1-2025 amended Act 17-2019 and the Act 82-2010, eliminating the interim renewable energy targets of 40% by 2025 and 60% by 2040, while retaining the statutory objective of achieving 100% renewable energy generation by 2050. These legislative amendments modified the energy transition framework to better align with current conditions of the electric system and to ensure continued system reliability.

2025
Consistent with Act 1-2025, on March 19, 2025, the Energy Bureau issued a Resolution and Order,¹⁶ in which it determined that: (i) given the pattern of forced outages affecting PREPA's existing aging thermal generation fleet, the available generation capacity is limited and may hinder necessary maintenance and repairs to the system; (ii) there is a need to explore the costs and timeframe associated with the availability of new, modern generation resources that would allow Puerto Rico to meet the objectives of the updated public energy policy while serving the best interests of electricity customers; and (iii) such procurement effort should explore between 2,500 and 3,000 MW of new capacity. Although the directive to procure new generation capacity, as stated in the March 19 Resolution, may not fully align with the Approved IRP, it falls within the Energy Bureau's delegated authority to implement Puerto Rico's energy policy and to issue determinations in furtherance thereof. The March 19 Resolution illustrates how, given the current conditions of the electric system and the enactment of Act 1-2025, the Energy Bureau has in certain instances been required to adopt measures that may depart, to a limited extent, from the assumptions reflected in the Approved IRP, while acting within the scope of the authority delegated to it by law.

The Modified Action Plan contemplated the acquisition of approximately 3,000 MW of Solar PV capacity by 2025. To date, as part of the tranches carried out under the Modified Action

¹¹ See Article 1.9 of Act 17-2019 and Art. 6.23 of Act 57-2014.

¹² See *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"). Minor modifications and/or clarifications to the Approved IRP were introduced through a *Resolution and Order on Reconsiderations* issued by the Energy Bureau on December 2, 2020, in case: *In re. Review of the Puerto Rico Electric Power Authority Integrated Resource Plan*, Case No. CEPR-AP-20 18-0001.

¹³ See *Id.*

¹⁴ See Approved IRP, ¶859.

¹⁵ See Approved IRP, ¶860, Table 17.

¹⁶ See *Resolution and Order* issued in the case *In Re: Electric System Priority Stabilization Plan*, Case No. NEPR-MI-2024-0005 ("March 19 Resolution").



Plan, a total of approximately 950.1 MW of Solar PV capacity has been approved.¹⁷ Even when considering the approximately 523 MW of additional Solar PV capacity contemplated in this proceeding, for a total of approximately 1,473 MW, the amount of Solar PV capacity identified to date remains below the levels projected for the initial five-year period of the Modified Action Plan. Therefore, the additional Solar PV capacity contemplated in this proceeding (548 MW) is **CONSISTENT** with the Approved IRP.

With respect to BESS resources, a total of 845 MW has been approved through the Modified Action Plan tranches. In addition, approximately 430 MW of BESS capacity associated with FEMA-funded projects currently being implemented by Genera¹⁸ have been approved,¹⁹ and an additional 190 MW of BESS capacity is being implemented by LUMA²⁰ under the project known as ASAP.²¹ Accordingly, these resources amount to a total of approximately 1,465 MW of BESS capacity, which remains slightly below the 1,500 MW target contemplated for the initial five-year period. However, when including the approximately 599 MW of additional BESS capacity proposed as part of this proceeding, the total increases to approximately 2,064 MW, thereby exceeding the level originally contemplated for such period.

Notwithstanding the foregoing, several considerations are relevant and support the evaluation of the BESS projects proposed in this proceeding. First, as of 2025, a significant portion of the projects procured through the Modified Plan tranches have not yet been implemented. Second, although the Modified Action Plan contemplated the deployment of renewable and storage resources within the initial five-year period, it also envisioned the continued addition of renewable and storage resources in subsequent years to achieve the statutory goal of 100% renewable energy by 2050.²²

In practice, deployment has fallen short of the levels anticipated in the Modified Action Plan, as evidenced by the fact that only 845 MW of BESS capacity and 950.1 MW of Solar PV capacity had been effectively approved as of that timeframe through the tranches. Accordingly, given that a period exceeding the original five-year implementation horizon of the Modified Action Plan has elapsed, it is reasonable to expect that the integration of renewable resources will increase beyond the levels originally contemplated, particularly in light of the projects currently under development and those being evaluated in this Resolution and Order, the latter of which are projected to be implemented around 2028.

In this context, it should also be noted that, upon approval of the resources contemplated in this proceeding, total Solar PV capacity would reach approximately 1,473 MW, which represents approximately 50.9% below the 3,000 MW projected for the initial five-year period. Conversely, total BESS capacity would reach approximately 2,064 MW, which represents approximately 37.6% above the 1,500 MW target contemplated for such period. While Solar PV and BESS are inherently different in nature, Solar PV being an intermittent and non-dispatchable resource, and BESS providing dispatchable capacity and operational flexibility, both resources are complementary components of an integrated grid system. Accordingly, when evaluated on an aggregate basis, the combined Solar PV and BESS capacity

¹⁷ The Solar PV projects Putnam Ciro One Salinas, with a capacity of 90 MW, and Xzerta Tec Solar in Hatillo, with a capacity of 60 MW, are included in the total approved Solar PV capacity referenced above. However, these projects are classified as "Legacy Projects" and were not part of the tranches proposed under the Modified Action Plan.

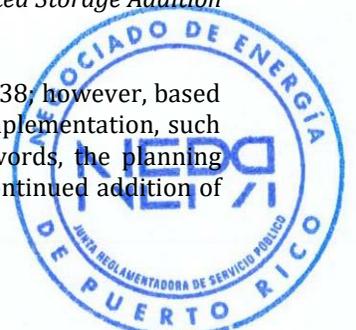
¹⁸ Genera PR LLC ("Genera").

¹⁹ See, in general, *In Re: Review of the Puerto Rico Electric Power Authority's 10 Year Infrastructure Plan-December 2020*, Case No.: NEPR-MI-2021-0002.

²⁰ LUMA Energy, LLC and LUMA Energy ServCo, LLC, collectively referred to as "LUMA".

²¹ Accelerated Storage Addition Program ("ASAP"). See, in general, *In Re: LUMA's Accelerated Storage Addition Program*, Case No.: NEPR-MI-2024-0002.

²² The planning horizon contemplated in the Approved IRP extended through the year 2038; however, based on the date of approval of the IRP, as well as the timing of the commencement of its implementation, such period would effectively extend for approximately an additional two years. In other words, the planning framework was not limited to the initial five-year period, but rather contemplated the continued addition of renewable and energy storage resources beyond 2025.



contemplated in the Modified Action Plan totaled approximately 4,500 MW, whereas the total capacity resulting from the resources identified in this proceeding would amount to approximately 3,537 MW, or approximately 21.4% below the overall level projected for the initial five-year period.

Additionally, while it is recognized that Puerto Rico's electric system operates as an integrated system, it is important not to lose sight of the extent to which certain BESS additions, namely, the approximately 190 MW associated with the ASAP program and the 430 MW proposed by Genera, present distinct characteristics that are not inconsistent with the broader objectives of the Modified Action Plan. In particular, the 190 MW proposed under ASAP are largely tied to existing renewable energy facilities, which will now incorporate a complementary BESS component to enhance their operational profile. Similarly, the 430 MW proposed by Genera are expected to be strategically located at sites where peaking units previously operated, thereby enabling these battery systems to effectively replace, at least in part, the operational role historically served by such peaker facilities, namely, providing fast-response capacity to meet peak demand and support system reliability. This approach, to certain extent, differs from the BESS deployment contemplated under the Modified Action Plan, which was more closely aligned with balancing the integration of new renewable generation into the system. In this context, if the total of approximately 2,064 MW of resources expected to be added to the system is adjusted by excluding the 430 MW and 190 MW described above, the resulting figure of approximately 1,444 MW remains broadly consistent with the 1,500 MW of BESS capacity originally contemplated under the Modified Action Plan.

Therefore, considering the totality of the circumstances, including delays in implementation, the fact that a significant number of the approved projects remain in permitting and financing stages and therefore lack certainty as to whether they will ultimately be implemented as approved, the need to ensure system reliability, and the requirement to continue advancing long-term policy goals, the Energy Bureau determines that the addition of both Solar PV and BESS resources proposed in this proceeding **IS NOT INCONSISTENT** with the Approved IRP. This determination reflects the need to balance implementation realities with the system's long-term planning objectives.

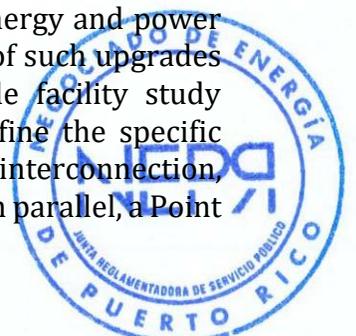
C. Contract Price

The prices proposed by Proponent 1, Proponent 2, and Proponent 3 for their respective projects are reasonable, as they are consistent with prevailing market conditions, reflect the scope and technical requirements of the projects, and are supported by the underlying cost structures and assumptions presented. Moreover, when considering prevailing inflationary pressures, as well as the implementation timelines associated with the projects approved under Tranches 1 through 4 RFP and the proposed implementation dates for the projects subject to this Resolution and Order, the prices are substantially similar to those previously approved.

D. Interconnection

1. Interconnection Reliability

To evaluate the aspects related to the interconnection of proposed projects to the electric system, a series of interconnection studies are typically conducted in accordance with applicable interconnection procedures and technical standards. A system impact study ("System Impact Study") evaluates the technical effects of integrating a proposed project's net capacity into the transmission and distribution grid, including an assessment of system performance, reliability, and compliance with applicable minimum technical requirements ("MTR"s). As part of this process, the study identifies the potential need for network upgrades or reinforcements necessary to accommodate the injection of energy and power from the project into the system and may preliminarily outline the scope of such upgrades and their potential cost implications. Subsequently, a network upgrade facility study ("Network Upgrade Facility Study") is typically conducted to further define the specific transmission and distribution improvements required outside the point of interconnection, including the scope of work, cost estimates, and implementation schedule. In parallel, a Point



of Interconnection Facility Study ("POI Facility Study") focuses on the upgrades and expansions required at the interconnection point itself to ensure a safe and reliable physical interconnection, as well as the associated scope of work, cost estimates, and construction timeline, which together support determining the interconnection facility costs (including PREPA interconnection costs, where applicable).

Both the Executive Order and the September 26 Resolution establish that one of the criteria to be evaluated by PREPA for the proposed projects is that they have interconnection studies completed, under review, or in process, sufficient to enable the start of construction within the applicable ITCs timelines.²³ As part of this process, in both the Evaluation Report and the individual evaluations submitted for each of the twenty-four projects under consideration (Evaluation Summaries), PREPA represented that the proponents satisfied this requirement.²⁴

In light of the particular circumstances of this case, and considering the potential benefits to ratepayers arising from the timely development of these projects so as to enable them to qualify for applicable ITCs, which are subject to limited availability and near-term expiration under recently enacted legislation, the Energy Bureau finds it reasonable, as an exception, to address compliance with the interconnection and system reliability requirements based on PREPA representations. However, the parties shall submit to the Energy Bureau the final interconnection studies issued or prepared by LUMA in connection with each project.

2. Interconnection Cost

Consistent with the framework established under the Tranche 4 RFP the Accelerated Process RFP requires that the prices proposed by bidders in the PPOAs and ESSAs reflect the cost of constructing the PREPA Interconnection Facilities.²⁵ Specifically, the Accelerated Process RFP envisioned that proposals assume a PREPA Interconnection Facilities cost of \$20 million. In line with this requirement, the model contract provides that, if the actual PREPA Interconnection Facilities cost exceeds \$20 million, the resource provider may terminate the contract without further obligation. Conversely, if the actual PREPA Interconnection Facilities cost is less than \$20 million, the contract requires that the contract price for the resource be adjusted downward by an amount equal to the difference between \$20 million and the actual PREPA Interconnection Facilities cost, such that the resource provider's total payments over the term of the contract are reduced by that same equivalent amount.

In doing so, however, it shall be expressly understood that any such determination or contractual amendment shall not result in an increase to the prices proposed by Proponent 3 for Solar PV and BESS projects, which the Energy Bureau has found to be reasonable in Part III (C) of this Resolution and Order.

E. Contractual Provisions Compliance

Regarding contracts evaluation, PREPA stated that, in its March 5 Motion, Proponent 3 disclosed for the first time that its portfolio consisted of eleven projects totaling 599 MW, an amount exceeding one-third of the 1,500 MW cap established in the IRP²⁶, and submitted eleven ESSA agreements simultaneously, each requiring independent technical, financial, interconnection, and contractual evaluation.²⁷ PREPA also stated that, given the volume and complexity of these submissions, it is operationally impossible to conduct a substantive

²³ See Executive Order, Section 2a(2), p. 3. and September 26 Resolution, Section II, Article 3(d), p.2.

²⁴ See in general, Evaluation Report and Evaluation Summaries.

²⁵ See Accelerated Process RFP, pp. 9-10.

²⁶ See March 6 Motion, p. 6, ¶20-21.

²⁷ See *Id.*, ¶22.



evaluation of all projects within the limited timeframe.²⁸ With respect to PREPA's assertion, the Energy Bureau notes that the record, as provided by PREPA itself, reflects that from the time of their submission, Proponent 3 included a portfolio consisting of eleven Solar PV projects and eleven BESS projects, which were consistently characterized as *hybrid* projects.²⁹ Furthermore, as discussed above, with respect to interconnection, PREPA represented to the Energy Bureau in both the Evaluation Report and the Evaluation Summaries that each of the Proponent 3 projects has interconnection studies completed, under review, or in process, sufficient to enable the commencement of construction within the applicable ITC timelines. Considering the foregoing, it is therefore notable that, at this stage of the proceeding, PREPA raises concerns suggesting that it was not aware of the nature and scope of the projects submitted by Proponent 3.

Moreover, as acknowledged by PREPA in its filings before the Energy Bureau, the ESSA contracts submitted by Proponent 3 included only minor deviations from the Tranche 4 RFP model contracts, which PREPA deemed acceptable.³⁰ The Energy Bureau has likewise reviewed the PPOA contracts submitted by Proponent 3 for the Solar PV projects and finds that the only modification to the Tranche 4 RFP PPOA model is the same modification previously accepted by PREPA in connection with Proponent 3 Proposed ESSAs.

The Energy Bureau has conducted a comprehensive review of the Proponent 1 Proposed Contract, Proponent 2 Proposed Contract, and Proponent 3 Proposed Contracts with particular attention given to the reasonableness of the proposed prices to ensure they are competitive and aligned with industry standards. Moreover, the terms and conditions outlined in the Proponent 1 Proposed Contract, Proponent 2 Proposed Contract and Proponent 3 Proposed Contracts have been scrutinized and found to be consistent with the Puerto Rico Electric Public Policy. This alignment ensures that the contracts not only contribute to the island's energy needs but also support the broader goals of sustainability, resilience, and affordability. Based on these findings, the Energy Bureau **APPROVES** the contracts, recognizing them as a necessary step forward in the ongoing transformation and modernization of Puerto Rico's energy infrastructure.

Notwithstanding that the Proponent 1 Proposed Contract, Proponent 2 Proposed Contract, and Proponent 3 Proposed Contracts comply with the applicable requirements, the Energy Bureau orders as it has required to all the ESSA and PPOA contracts that certain actions be undertaken with respect to such contracts, as set forth below, some of which require revisions to be implemented at this stage and others that contemplate further actions, including potential future negotiations or modifications.

(1) *Automatic Contract Termination*

The Energy Bureau orders that Section 2.3(b) of each contract be revised to establish a uniform period of two hundred ten (210) days for automatic termination in the event closing has not occurred. As currently drafted, the contracts provide that the parties shall use commercially reasonable efforts to achieve closing within thirty (30) days of the Agreement Date;³¹ however, they further establish that, if closing does not occur within ninety (90) days (and, in certain instances, one hundred ninety (190) days) from the Agreement Date, the contract shall automatically terminate. In order to ensure consistency across all projects, and recognizing the complexities associated with design, financing, and permitting processes, as well as consistent with the Energy Bureau's experience in prior procurement processes, all contracts shall be amended to reflect a uniform automatic termination period of two hundred ten (210) days.

(2) *Conditional Price Adjustment Based on Financing Terms*

²⁸ See *Id.*

²⁹ See December 5 Motion, Annex I.

³⁰ See March 6 Motion, p. 6, ¶16-17.

³¹ "Agreement Date" is defined as the date of execution of the contract.



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As part of its final proposals for the projects submitted by Proponent 3, the proponent included, in a formal and structured manner, alternative pricing scenarios for both Solar PV and BESS projects. Specifically, Proponent 3 proposed revised pricing, applicable to the energy charges for Solar PV and to the compensation under the BESS contracts, contingent upon the successful attainment of certain financing conditions, including, among others, financing through the U.S. Department of Energy Loan Programs Office (“LPO-DOE”) and/or the issuance of bonds by the Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority (“AFICA”), a public corporation of the Government of Puerto Rico authorized to issue tax-exempt and taxable bonds to support eligible infrastructure and development projects. Notwithstanding the foregoing, such alternative pricing, while potentially more favorable to ratepayers, was not expressly incorporated into the Proponent 3 Proposed Contracts. Accordingly, the parties shall be required to amend the relevant provisions of the contracts, particularly Appendix F (Compensation), to expressly establish the alternative compensation structures that would apply under each contract if the financing conditions contemplated in Proponent 3’s final proposal are achieved.

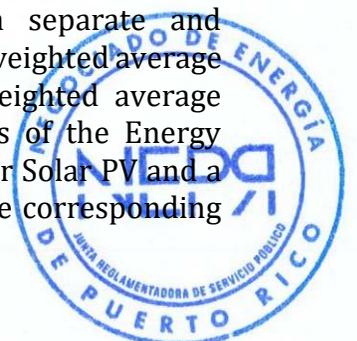
(3) *Future Actions to Enhance Financing Prospects*

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The Energy Bureau recognizes that both the Executive Order and the September 26 Resolution encouraged PREPA and the participating parties to utilize contractual templates substantially consistent with those previously approved in the Tranche 4 RFP. In part, this approach reflects a pragmatic solution intended to avoid prolonged contract revisions and the extensive negotiations with proponents that such a process would entail, which could delay project development and, in turn, hinder timely access to applicable ITC benefits. However, the Energy Bureau also acknowledges that both the Executive Order and the September 26 Resolution emphasized the importance of achieving agreements that are financeable. In this context, several proponents, to varying degrees, submitted proposed modifications aimed at enhancing the financing prospects of the contracts, which could, in turn, result in benefits to ratepayers. Notably, Proponent 3 presented multiple modifications in this regard.

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The Energy Bureau further recognizes that it has actively participated in the approval processes of the contracts executed under Tranches 1 through 4, as well as in subsequent amendments made thereto for various reasons, and has, in appropriate circumstances, intervened to facilitate outcomes that are just, reasonable, and in the public interest. Having said that, the Energy Bureau has not undertaken a comprehensive evaluation of the specific modifications proposed by Proponent 3. Nevertheless, the Energy Bureau considers that certain of these modifications, if evaluated in a more deliberate context and within a process allowing additional time, could potentially lead to agreements that enhance the financing prospects of the projects without adversely affecting ratepayers or resulting in increased costs to PREPA and, ultimately, to ratepayers. Accordingly, the Energy Bureau encourages the parties, as contemplated under the contracts, to pursue such modifications if necessary to achieve financing, provided that such efforts are consistent with the public interest and, to the extent possible, result in further cost reductions for ratepayers. To the extent that any such modifications fall within the Energy Bureau’s jurisdiction or require its approval, the parties may submit them for the Energy Bureau’s consideration in accordance with applicable procedures.

(4) *Proponent 3 Proposed Contracts (Hybrid Projects)*

As previously noted with respect to Proponent 3, although the proposed projects are presented as a *portfolio*, each project is evaluated and treated independently by the Energy Bureau. In this regard, the proposed projects comprise eleven (11) Solar PV projects and eleven (11) BESS projects, each constituting a distinct project with its own technical, operational, and contractual characteristics, and each subject to a separate and individualized assessment. Furthermore, although Proponent 3 presents a weighted average Levelized Cost of Energy (“LCOE”) for the Solar PV portfolio and a weighted average Levelized Cost of Storage (“LCOS”) for the BESS portfolio, for purposes of the Energy Bureau’s evaluation in this case, such pricing is treated as a single price for Solar PV and a single price for BESS, each of which is deemed to apply individually to the corresponding



projects. Moreover, the fact that any individual project may not proceed or may be delayed in the development, construction, or operation process does not affect the remaining projects, nor does it alter the prices and conditions established on an individual basis for each of them.

Consistent with the foregoing, the fact that the projects and their corresponding contracts are evaluated independently does not preclude that, at more advanced stages of contract implementation, such as after the completion of the interconnection studies, as discussed further in this Resolution and Order, it may become necessary to introduce certain modifications to the contracts to address the synergies arising from the expected hybrid operation of the projects by Proponent 3. A similar situation may arise with respect to the execution of the interconnection agreements for each of these projects, to the extent that interconnection infrastructure may be shared among the different Solar PV and BESS projects.

IV. Confidential Designation and Treatment

Act 57-2014 establishes that any person having the obligation to submit information to the Energy Bureau, can request privilege or confidential treatment to any information that the party submitting understands deserves such protection.³² Specifically, Act 57-2014 requires the Energy Bureau to treat as confidential the submitted information provided that “the Energy Bureau, after the appropriate evaluation, believes such information should be protected”.³³ In such case, the Energy Bureau “shall grant such protection **in a manner that least affects the public interest, transparency**, and the rights of the parties involved in the administrative procedure in which the allegedly confidential document is submitted.”³⁴

Upon review of PREPA’s arguments and the applicable law, the Energy Bureau **GRANTS** confidential designation and treatment to Exhibits included as part of the PREPA March 6 Motion and March 9 Motion and to Exhibits included as part of the Proponent 3 March 6 Motion.

V. Conclusion

For all the above, the Energy Bureau **APPROVES** the Proponent 1 Proposed Contract, Proponent 2 Proposed Contract and Proponent 3 Proposed Contracts, subject to the modifications established in **Part III(E)** of this Resolution and Order, recognizing its contribution to the Island’s sustainability, resilience, and affordability objectives.

The Energy Bureau **WARNS** PREPA that:

- (i) noncompliance with this Resolution and Order, regulations and/or applicable laws may carry the imposition of fines and administrative sanctions of up to \$25,000 per day;
- (ii) any person who intentionally violates Act 57-2014, as amended, by omitting, disregarding, or refusing to obey, observe, and comply with any rule or decision of the Energy Bureau shall be punished by a fine of not less than five hundred dollars (\$500) nor over five thousand dollars (\$5,000) at the discretion of the Energy Bureau; and
- (iii) for any recurrence of non-compliance or violation, the established penalty shall increase to a fine of not less than ten thousand dollars (\$10,000) nor greater than twenty thousand dollars (\$20,000) at the discretion of the Energy Bureau.

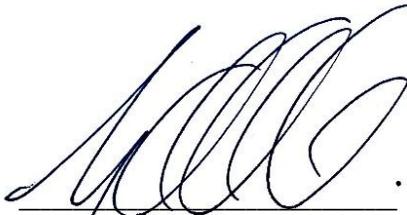
³² Section 6.15 of Act 57-2014.

³³ *Id.*

³⁴ *Id.* (Emphasis added).



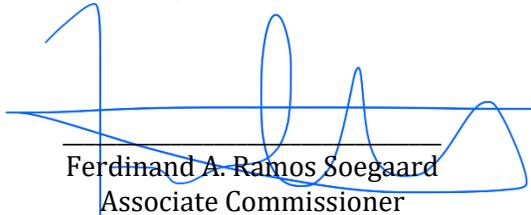
Be it notified and published.



Edison Avilés Deliz
Chairman



Lillian Mateo Santos
Associate Commissioner



Ferdinand A. Ramos Soegaard
Associate Commissioner



Antonio Torres Miranda
Associate Commissioner

CERTIFICATION

I hereby certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on March 3, 2026. Associate Commissioner Sylvia B. Ugarte Araujo did not intervene. I also certify that on March 3, 2026. I have proceeded with the filing of the Resolution and Order and a copy of this Resolution and Order was notified by electronic mail to alexis.rivera@prepa.pr.gov; nzayas@gmlex.net; mvalle@gmlex.net; rcruzfranqui@gmlex.net.

For the record, I sign this in San Juan, Puerto Rico, today March 3, 2026.



Sonia Seda Gaztambide
Clerk

