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

IN RE: REVIEW OF GENERA PR, LLC REQUEST TO OPERATE PALO SECO MP AND MAYAGUEZ CT WITH NATURAL GAS AS PRIMARY FUEL	**CASE NO.:** NEPR-MI-2024-0004 **SUBJECT:** Resolution on Genera's March 27, 2026 Motion.

RESOLUTION AND ORDER

Genera PR LLC ("Genera") submitted to the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") a request for authorization to convert four (4) 55 MW-combustion turbines located at the Mayagüez Power Plant ("Mayagüez CTs") to dual-fuel operation, allowing them to run on ultra-low sulfur diesel ("ULSD") and natural gas ("NG").[1] Genera represented that the proposed conversion would produce substantial fuel-cost savings, improve operational flexibility, strengthen the reliability of Puerto Rico's generation system, and provide meaningful benefits to the Puerto Rico Electric Power Authority ("PREPA") and its customers.[2] Although the amount of the projected savings changed during the evaluation of the proposal, Genera consistently maintained that the conversion would yield economic and operational benefits.

On January 31, 2025, following a comprehensive evaluation of the proposal, the Energy Bureau issued a Resolution and Order ("January 31 Resolution") conditionally approving the conversion of the Mayagüez CTs. The approval was subject to several conditions intended to preserve competition in the natural gas market, safeguard eligibility for federal funding, establish appropriate ownership arrangements for the conversion and regasification infrastructure, and ensure that the project would ultimately benefit PREPA and its ratepayers.[3] Among other things, the January 31 Resolution required the Puerto Rico Public-Private Partnerships Authority ("P3 Authority"), the Third-Party Procurement Office ("3PPO"), or PREPA, *as applicable*, to conduct a competitive or otherwise legally permissible procurement process.[4] The scope of the procurement process included both the natural gas supply and the development and installation of the conversion and regasification infrastructure necessary to operate the Mayagüez CTs using natural gas. The January 31 Resolution also required that the selected project structure preserve eligibility for Federal Emergency Management Agency ("FEMA") funding and appropriately address PREPA's ownership of the improvements.[5]

On March 26, 2026, more than one year after the conditional approval, the Energy Bureau determined that the record did not demonstrate compliance with the conditions established in the January 31 Resolution ("March 26 Resolution"). The Energy Bureau therefore ordered Genera to explain the reason for the prolonged delay and to provide a definite update regarding when the required documentation would be submitted.[6]

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[1] *See Request for Leave to Operate Palo Seco MP and Mayagüez CT with Natural Gas as the Primary Fuel* filed by Genera on February 21, 2024 ("February 21 Motion").

[2] *Id.*

[3] *See* January 31 Resolution, pp. 15-16.

[4] The January 31 Resolution refrained from prescribing which specific entity should conduct the procurement process. Instead, it provided that the procurement should be undertaken, "as applicable" (e.g., by the entity authorized to do so under the applicable legal, contractual, and regulatory framework).

[5] *See, in general*, January 31 Resolution.

[6] *See* March 26 Resolution.

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On March 27, 2026, Genera filed its *Motion in Compliance with Resolution and Order dated March 26, 2026* ("March 27 Motion"). Genera explained that the procurement process required under the January 31 Resolution was administered by the 3PPO and that the 3PPO subsequently modified the procurement scope to address only the supply of natural gas, expressly excluding the conversion and regasification infrastructure. According to Genera, the infrastructure component was deferred to a separate procurement process.[7]

Genera further informed that, through the 3PPO-led procurement, Crowley[8] was selected to supply natural gas to the Mayagüez facility and that negotiation of the applicable agreement remained ongoing.[9] Genera asserted that, until the natural gas supply agreement is completed, it cannot determine the specific equipment and technical specifications that will govern the infrastructure required to receive and deliver natural gas to the Mayagüez CTs.[10] On that basis, Genera maintained that the actions necessary to demonstrate compliance with the January 31 Resolution depend upon matters outside its control.[11]

The Energy Bureau recognizes that the selection of the natural gas supplier and the negotiation of the corresponding supply agreement were not entrusted to Genera and therefore were not within Genera's control. Such separation was particularly relevant while the procurement process involved the possibility of selecting a supplier affiliated with Genera or its corporate parent, since an independent procurement structure was necessary to address potential conflicts of interest. Nevertheless, the completion of the competitive selection process and the selection of Crowley, an entity that, according to the record, is not affiliated with Genera, materially alters the circumstances relevant to that concern. Although Genera must continue to refrain from interfering with the independent negotiation and administration of the natural gas supply contract, the selection of an unaffiliated supplier diminishes the potential conflict-of-interest concerns that could otherwise limit Genera's participation in evaluating and proposing solutions for the remaining conversion and infrastructure components.

Nothing in the independent procurement structure prevents Genera, in its capacity as operator and administrator of PREPA's Legacy Generation Assets, from evaluating the technical requirements of the Mayagüez CTs, identifying potential funding sources, developing preliminary scopes of work, or proposing alternative structures for the development of the conversion and regasification infrastructure. Nor does it prevent Genera from coordinating with PREPA, subject to the appropriate procurement and regulatory safeguards, to facilitate the formulation and evaluation of such alternatives.

Indeed, the record concerning the proposed conversion of the Cambalache generating units demonstrates that Genera understands both the distinction between the procurement of natural gas and the development of the infrastructure necessary to use that fuel, and its ability to act affirmatively with respect to the latter. As occurred with Mayagüez, the procurement process associated with the Cambalache conversion resulted in a natural gas supply arrangement that did not, by itself, resolve how the conversion and regasification

[7] *See* March 27 Motion, p. 4.

[8] Crowley is a provider of natural gas services with operations in Puerto Rico.

[9] See *Id.*, p. 5.

[10] See *Id.*

[11] See *Id.*

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infrastructure would be financed, developed, and owned. Thus, in both projects, the supply of natural gas and the required infrastructure were ultimately treated as separate matters.[12] In the Cambalache proceeding, however, Genera did not merely state that the infrastructure component had been excluded from the natural gas procurement or that responsibility for resolving that component rested with the 3PPO, the P3 Authority, or PREPA.[13] Instead, Genera independently evaluated an alternative approach, determined that FEMA funding could potentially be used to pay for the conversion works and regasification infrastructure, prepared a scope of work and cost estimate, proposed that PREPA own the resulting improvements, and requested authorization from the Energy Bureau to initiate FEMA project formulation and technical design.[14]

Genera specifically represented in the Cambalache proceeding that the use of FEMA funding and PREPA ownership of the infrastructure constituted a preferable approach to the structure originally contemplated.[15] It further requested authorization to submit the applicable scope of work and cost estimate to FEMA and to immediately begin technical design in order to expedite implementation of the conversion.[16]

The Energy Bureau further notes that the natural gas supply arrangements associated with the Cambalache project involve NFEnergía LLC or another entity within the New Fortress Energy corporate family, which is affiliated with Genera, whereas the natural gas supply for Mayagüez was awarded to Crowley, an unaffiliated supplier. The Energy Bureau does not, through this Resolution and Order, make a determination regarding Genera's motivations or conclude that its actions were influenced by those differing commercial circumstances. The distinction is nevertheless relevant when evaluating the level of initiative reflected in the two proceedings. Where the contemplated natural gas supplier for Cambalache is affiliated with Genera's corporate parent, Genera acted affirmatively and expeditiously to devise a potential solution for the infrastructure component left unresolved by the fuel-supply procurement. Conversely, following the selection of an unaffiliated supplier for Mayagüez, and notwithstanding that the independent supplier selection reduced the potential conflict-of-interest concerns that might otherwise restrict Genera's participation, the record reflects no comparable effort by Genera to identify, develop, or propose a solution for the Mayagüez conversion and regasification infrastructure.

The Energy Bureau does not suggest that Genera should control the negotiation with Crowley, select contractors, commit public funds, or undertake procurement assigned by law or contract to another entity. However, Genera's March 27 Motion does not explain why it could proactively develop a FEMA-funded infrastructure proposal for Cambalache, while apparently taking no comparable action to evaluate whether FEMA funding, PREPA ownership, a separate infrastructure procurement, or another legally permissible structure could be used for Mayagüez. Genera's assertion that the specific infrastructure ultimately selected must account for the requirements of the natural gas supplier does not fully resolve this concern. The need for coordination with the selected supplier may affect the final design and technical specifications, but it does not necessarily prevent the preliminary evaluation of funding eligibility, infrastructure ownership, permitting requirements, potential scopes of work, procurement alternatives, or the steps necessary to begin project formulation. Genera undertook precisely those types of preliminary efforts in the Cambalache proceeding, even though the infrastructure remained subject to further formulation, FEMA review, design, and approval.

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[12] See, in general, *Motion to Inform Compliance with Conditional Approval and to Request Authorization for FEMA Project Formulation for Fuel Swapping Conversion at Cambalache* filed by Genera on March 20, 2026 ("March 20 Motion").

[13] See *Id.*

[14] See *Id.*, p. 5.

[15] See *Id.*, p. 4.

[16] See *Id.*, p. 6.

Moreover, the January 31 Resolution expressly contemplated the preservation and potential use of FEMA funding for the Mayagüez improvements. It also established PREPA ownership of the required improvements as the preferred structure. Thus, the principal elements of the approach subsequently proposed by Genera for Cambalache were already contemplated as part of the conditions governing the Mayagüez conversion.

The differing way Genera has approached the unresolved infrastructure component in these substantially similar proceedings warrants a more complete explanation. At a minimum, the record must establish whether the alternative developed for Cambalache was evaluated for Mayagüez; whether the Mayagüez units or proposed improvements are potentially eligible for FEMA funding; what preliminary technical or project-formulation work has been performed; and why no comparable proposal has been presented to the Energy Bureau.

The Energy Bureau further emphasizes that the Mayagüez conversion was originally proposed and actively advocated by Genera. It was Genera that represented that the project would generate material savings, improve operational flexibility, and benefit PREPA's customers. Those representations formed an important part of the administrative record supporting the Energy Bureau's conditional approval. Genera's responsibility as operator does not disappear merely because the natural gas supplier was selected through an independent procurement or because another entity must conduct the formal procurement of the infrastructure.

At the same time, the ultimate responsibility for protecting and advancing PREPA's generation assets cannot be left indefinitely dispersed among Genera, the P3 Authority, and the 3PPO. PREPA owns the Mayagüez CTs and the facilities where the proposed improvements would be installed. Therefore, PREPA must assume an active coordinating role and take the steps necessary to determine whether and how the conditionally approved conversion can proceed. PREPA cannot remain a passive observer while the entities involved attribute responsibility for the unresolved infrastructure component to one another. The separation of the natural gas supply from the infrastructure procurement does not constitute a basis for allowing the project to remain indefinitely stalled. Rather, it requires PREPA to coordinate the relevant entities, identify the remaining decisions, assign responsibility for each action, and determine an appropriate path for the continued evaluation and implementation of the project.

The Energy Bureau emphasizes that the January 31 Resolution remains in full force and effect. Nothing in Genera's March 27 Motion relieves PREPA, as owner of the generation assets, or Genera, as operator and administrator of those assets, from taking all reasonable actions within their respective authority to advance the evaluation and potential implementation of the conditionally approved conversion.

Accordingly, the Energy Bureau hereby **ORDERS** Genera, in coordination with PREPA, the P3 Authority, the 3PPO, Crowley, to the extent appropriate, and any other entity participating in the procurement or implementation of the Mayagüez conversion, to diligently continue and advance the evaluation, funding, procurement, contracting, permitting, design, and implementation processes necessary to complete the project, consistent with the January 31 Resolution and all applicable legal and regulatory requirements.

Genera **SHALL** assume an active coordinating role in this process. In carrying out this responsibility, Genera **SHALL** identify the entity responsible for each remaining action, establish a coordinated schedule, and take all measures within its authority necessary to prevent the project from remaining stalled because of fragmented institutional responsibilities.

Genera **SHALL** l file, within thirty (30) days from the notification of this Resolution and Order, a comprehensive status report that shall identify, describe, and explain, as applicable:

(i) the actions undertaken by PREPA, Genera, the P3 Authority, the 3PPO, and any other participating entity since the issuance of the January 31 Resolution to

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advance the implementation of the Mayagüez conversion, identifying the entity that performed each action, the date on which such action was undertaken, and its current status;

(ii) the remaining actions necessary to complete the evaluation, procurement, development, and implementation of the Mayagüez conversion and the associated regasification infrastructure, identifying the entity responsible for each remaining action, the reason why it has not yet been completed, any legal, contractual, technical, financial, permitting, funding, or procurement obstacle presently preventing its completion, and the measures currently being undertaken to resolve such obstacle;

(iii) the current status of the negotiations with Crowley and the extent to which those negotiations presently affect the evaluation, design, procurement, or implementation of the conversion and regasification infrastructure, identifying those technical requirements that may presently be determined and those that cannot reasonably be established until completion of the negotiations;

(iv) any evaluation undertaken by Genera, PREPA, the P3 Authority, the 3PPO, or any other participating entity regarding the use of FEMA funding, PREPA ownership of the regasification infrastructure, or any implementation approach comparable to that proposed for the Cambalache conversion, identifying the entity that performed each evaluation, when it was performed, the alternatives considered, the conclusions reached, and, if no such evaluation has been undertaken, the reasons therefor;

(v) the project-formulation activities undertaken by Genera, or requested of Genera by PREPA or any other participating entity, with respect to the Mayagüez conversion, including any preliminary scopes of work, cost estimates, technical evaluations, engineering or design work, FEMA submissions, or comparable development activities, and, if no such activities have been undertaken, the reasons therefor;

(vi) any legally permissible procurement, funding, ownership, contracting, or implementation alternatives that have been evaluated for the Mayagüez conversion, identifying the entity that performed each evaluation, the alternatives considered, the reasons supporting their acceptance or rejection, and whether any such alternatives remain under consideration;

(vii) the actions separately undertaken by PREPA and Genera following issuance of the January 31 Resolution to coordinate, facilitate, or otherwise advance implementation of the Mayagüez conversion, including any communications, requests, recommendations, proposals, or coordination efforts involving the P3 Authority, the 3PPO, FEMA, Crowley, or any other governmental or private entity;

(viii) a proposed implementation schedule identifying each remaining milestone necessary to complete the project, the entity responsible for each milestone, the anticipated completion date for each action, and any dependencies or conditions that could materially affect the proposed schedule.

The filing **SHALL** separately identify all actions undertaken by PREPA and by Genera to advance the Mayagüez conversion after issuance of the January 31 Resolution. Genera **SHALL** also explain why it has not presented for Mayagüez an infrastructure-development proposal comparable to the FEMA-funded approach it developed and presented for Cambalache or shall identify the date by which it will complete an evaluation of whether such an approach is feasible.

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Should PREPA, Genera, or any other participating entity conclude that the Mayagüez conversion should no longer proceed, the filing **SHALL** specifically identify and substantiate the factual, legal, technical, operational, and economic bases supporting that conclusion. The filing **SHALL** also explain whether the projected savings and other benefits previously represented by Genera remain valid and, if not, identify the circumstances or assumptions that have changed.

The Energy Bureau will continue monitoring this matter to ensure that the potential benefits previously presented as justification for the conditional approval are either diligently pursued or, alternatively, that any determination not to proceed is supported by a complete and adequate administrative record.

The Energy Bureau **WARNS** PREPA and Genera that, in accordance with Art. 6.36 of Act 57-2014, non-compliance with this Resolution and Order may carry the imposition of fines.

Be it notified and published.

Edison Avilés Deliz
Chairman

Ferdinand A. Ramos Soegaard
Associate Commissioner

Antonio Torres Miranda
Associate Commissioner

CERTIFICATION

I certify that the majority of the members of the Puerto Rico Energy Bureau agreed on July 20, 2026. Associate Commissioners Lillian Mateo Santos and Sylvia B. Ugarte Araujo did not intervene. Also certify that on July 20, 2026. I have proceeded with the filing of this Resolution and was notified by email to: alexis.rivera@prepa.pr.gov; rcruzfranqui@gmlex.net; mvalle@gmlex.net; nzayas@gmlex.net; jfernandez@ecija.com; jdiaz@ecija.com; eramos@ecija.com; legal@genera-pr.com; regulatory@genera-pr.com.

I sign this in San Juan, Puerto Rico, today July 20, 2026.

Sonia Seda Gaztambide
Clerk

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