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Received:

Aug 27, 2026

6:53 PM

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

IN RE: **GENERA PR LLC FUEL OPTIMIZATION PLAN**	**CASE NO.: NEPR-MI-2023-0004** **SUBJECT: Updated Fuel Optimization Plan**

MOTION REQUESTING APPROVAL OF UPDATED FUEL OPTIMIZATION PLAN

TO THE HONORABLE ENERGY BUREAU:

COMES NOW, **Genera PR LLC**, through undersigned counsel, and respectfully STATES and PRAYS:

I. Introduction

Genera PR LLC respectfully submits for the Puerto Rico Energy Bureau's (the "Energy Bureau") review and approval the Updated Fuel Optimization Plan (the "Updated FOP"), included as **Attachment 1**, pursuant to Section 4.2(t) of the Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement (the "Generation OMA") among Genera, the Puerto Rico Public-Private Partnerships Authority (the "P3 Authority" or "Administrator"), and the Puerto Rico Electric Power Authority ("PREPA").

Section 4.2(t) requires Genera to develop and maintain a Fuel Optimization Plan describing the Fuel Cost Savings Initiatives and outlining the expected methods and estimated fuel savings to be achieved during the Term of the Agreement. Genera submitted the initial version of such plan in April 29, 2024; the Energy Bureau issued an order in November 2024 approving certain aspects, denying other aspects without prejudice, and providing guidance on some ways Genera could further clarify and update the plan in the future. The Updated FOP constitutes the first such update and effort to address points raised.

As the Energy Bureau has recognized, the Fuel Optimization Plan is the instrument through which Genera describes the initiatives intended to lower fuel costs for ratepayers for the term of the Generation OMA and proposes the methods used to quantify the savings achieved. **November 22, 2024, Resolution, pp. 4-5**. The Updated FOP serves that function and proposes five (5) categories of Fuel Cost Savings Initiatives and methodologies, each intended to be clear and verifiable, consistent with the Principles for Performance Incentive Mechanisms reflected in Regulation 9137 and with the contracted incentive framework of Annex II of the Generation OMA.

The Updated FOP reflects Genera's review of the Energy Bureau's directives, determinations and guidance throughout the FY2024 review cycle, including the Bureau's findings in its November 22, 2024, Resolution and its subsequent Resolution of May 23, 2025 addressing Genera's January 23, 2025 Motion to Reconsider. The Updated FOP is intended to address the Bureau's concerns regarding methodological clarity, the effect of initiatives on system dispatch, transparency, affiliate involvement, and the requirement that savings be verifiable and attributable to Genera's own actions rather than to market movement.

Genera notes that the Updated FOP is organized differently from the plan reviewed during the FY2024 cycle. Rather than presenting a discrete list of micro-level projects, the Updated FOP presents five (5) initiative categories of savings opportunities, which represent the realistic levers to achieve savings. The individual activities within each initiative share similar methodologies for savings calculations, making this organizational approach more logical and administratively efficient. The revised structure is intended to simplify the plan, clarify expectations, and facilitate its implementation and administration, without altering its underlying objectives.

Importantly, Genera has tied each initiative to a specific clause of the Generation OMA's definition of "Fuel Cost Savings Initiatives." This roots each initiative firmly in the Generation OMA approved by the Energy Bureau.

To assist the Energy Bureau in relating the present submission to the prior review cycle, **Part III.C** below sets forth a crosswalk between the initiatives evaluated in the November 22, 2024, Resolution and the five (5) categories of the Updated FOP. For clarity, Genera has included all initiatives previously approved by the Energy Bureau within the Updated FOP.

Genera submits the Updated FOP as a methodological document, consistent with the design of the Generation OMA and particularly Section III(B)(6)(b) of its Annex II. It does not seek approval of any specific incentive payment, nor does it request adjudication of any contractual dispute. As the Energy Bureau emphasized in its May 23, 2025, Resolution, the proceeding for the evaluation of a proposed Fuel Optimization Plan is not adjudicative in nature. **May 23, 2025 Resolution, p. 6**. Genera respects the contractual framework and submits the Updated FOP for the Bureau's review solely within that methodological scope.

The Updated FOP is intended to advance the objectives the Energy Bureau has recognized as central to Puerto Rico's energy transformation: reducing fuel costs for ratepayers, improving the efficiency of the generation fleet, and supporting the transition to a more resilient and diversified energy system. The simplified approach to the Updated FOP will allow these objectives to be achieved with greater clarity and expediency while preserving the Energy Bureau's appropriate oversight guardrails contemplated by the Generation OMA.

II. Procedural Background

On **July 18, 2023**, the Energy Bureau initiated administrative proceedings to evaluate Genera's Fuel Optimization Plan pursuant to Section 4.2(t) of the Generation OMA, **Case No. NEPR-MI-2023-0004**. Between July 2023 and April 2024, the parties engaged in an extensive exchange of information, filings and regulatory directives, including multiple rounds of additional information requests, confidentiality rulings, P3 Authority coordination, stakeholder comment periods, and a Technical

Conference held on May 23, 2024, through which the Bureau and the parties developed a detailed record regarding the methodologies proposed for each initiative.

That process resulted in the Final 2024 FOP, filed by Genera on April 29, 2024, which served as the basis for the Bureau's dispositive resolution. Additionally, through a Resolution and Order issued on May 9, 2024, the Bureau reconsidered its earlier decision to evaluate the proposed fuel swap within this proceeding and instead opened a separate case, *In re: Review of Genera PR, LLC Request to Operate Palo Seco MP and Mayagüez CT with Natural Gas as Primary Fuel*, Case No. NEPR-MI-2024-0004.

On November 22, 2024, the Energy Bureau issued its Resolution and Order approving **Initiatives #1, #2 and #4** of the Proposed FOP, and rejecting without prejudice **Initiatives #3, #5, #6, #7 and #8**. **See November 22, 2024 Resolution, pp. 9-10**.

The Bureau found that the methodologies for the rejected initiatives required further development, that certain initiatives were subject to other open proceedings before the Bureau, and that Initiative #8 raised unresolved issues regarding the calculation of avoided fuel costs and the effect of supplemental generation on system dispatch. **Id., pp. 6-7, 9**. The Bureau further stated that it expected Genera to resolve the issues identified for each rejected initiative before an updated FOP was submitted for evaluation and approval, and that it would consider any initiative similar to those approved for FY 2024 on its merits when filed in a future updated FOP. **Id., pp. 8, 10**.

On January 23, 2025, Genera filed a Motion to Reconsider the November 22, 2024 Resolution. **See Motion to Reconsider, Jan. 23, 2025**.

On May 23, 2025, the Energy Bureau issued a Resolution denying the Motion to Reconsider. The Bureau concluded that the reconsideration request was untimely and that the FOP review process is non-adjudicative. **May 23, 2025 Resolution, p. 6**.

Genera now submits the Updated Fuel Optimization Plan pursuant to Section 4.2(t) of the Generation OMA and the Energy Bureau's directives. The Updated FOP is intended to address the Bureau's determinations in the November 22, 2024, and May 23, 2025 Resolutions and presents revised methodologies directed at the concerns identified during the FY2024 review cycle. Genera submits the Updated FOP solely for methodological approval.

III. Basis for Approval of the Updated Fuel Optimization PlanA. The Five Fuel Cost Savings Initiatives Set Forth in the Updated FOP

The Updated FOP sets forth five (5) Fuel Cost Savings Initiatives. Each represents a category of activities that map to a corresponding concept modeled in a clause of the Generation OMA's definition of "Fuel Cost Savings Initiatives."[1]

The following subsections provide a concise description of the objective and scope of each initiative and its relationship with the Energy Bureau's prior determinations where applicable. The complete descriptions and proposed savings-calculation methodologies are set forth in **Attachment 1** and are not repeated in full here.

A single project may contribute to more than one of the initiatives described below. To ensure transparency and consistency, Genera will allocate the relevant portion of the impact and savings associated with a project to the appropriate initiative; Genera will not double count the savings impact. With respect to Initiatives 1, 3, and 4, the Updated FOP further provides that project-cost savings versus budget arising from federal funding of project works will not form part of any savings claimed under those initiatives; the claimed savings will instead be limited to the qualifying fuel-cost, dispatch, and efficiency effects identified in the Updated FOP.

1. Changes to the Type of Fuel at a Legacy Generation Asset

[1] **See Attachment 1** for Genera's complete description of each initiative and the proposed savings-calculation methodologies applicable thereto.

This initiative seeks to reduce fuel costs by replacing higher-cost fuels used at the Legacy Generation Assets with lower-cost alternatives, principally through fuel swaps, conversions of eligible assets, and the use of generation equipment and related infrastructure capable of operating on more economical fuels. The Updated FOP identifies the initiative with clause (ii) of the Generation OMA's definition of Fuel Cost Savings Initiatives.

The initiative contemplates coordination with LUMA for the necessary dispatch information and states that Genera will not claim savings for a fuel swap or conversion until the Energy Bureau has approved the relevant project to move forward. The approach is intended to address the Bureau's prior concern that fuel-swap and asset-related methodologies account for system dispatch impacts rather than measuring savings solely at the project level.

2. Savings Opportunities Related to Portfolio Optimization

This initiative seeks to reduce fuel costs by improving the commercial terms under which fuel is acquired. The Updated FOP groups within this category efforts involving contract adders and premiums, the timing of fuel purchases and deliveries, contract price escalators, spot purchases, payment structures, and related commercial arrangements. It identifies the initiative with clause (v) of the Generation OMA's definition of Fuel Cost Savings Initiatives.

The initiative addresses the Bureau's prior guidance concerning adders, benchmarking, volatility, comparability of risk and cost allocation, additional contractual obligations, and the need for verifiable savings.

3. Displace Higher-Cost Generation Units With Lower-Cost MW in the Production Mix

This initiative seeks to reduce aggregate fuel costs by increasing the available megawatt output of generation located at existing Generation Sites that operate on lower-cost fuel or more efficiently than generation otherwise dispatched on the system. It includes work to restore or expand output at existing units and the addition of equipment that makes lower-cost generation available. The Updated FOP identifies this initiative with clause (iii) of the Generation OMA's definition of Fuel Cost Savings Initiatives.

3 B Displace Higher-Cost Generation Units With BESS Battery Project

This initiative concerns the deployment and operation of Battery Energy Storage Systems to reduce reliance on higher-cost thermal generation while supporting grid stability, reserves, voltage support, and other system needs. The Updated FOP identifies the initiative with clause (iii) of the Generation OMA's definition of Fuel Cost Savings Initiatives and contemplates phased implementation consistent with applicable approvals, funding, and interconnection requirements.

The Updated FOP contemplates dispatch modeling and coordination with LUMA to identify the thermal generation displaced. Because BESS was not evaluated as a separate initiative in the FY2024 review cycle, Genera submits this methodology for evaluation on its own merits.

4. Improve Fuel Efficiency of the Legacy Generation Assets

This initiative seeks to reduce the quantity of fuel required to produce electricity by improving the heat rate of targeted generation units through repairs, performance upgrades, and, where applicable, replacement of less-efficient peaking generation with higher-efficiency units. The Updated FOP identifies this initiative with clause (i) of the Generation OMA's definition of Fuel Cost Savings Initiatives.

The Updated FOP proposes to use a documented baseline and pre- and post-intervention testing to produce a methodology capable of verification under the principles applied by the Energy Bureau in this proceeding.

5. Reduce Fuel-Related Maintenance Costs or Other Documented Fuel-Related Costs

This initiative addresses reductions in maintenance and other specifically fuel-related costs within the scope described in clause (iv) of the Generation OMA's definition of Fuel Cost Savings Initiatives, including transportation, testing, delivery, storage, tank maintenance, and related Facility Contract costs. The Updated FOP describes potential measures involving procurement and contracting practices, vendor arrangements, fuel logistics, and other cost categories that Genera identifies as related to the handling and use of fuel.

B. Relationship Between the FY2024 Review Cycle and the Updated FOP

Because the Updated FOP is organized around five (5) categories rather than the eight initiatives evaluated in the November 22, 2024 Resolution, Genera provides the following crosswalk to assist the Energy Bureau in relating the present submission to the prior review cycle. The designations and dispositions in the first two columns are those used by the Energy Bureau in the November 22, 2024 Resolution.

Initiative as designated in the November 22, 2024 Resolution	Disposition	Principal location in the Updated FOP
Initiative #1 — Reduce the fixed premium for ultra-low sulfur diesel (ULSD)	Approved	Initiative 2, contract adder reduction sub-activity
Initiative #2 — Fuel reliability enhancements for ULSD	Approved	The Updated FOP does not identify an express successor. Certain delivery, transportation, storage, or related cost elements may fall within Initiative 5.
Initiative #3 — Change of fuel oil escalator and reduction of fuel oil adder	Rejected without prejudice	Initiative 2, escalator formula and adder reduction sub-activities

Initiative as designated in the November 22, 2024 Resolution	Disposition	Principal location in the Updated FOP
Initiative #4 — Spot purchase option for fuel oil and ULSD	Approved	Initiative 2, spot purchase sub-activity
Initiative #5 — Price risk management	Rejected without prejudice	The Updated FOP states that Genera will not pursue hedging or associated savings until the Energy Bureau has defined the applicable framework in Case No. NEPR-MI-2022-0004. Purchase and delivery timing is addressed within Initiative 2.
Initiative #6 — Payment terms management	Rejected without prejudice	Initiative 2, commercial terms, financing and accelerated payment sub-activities
Initiative #7 — Fuel swap and fuel conversion initiatives	Rejected without prejudice	Initiative 1
Initiative #8 — Asset supplementing initiatives	Rejected without prejudice	Overlap with Initiatives 3 & 6. Depending on the particular project, fuel-type and heat-rate effects may also relate to Initiatives 1 and 4.

This crosswalk is provided solely to demonstrate the manner in which the Updated FOP has been reorganized and the manner in which it seeks to address the prior review cycle.

Genera submits each of the five (5) Fuel Cost Savings Initiatives set forth in the Updated FOP for the Energy Bureau's evaluation and approval on its own merits.

C. Review and Updating of the Updated FOP

The Updated FOP is framed as a roadmap of categories of savings opportunity rather than as a fixed list of individual projects, and it contemplates that the applicability of a particular initiative and calculation methodology to specific circumstances will be determined by the P3 Authority in accordance with the annual review process set out in the Generation OMA.

The Updated FOP also provides that Genera will include in each annual Incentives and Penalties Report a narrative identifying, for any Fuel Cost Savings Initiative for which savings are claimed, the incremental actions taken by Genera beyond the routine contract administration previously carried out by PREPA that fall within the definition of Fuel Cost Savings Initiative under the Generation OMA. This process will provide the opportunity for detailed review of specific actions taken by Genera during a Contract Year (as distinct from general market effects), without creating administrative burden based on speculation about the numerous activities that could or may be performed.

Genera respectfully requests that the Energy Bureau evaluate and approve the methodologies contained in the Updated FOP so that the Operator may pursue cost-saving measures in a manner consistent with the Generation OMA, the Bureau's prior determinations, and the public interest.

Genera respectfully informs the Energy Bureau that the Updated Fuel Optimization Plan, submitted herewith as **Attachment 1**, is filed under seal of confidentiality, as it contains sensitive commercial information, including fuel procurement terms, contract pricing structures, and savings calculation methodologies whose disclosure would prejudice Genera's commercial position and that of its counterparties. Genera also respectfully requests that the Energy Bureau maintain **Attachment 1** under seal of confidentiality pursuant to the Energy Bureau's Policy on Management of Confidential Information, CEPR-MI-2016-0009. In accordance with this policy, Genera informs that it will submit a Memorandum of Law supporting this request within the next ten (10) days.

IV. Relief Requested

WHEREFORE, **Genera PR LLC** respectfully requests that the Energy Bureau take notice of this filing and:

(1) approve the Updated Fuel Optimization Plan submitted herewith as Attachment 1, pursuant to Section 4.2(t) of the Generation OMA, including its five (5) Fuel Cost Savings Initiatives and proposed savings-calculation methodologies, and find that those methodologies are consistent with the incentive framework set forth in Annex II, Section III.B.6 of the Generation OMA.

(2) grant such other relief and issue such other directives as may be necessary to give full effect to the purposes of Section 4.2(t) of the Generation OMA and to the orderly implementation of the methodologies governing fuel cost savings under the Updated Fuel Optimization Plan.

We hereby certify that we filed this Motion using the electronic filing system of this Energy Bureau.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 27th day of August 2026.

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Attachment 1. Updated FOP
(CONFIDENTIAL)