

**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:** Resolution and Order regarding Proponent No. 3 Proposed Contracts Modifications

**RESOLUTION AND ORDER**

On March 26, 2026, the Energy Bureau of the Puerto Rico Public Service Regulatory Board (“Energy Bureau”) issued a *Resolution and Order* (“March 26 Resolution”) approving the Proponent No. 1 Proposed Contract,<sup>1</sup> Proponent No. 2 Proposed Contract,<sup>2</sup> Proponent No. 3 Proposed ESSAs<sup>3</sup> and Proponent No. 3 Proposed PPOAs,<sup>4</sup> unless otherwise provided, they are collectively referred to as the “Contracts”. The Contracts were approved subject to the modifications set forth in Part III(3) of the March 26 Resolution, which shall be implemented prior to the execution of the Contracts.

*Jmr* On April 27, 2026, PREPA filed a motion submitting the status of its ongoing negotiations with Proponent No. 3, together with revised draft agreements, proposed contractual modifications, and related correspondence. In its filing, PREPA addressed the Energy Bureau’s prior directives, identified certain matters on which the parties had reached agreement, and outlined several outstanding contractual issues for the Energy Bureau’s consideration.

*JAB* On May 22, 2026, the Energy Bureau issued a Resolution and Order (the “May 22 Resolution”) addressing the proposed contract modifications submitted by PREPA on April 27, 2026. In the May 22 Resolution, the Energy Bureau evaluated the parties’ proposals, provided guidance regarding several outstanding contractual matters, and directed certain revisions to the proposed agreements consistent with the findings and determinations set forth therein. The Energy Bureau further emphasized that each PPOA constitutes an independent contract, such that any price adjustment must be evaluated on a project-by-project basis, rejecting methodologies based on weighted averages of a portfolio of affiliated projects. It also noted that the proposal did not clearly identify the Base Rate applicable to the first contract year or the annual escalator during the term of the agreement and therefore required that both elements be expressly incorporated into the compensation language.

*AM* On May 29, 2026, PREPA filed a *Motion in Compliance with Resolution and Order* (“May 29 Motion”), stating that, in compliance with the May 22 Resolution, it submitted revised contracts (“Revised Contracts”) reflecting the modifications agreed upon by the parties. The Energy Bureau notes that Proponent No. 3 proposed differing compensation structures for twelve (12) Solar PV projects, including differing First-Year Base Rates among such projects.

*1* The contract approved by the Energy Bureau was the one submitted by Puerto Rico Electric Power Authority (“PREPA”) through its filing titled *Informative Motion Regarding Updated Negotiations with Proponent 1 and Memorandum of Law in Support of Request for Confidential Treatment*, dated March 9, 2026 (“Proponent No. 1 Proposed Contract”).

*2* The contract approved by the Energy Bureau was the one submitted by PREPA through its filing titled *Informative Motion Regarding Negotiations with Proponents 1 and 2, and Memorandum of Law in Support of Request for Confidential Treatment*, dated February 27, 2026 (“Proponent No. 2 Proposed Contract”).

*3* The contracts approved by the Energy Bureau was the eleventh (11) Energy Storage Services Agreement (“ESSA”) submitted by PREPA through its filing titled *Informative Motion Regarding Negotiations with Proponents 1 and 3, and Memorandum of Law in Support of Request for Confidential Treatment*, dated March 6, 2026 (“Proponent No. 3 Proposed ESSAs”).

*4* The contracts approved by the Energy Bureau was the eleventh (11) Power Purchase and Operating Agreement (“PPOA”) submitted by Proponent 3 through its filing titled *Informative Motion*, dated March 6, 2026 (“Proponent No. 3 Proposed PPOAs”).



This approach is inconsistent with the framework approved by the Energy Bureau. The Energy Bureau notes that, through its March 26 Resolution, it approved eleven (11) Solar PV projects, not twelve (12) projects as now assumed by Proponent No. 3. Specifically, the Energy Bureau observes that Proponent No. 3 has divided the project originally identified as the Naguabo Solar Farm LLC, with a capacity of forty-five (45) MW, into two separate projects with capacities of twenty (20) MW and twenty-five (25) MW, respectively, and has assigned different compensation terms to each such project.<sup>5</sup> This approach is inconsistent with the Energy Bureau's prior determination, which approved a single Solar PV project with a total capacity of forty-five (45) MW and did not authorize the subdivision of such project into separate resources for pricing or compensation purposes. Accordingly, for purposes of this Resolution and Order, and consistent with the Energy Bureau's prior approval, the Energy Bureau shall treat the Naguabo Solar Farm LLC as a single forty-five (45) MW project. As further discussed below, Proponent No. 3 shall submit a revised agreement for Naguabo Solar Farm LLC reflecting a single Solar PV facility with a capacity of forty-five (45) MW, together with the corresponding compensation structure, consistent with the determinations and directives set forth herein.

As previously determined by the Energy Bureau, all of Proponent No. 3's projects, including the Solar PV projects, were evaluated as individual projects and not pursuant to a portfolio-based pricing structure or a framework predicated upon a weighted average levelized cost of energy across multiple projects. Consistent with such determination, the compensation provisions applicable to the Solar PV projects should have reflected a similar First-Year Base Rate for each project, thereby ensuring that no individual project exceeded the levelized cost of energy thresholds previously accepted by the Energy Bureau for comparable resources. The Energy Bureau observes, however, that the compensation structures submitted by Proponent No. 3 do not conform to such framework. As a result, certain projects reflect levelized costs of energy that exceed the maximum levels authorized by the Energy Bureau in connection with this proceeding, while other projects reflect levelized costs of energy below such levels.

Given the foregoing, the Energy Bureau determines that Proponent No. 3 **SHALL REVISE** the compensation provisions applicable to all Solar PV projects so that each project reflects the identical First-Year Base Rate and compensation structure specified in Exhibit A attached hereto and incorporated herein by reference. Section 1 of Exhibit A, which shall be maintained as a confidential document, identifies the First-Year Base Rate and corresponding project-specific levelized cost of energy ("LCOE") values to be reflected in the revised agreements and utilized for purposes of implementing the compensation structure required herein. The Energy Bureau finds that the values set forth in Section 1 of Exhibit A are consistent with the pricing proposal submitted by Proponent No. 3 and previously accepted by the Energy Bureau in connection with this proceeding. Such values reflect the project-specific pricing and LCOE determinations authorized by the Energy Bureau and shall not be construed as approval of a portfolio-based pricing structure or of a compensation framework relying upon a weighted average LCOE across multiple projects.

Alternatively, if Proponent No. 3 determines that the viability of the proposed Solar PV projects requires the use of differing First-Year Base Rates and a portfolio-based pricing structure relying upon a weighted average LCOE, Proponent No. 3 may maintain such pricing approach only if the eleven (11) Solar PV agreements are revised to include a contractual mechanism ensuring that the weighted average levelized cost of energy of the portfolio does not exceed the levelized cost of energy authorized by the Energy Bureau through this Resolution and Order. In this regard, the Energy Bureau notes that the differing project-specific pricing proposed by Proponent No. 3 was justified on the basis of the aggregate economics of the proposed portfolio rather than on the standalone economics of each individual project. Accordingly, if Proponent No. 3 elects to rely upon a portfolio-based pricing structure, it is reasonable and necessary to require contractual provisions ensuring that the economic outcome represented to and relied upon by the Energy Bureau remains enforceable notwithstanding subsequent changes in the composition of the Portfolio. To that end, Proponent No. 3 may revise Appendix H (Compensation), Section 3 (Base Rate), of each

<sup>5</sup> See Exhibit 3g, filed as part of the *Informative Motion* submitted by Proponent No. 3 on March 6, 2026.



affected agreement to include the *Portfolio Pricing Adjustment* provision set forth below as Section 3(b), or a provision substantially similar thereto, subject only to such minimal modifications as may be necessary to conform the provision to the specific terms of the applicable agreement. Such provision shall ensure that any future change in the composition of the Portfolio does not result in compensation levels that exceed those authorized herein.

b. *Notwithstanding anything to the contrary in this Agreement, the First-Year Base Rate applicable to the Facility was accepted as part of a portfolio pricing structure consisting of Aguirre Solar Farm LLC (\$[●]/MWh First-Year Base Rate),<sup>6</sup> Esmeralda Solar Farm I LLC (\$[●]/MWh First-Year Base Rate),<sup>7</sup> Santa Isabel Solar Farm LLC, (\$[●]/MWh First-Year Base Rate),<sup>8</sup> Guayama ETC Solar Farm LLC (\$[●]/MWh First-Year Base Rate),<sup>9</sup> Juana Díaz Solar Farm LLC (\$[●]/MWh First-Year Base Rate),<sup>10</sup> Caracol Solar Farm LLC (\$[●]/MWh First-Year Base Rate),<sup>11</sup> La Tuna Solar Farm LLC (\$[●]/MWh First-Year Base Rate),<sup>12</sup> Naguabo Solar Farm LLC (\$[●]/MWh First-Year Base Rate),<sup>13</sup> Sabana Grande Solar Farm LLC (\$[●]/MWh First-Year Base Rate),<sup>14</sup> Salinas Solar Farm LLC (\$[●]/MWh First-Year Base Rate), Sierra Solar Farm LLC (\$[●]/MWh First-Year Base Rate)<sup>15</sup> (the eleven (11) projects collectively designated as the "Portfolio").*

*The Parties expressly acknowledge and agree that the First-Year Base Rates applicable to the Portfolio projects were established on the basis that the Portfolio, as a whole, would achieve a capacity-weighted average levelized cost of energy not exceeding \$[●] per MWh (the "Target Portfolio Weighted Average LCOE").<sup>16</sup> Compliance with the Target Portfolio Weighted Average LCOE constitutes a material condition of the pricing structure reflected in this Agreement and the other agreements comprising the Portfolio. Accordingly, the Parties expressly agree that the compensation payable under this Agreement shall at all times remain consistent with a Portfolio structure that does not exceed the Target Portfolio Weighted Average LCOE.*

*For purposes of this Section, "Portfolio Weighted Average LCOE" means the capacity-weighted average of the levelized costs of energy applicable to the Portfolio projects, calculated by multiplying the levelized cost of energy of each Portfolio project by its respective contracted capacity, summing the resulting products, and dividing such sum by the aggregate contracted capacity of all Portfolio projects included in the calculation.*

*For the avoidance of doubt, the determination and recalculation of the Portfolio Weighted Average LCOE pursuant to this Section shall be based*

<sup>6</sup> See Motion in Compliance with Resolution and Order filed by PREPA on May 29, 2026, Draft Contracts Exhibits.

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

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

<sup>16</sup> The Target Portfolio Weighted Average LCOE value is set forth in Section 2 of Exhibit A.



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*AB*

*AB*

*AB*

*[Large handwritten mark]*

on the original levelized costs of energy and pricing assumptions applicable to the Portfolio projects as reflected in the Portfolio pricing structure and shall be performed without giving effect to any price reductions, credits, offsets, financing-related adjustments, refinancing benefits, DOE/LPO-related adjustments, or any other compensation adjustments otherwise provided for under this Agreement or any other agreement comprising the Portfolio. Any such reductions or adjustments shall be applied independently and in addition to any adjustment required under this Section.

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If any project included in the Portfolio fails to achieve Commercial Operation, is terminated, withdrawn, abandoned, materially modified, or otherwise ceases to be included in the Portfolio, PREPA shall recalculate the Portfolio Weighted Average LCOE of the remaining Portfolio projects using the methodology described above. For the avoidance of doubt, a project shall not be deemed to have ceased to be included in the Portfolio solely because it has not yet achieved Commercial Operation, provided that such project remains subject to an effective agreement and continues to pursue development in accordance with the terms thereof. Likewise, differences in the timing of Commercial Operation among Portfolio projects shall not, by themselves, trigger any recalculation or adjustment under this Section.

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If such recalculation demonstrates that the Portfolio Weighted Average LCOE of the remaining Portfolio exceeds the Target Portfolio Weighted Average LCOE, the compensation payable under this Agreement, together with any corresponding adjustments required under the agreements comprising the remaining Portfolio, shall be adjusted as necessary to ensure that the Portfolio Weighted Average LCOE of the remaining Portfolio does not exceed the Target Portfolio Weighted Average LCOE. Any corresponding adjustments to pricing applicable during subsequent Agreement Years shall likewise be implemented to preserve the pricing relationships reflected in the Portfolio pricing structure. PREPA and Resource Provider shall work in good faith to implement the required adjustment, provided that any disagreement regarding such adjustment may be submitted to the Puerto Rico Energy Bureau for review and determination.

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For the avoidance of doubt, the adjustment mechanism set forth in this Section is intended solely to ensure compliance with the Target Portfolio Weighted Average LCOE and shall not entitle Resource Provider to any increase in compensation under this Agreement. Under no circumstances shall the operation of this Section result in an increase in the compensation payable under this Agreement or under any agreement comprising the Portfolio.

Any adjustment made pursuant to this Section shall be effective retroactively to the Commercial Operation Date of the Facility or, if later, the date on which the relevant project ceased to be included in the Portfolio. Resource Provider shall promptly refund, credit, or otherwise reimburse PREPA for any amounts paid in excess of the compensation determined pursuant to the adjusted pricing, including any invoice corrections necessary to fully implement such adjustment.

The Parties acknowledge and agree that the purpose of this Section is to ensure that the compensation payable under this Agreement remains consistent with the Portfolio pricing assumptions and the Target Portfolio Weighted Average LCOE upon which the Portfolio pricing structure was established.

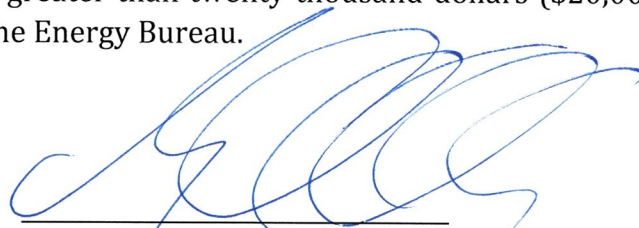


Accordingly, PREPA and Proponent No. 3 are hereby **ORDERED** to submit revised agreements incorporating one of the foregoing approaches within two (2) days of the notification of this Resolution and Order.

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.

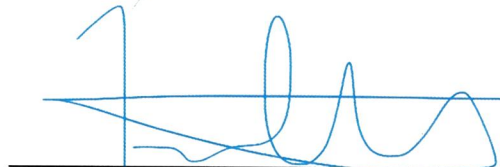
Be it notified and published.



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 hereby certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on June 17, 2026. I also certify that on June 17, 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; ysantiago@picoadvisors.com.

For the record, I sign this in San Juan, Puerto Rico, today June 17, 2026.

  
Sonia Seda Gaztambide  
Clerk

## Annex A

### Section 1 - Individual Projects Approval

1<sup>st</sup> Year Price (\$/MWh) Approved by PREB:      \$[●]

LCOE (\$/MWh) Approved by PREB:              \$[●]

### Section 2- Alternate Portfolio Approval

Target Portfolio Weighted Average LCOE (\$/MWh):      \$[●]

	Project	Capacity (MW)	1st Year Price (Submitted on May 29, 2026) (\$/MWh)	LCOE (Submitted on May 29, 2026) (\$/MWh)
1	Aguirre	34	\$[●]	\$[●]
2	Caracol	25	\$[●]	\$[●]
3	Esmeralda 1	79.5	\$[●]	\$[●]
4	Esmeralda 2	40	\$[●]	\$[●]
5	Guayama	50	\$[●]	\$[●]
6	Juana Díaz	25	\$[●]	\$[●]
7	La Tuna	100	\$[●]	\$[●]
8	Naguabo	45	\$[●]	\$[●]
9	Sabana	25	\$[●]	\$[●]
10	Salinas	74	\$[●]	\$[●]
11	Sierra	25	\$[●]	\$[●]

