

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

IN RE: YABUCOA DECOMMISSIONING PLAN

CASE NO.: NEPR-MI-2026-0006

SUBJECT: Approval of the Yabucoa Decommissioning Plan.

RESOLUTION AND ORDER

I. Relevant Background

On January 24, 2023, the Puerto Rico Electric Power Authority ("PREPA"), the Puerto Rico Public-Private Partnerships Authority ("P3 Authority") and Genera PR, LLC ("Genera") entered into an agreement for the operation and maintenance of PREPA's legacy generation assets.¹ According to Generation OMA, Genera will provide Decommissioning Services for the Legacy Generation Assets.² These services encompass the dismantling and removal of the structures that make up the Legacy Generation Assets, as well as all other necessary activities for their retirement, dismantling, decontamination, or storage.³

On March 25, 2026, Genera requested that the P3 Authority issue a decommissioning notice pursuant to Section 16.1 of the Generation OMA for two gas turbine generators at the Yabucoa Power Plant (the "March 25 Letter"). As part of that request, Genera attached a March 20, 2026 letter from Genera to PREPA requesting that PREPA instruct LUMA⁴ to proceed with and confirm its authorization to support the disconnection and decommissioning of the Yabucoa Power Plant (the "March 20 Letter"), as well as PREPA's March 23, 2026 response to LUMA concerning Genera's request (the "March 23 Letter").

On April 10, 2026, LUMA sent a letter to Genera approving the requested disconnection and decommissioning of the Yabucoa Power Plant (the "April 10 Letter"). Thereafter, on May 28, 2026, the P3 Authority submitted a letter to the Energy Bureau⁵ requesting review and acknowledgment of the proposed Decommissioning Notice (the "May 28 Letter"). The P3 Authority included as attachments to the May 28 Letter all the foregoing communications exchanged among Genera, PREPA, and LUMA concerning the proposed disconnection and decommissioning of the Yabucoa Power Plant. On June 1, 2026, the Energy Bureau responded to the P3 Authority's request (the "June 1 Letter"). To the extent not already included therein, the foregoing communications, through and including the June 1 Letter, are hereby incorporated into the administrative record of the instant proceeding. The Clerk of the Energy Bureau is **ORDERED** to include such communications as part of the administrative record in this case.

Following the Energy Bureau's response, the P3 Authority issued a Decommissioning Notice to Genera pursuant to Section 16.1(a) of the Generation OMA (the "June 2 Letter").

On July 1, 2026, Genera filed a *Motion to Submit Yabucoa Decommissioning Plan Pursuant to Article 16 of the Puerto Rico Thermal Generation Facilities Operation and Maintenance*

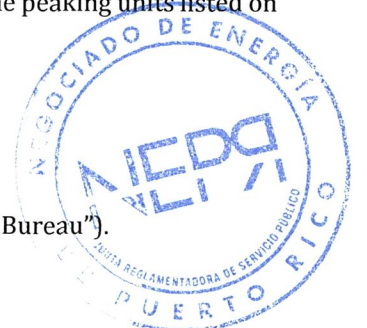
¹ See *Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement*, dated January 24, 2023, executed by and among PREPA, P3 Authority and Genera ("Generation OMA"). Except as otherwise provided, capitalized terms used but not otherwise defined in this Resolution and Order have the meaning ascribed to them in the Generation OMA.

² Legacy Generation Assets are the base-load generation plants and combustion turbine peaking units listed on Annex I of the Generation OMA. See *Recitals* of the Generation OMA.

³ Section 1.1 of the Generation OMA.

⁴ LUMA Energy LLC and LUMA Energy ServCo LLC (jointly referred as, "LUMA").

⁵ The Energy Bureau of the Puerto Rico Public Service Regulatory Board (the "Energy Bureau").



Agreement ("July 1 Motion"). Through this filing, Genera submitted for the Energy Bureau's review and approval the proposed Decommissioning Plan for the Yabucoa Power Plant ("Proposed Decommissioning Plan"), together with a Community Relations Plan ("Community Plan"). Genera also requested confidential treatment for the Proposed Decommissioning Plan.

On July 10, 2026, Genera filed a *Memorandum of Law in Support of Confidential Treatment of Proposed Yabucoa Decommissioning Plan* ("July 17 Motion"), requesting confidential treatment for the Proposed Decommissioning Plan. Genera argued that the Proposed Decommissioning Plan contains commercially sensitive information, trade secrets, and Critical Energy Infrastructure Information ("CEII"), and that its public disclosure would jeopardize an ongoing procurement process and compromise the security of Puerto Rico's critical energy infrastructure.

On July 28, 2026, the Energy Bureau received from the P3 Authority a draft report titled *Yabucoa Decommissioning Plan Assessment*, prepared by FTI Consulting regarding the Yabucoa Decommissioning Plan ("FTI Report").

On August 5, 2026, representatives of the Energy Bureau and the P3 Authority held a meeting to discuss matters related to the FTI Report and the Yabucoa Decommissioning Plan ("August 5 Meeting").

II. Generation OMA Legacy Generation Assets Decommissioning Framework

Pursuant to Generation OMA, Genera will provide Decommissioning Services for the Legacy Generation Assets.⁶ These services include the dismantling and removal of the Legacy Generation Assets structures, as well as all other necessary activities for their retirement, dismantling, decontamination, or storage.⁷ After the Service Commencement Date the P3 Authority (acting on behalf of PREPA), under the Approved IRP,⁸ and in consultation with the Energy Bureau and LUMA may issue a Decommissioning Notice to Genera to start Decommissioning Services for one or more of the Legacy Generation Assets.⁹ In addition, on or after the Service Commencement Date, P3 Authority (acting on behalf of PREPA) may deliver to Genera a Decommissioning Notice to proceed regarding one or more of the Out-of-Service Units.¹⁰ Furthermore, if Genera determines, in accordance with Prudent Industry Practice and in consultation with the Energy Bureau and LUMA, that a Legacy Generation Asset or a portion of it cannot continue to be safely operated and maintained due to an Emergency Event, Extended Event, or other critical developments, Genera may submit a request to the P3 Authority and the Energy Bureau (with copies to PREPA and LUMA) to commence Decommissioning Services for the affected Legacy Generation Asset.¹¹ Genera must provide LUMA with at least two (2) years' advance written notice before starting any Decommissioning Services due to such events, unless the Energy Bureau mandates an earlier specific commencement date.¹²

⁶ Section 2.1 of Generation OMA.

⁷ Section 1.1 of the Generation OMA.

⁸ 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-2018-0001.

⁹ Section 16.1(a)(i) of the Generation OMA.

¹⁰ Section 16.1(c) of the Generation OMA.

¹¹ Section 16.1(a)(ii) of the Generation OMA.

¹² *Id.*



1 The Decommissioning Plan shall include provisions for permitting, demolition, decontamination, waste disposal, and either dismantling or preparing the Legacy Generation Asset for future use as designated by the P3 Authority and the Energy Bureau. It shall also cover the development of the Decommissioning Budget and establish acceptable arrangements for transitioning Genera Employees into new jobs or industries. This includes a training and/or severance plan funded by PREPA, with cooperation from Genera, PREPA, and the P3 Authority, as needed. Additionally, the plan must outline a timeline for the Decommissioning Services, specifying the start and completion dates for the decommissioning of the Legacy Generation Asset.¹³

2 PREPA will pay Genera all Pass-Through Expenditures necessary to carry out the Decommissioning Services.¹⁴ Additionally, Genera will be eligible to earn an Incentive Payment or may incur a Penalty based on its performance of the Decommissioning Services, as detailed in Section 7.1(c) of the Generation OMA.¹⁵ The Decommissioning Plan will be based on the decommissioning standards established by the Energy Bureau and will require approval from both the Energy Bureau and the P3 Authority.¹⁶

3 Genera shall prepare and submit a Decommissioning Plan for any Legacy Generation Asset to the P3 Authority and the Energy Bureau within one hundred (120) days of receiving a Decommissioning Notice from the P3 Authority. The Energy Bureau will review and approve the submitted Decommissioning Plan, including, but not limited to, its budget, timeline, and overall content, ensuring compliance with established standards applicable to the decommissioning process.¹⁷

III. Discussion and Findings

A. Description of the Yabucoa Power Station

The Yabucoa Power Station proposed for decommissioning encompasses approximately 8.3 acres located at PR-3, km 87.1, in Barrio Candeleró Abajo, Humacao, Puerto Rico ("Yabucoa Power Station").¹⁸ Situated in an urban area, the facility is surrounded by residential communities and scattered commercial facilities.¹⁹ The Yabucoa Power Station comprises two (2) 21 MW diesel-fired generation units and support balance-of-plant (BOP) systems, including storage tanks and maintenance facilities.²⁰ The facility has been used primarily as a peaking generation resource.²¹

In its filing before the Energy Bureau, Genera asserts that Yabucoa GT Unit 1-1 suffered a catastrophic turbine failure and is currently out of service and not operational.²² Genera further states that Yabucoa GT Unit 1-2 remains operational at a derated capacity of 16 MW and maintenance poses a safety risk and requires continuous manual cooling.²³ In addition,

¹³ See Section 16.1(b) of the Generation OMA.

¹⁴ See Section 16.2 (a) and (d) of the Generation OMA.

¹⁵ See Section 16.2 (d) of the Generation OMA.

¹⁶ See Section 16.2(b) of the Generation OMA.

¹⁷ See Annex XV of the Generation OMA.

¹⁸ See Proposed Decommissioning Plan, p. VII and p. 1.

¹⁹ *Id.*

²⁰ *Id.*

²¹ *Id.*

²² Proposed Decommissioning Plan, p. VIII and p. 3.

²³ *Id.*



Genera states that a single (1) Main Power Transformer ("MPT") serves to deliver power from the GTGs to the grid. According to Genera, the MPT will remain in place throughout the decommissioning process and will subsequently be relocated to support the startup and operation of the replacement units employing modern technology.

B. Summary of Proposed Decommissioning Plan

The Proposed Decommissioning Plan includes a detailed outline of the steps to decommission the Yabucoa Power Station, which is intended for future use as a Battery Energy Storage System ("BESS") facility.²⁴ This aligns with Genera's approved plan to install 430 MW of BESS capacity throughout Puerto Rico, incorporating the property and specific salvaged equipment from the existing station for this purpose.²⁵ Genera specifically proposes installing a 40 MW BESS and two (2) peakers that will generate 48 MW at the Yabucoa Power Station site.²⁶

The Proposed Decommissioning Plan is structured into three phases: (i) permitting, (ii) pre-demolition, and (iii) dismantling and demolition. It also incorporates a Community Relations Plan, a Decommissioning Budget, and outlines the responsibilities of the demolition contractor to appoint staff dedicated to health, safety, security, and quality management throughout the decommissioning process. Additionally, the plan includes a timeline graphic for the demolition process ("Decommissioning Timeline"). The Proposed Decommissioning Plan also contemplates the salvage of components or parts that may be deemed suitable for use elsewhere within the operating fleet.²⁷

The scope and arrangement of the Proposed Demolition Plan are generally compliant with the requirements outlined in Section 16.1 and Annex XV of the Generation OMA. However, certain substantive elements, including certain expenses proposed to be incurred by PREPA and therefore excluded from the Decommissioning Budget, among others, do not appear to be fully aligned with the requirements of the Generation OMA. These elements will require specific modifications to be deemed acceptable. The issues related to these elements are further discussed below.

C. Decommissioning Notice by P3 Authority

After an initial exchange of information between Genera and the P3 Authority, the latter issued the P3 Authority's Decommissioning Notice on June 2, 2026, authorizing the retirement and commencement of decommissioning for two legacy generation units (Yabucoa GT Unit 1-1 and GT Unit 1-2) at the Yabucoa Power Station. In response, Genera prepared the Proposed Decommissioning Plan intended to comply with Section 16 and Annex XV of the Generation OMA. The Proposed Decommissioning Plan sets forth the activities required to decommission of the Yabucoa Power Station and is organized into three principal phases: (i) permitting, (ii) pre-demolition, and (iii) dismantling/demolition.

Pursuant to Section 16.1(a)(i) of the Generation OMA, the P3 Authority may issue a Notice of Decommission after consulting with the Energy Bureau to ensure consistency with the Approved IRP. Accordingly, on June 1, 2026, the Energy Bureau issued a letter to the P3 Authority (the "June 1 Letter") advising that it had no objection to the issuance of a Decommissioning Notice for the Yabucoa peaking units, concluding that the proposed decommissioning was consistent with the Approved IRP and supported by the condition of

²⁴ See Community Plan, pp. 1 and 15, and P3 Authority Approval, p. 2.

²⁵ See Resolution and Order, *In Re: Review of the Puerto Rico Electric Power Authority's 10 Year Infrastructure Plan-December 2020*, Case No.: NEPR-MI-2021-0002, July 17, 2024.

²⁶ See Community Plan, p. 21, 22, 24, 25 and 26.

²⁷ See Proposed Decommissioning Plan, pp. 17-19.



the existing units and the planned deployment of previously approved replacement resources, including BESS and additional peaking capacity at the Yabucoa Power Plant. In reaching that conclusion, the Energy Bureau considered the Approved IRP's broader framework for the retirement and replacement of the worst-performing units within PREPA's existing peaking fleet, together with the need to maintain system reliability and adequate replacement capacity.²⁸

D. Yabucoa Power Station proposed retirement alignment with Approved IRP and Energy Public Policy

PREPA's 2020 Proposed IRP²⁹ was evaluated by the Energy Bureau in an adjudicative proceeding, following which the Energy Bureau issued its final Resolution and Order approving, in part, the IRP and adopting a Modified Preferred Resource Plan.³⁰ As relevant to the present matter, the Approved IRP contemplated the retirement and replacement of eighteen (18) existing gas turbine peaking units with new combustion turbine resources.³¹ The Approved IRP anticipated that such retirements and replacements would occur during the 2021 through 2025 planning period and directed PREPA to establish a retirement schedule for the worst-performing units within the existing peaking fleet.³² The Approved IRP further recognized that the retirement of such units would be tied to the availability of replacement capacity and the need to maintain system reliability throughout the transition process.³³

The Yabucoa Units are among the eighteen (18) existing peaking units evaluated as part of that retirement and replacement strategy.³⁴ However, consistent with the treatment afforded to the other peaking units, the Approved IRP did not specifically designate the Yabucoa Units for retirement on a unit-specific basis, nor did it establish a separate retirement schedule for those units.³⁵ Rather, their potential retirement was considered as part of the broader retirement and replacement strategy applicable to the existing peaking fleet and subject to the reliability and replacement-capacity considerations reflected in the Approved IRP.

The retirement of the Yabucoa Units must be classified among the worst-performing of the eighteen (18) GT units. In its most recent Resource Adequacy Report, LUMA considered Yabucoa GT 1-1 as unavailable³⁶ and Yabucoa GT 1-2 as available, with a capacity rating of

²⁸ The Energy Bureau hereby incorporates by reference into this Resolution and Order the discussion, findings, and determinations set forth in its June 1 Letter.

²⁹ See *In re. Review of the Puerto Rico Electric Power Authority Integrated Resource Plan*, Case No. CEPR-AP-2018-0001 ("2020 Proposed IRP"), PREPA's Motion to Leave File IRP Main Report "ERRATA" Version, filed by PREPA on June 14, 2019, which included a corrected version of the Main IRP Report submitted on June 7, 2019, and is titled *Integrated Resource Plan 2018-2019, Draft for the Review of the Puerto Rico Energy Bureau, Prepared for the Puerto Rico Electric Power Authority, June 7, 2019 (Rev. 2.1)*.

³⁰ 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, *In re. Review of the Puerto Rico Electric Power Authority Integrated Resource Plan*, Case No. CEPR-AP-2018-0001, December 2, 2020.

³¹ See Approved IRP, ¶ 873, p. 271.

³² *Id.*

³³ Approved IRP, ¶ 630, p. 193.

³⁴ See 2020 Proposed IRP, Section 4.2.1.3, p. 4-7.

³⁵ See Approved IRP, ¶ 873, p. 271.

³⁶ See *In re: LUMA Resource Adequacy Study*, Case No.: NEPR-MI-2022-0002, *Motion to Submit LUMA's Fiscal Year 2026 Resource Adequacy Study and Requesting for Confidential Treatment*, Exhibit I, FY2026 Resource Adequacy



21 MW. Notwithstanding the foregoing, more recent communications submitted by Genera and LUMA, including Genera's March 20 Letter and LUMA's April 10 Letter, indicate that the capacity of Yabucoa GT 1-2 has been derated to below 16 MW due to certain mechanical issues. In addition, Genera and LUMA represent that the continued operation and maintenance of the Yabucoa Units present operational and safety concerns, including challenges affecting the units' reliability, maintainability, and long-term operational viability. Genera and LUMA further contend that such conditions support the proposed retirement and decommissioning of the Yabucoa Units.

Consistent with the Approved IRP, the Energy Bureau has previously authorized the implementation of resource additions that are relevant to the matters presently under consideration. In particular, the Energy Bureau approved Genera's deployment of approximately 430 MW of Battery Energy Storage System ("BESS") capacity throughout Puerto Rico.³⁷ Likewise, the Energy Bureau approved the addition of new peaking capacity, including new peaking capacity proposed for the Yabucoa Power Plant.³⁸ The Energy Bureau further notes that the documentation submitted indicates that the area presently occupied by the Yabucoa Units may be utilized for the installation of BESS facilities and additional peaking resources previously approved by the Energy Bureau.³⁹

As discussed above, the Approved IRP contemplated the retirement and replacement of certain existing peaking units, including the evaluation of the worst-performing units within PREPA's peaking fleet. The record before the Energy Bureau reflects that one of the Yabucoa Units has remained out of service since 2021 following a catastrophic failure and that the remaining unit has experienced a significant derating of its available capacity. The record further reflects Genera's and LUMA's representations that continued operation of the remaining unit presents operational and safety concerns.

Based on the foregoing, and having considered the positions advanced by P3 Authority, Genera, and LUMA, the Energy Bureau concludes that the proposed decommissioning of the Yabucoa Units is consistent with the planning objectives and retirement framework reflected in the Approved IRP.

A careful review of Genera's filings, also shows that the proposed decommissioning of the Yabucoa Power Station aligns with energy public policy, as it meets the following objectives: (i) reducing Puerto Rico's reliance on fossil fuel-based energy sources and developing short-term plans to establish a well-balanced and optimal portfolio standard focused on renewable energy for Puerto Rico's Electrical System; (ii) aggressively reducing fossil fuel use, minimizing greenhouse gas emissions, and supporting climate change initiatives in Puerto Rico, specifically focusing on mitigation, adaptation, and resilience; and (iii) ensuring that the cost of electric power service in Puerto Rico is affordable, fair, and reasonable by decreasing reliance on fossil fuel-based energy sources.⁴⁰

E. LUMA's Agreement with the proposed retirement of the Yabucoa Power Station

The retirement of generation units and the decommissioning of generation assets are closely related processes, even though they are governed by different provisions and requirements. In particular, the retirement of a generating unit from service may constitute a necessary antecedent to the subsequent decommissioning of the corresponding generation asset.

Study (Redacted Public Version) filed by LUMA on December 5, 2025, pp. 115 and 136. According to Genera, the Yabucoa GT 1-1 suffered a catastrophic failure and has remained out of service since 2021. See March 20 Letter, p. 1.

³⁷ See, in general, *In Re: Review of the Puerto Rico Electric Power Authority's 10 Year Infrastructure Plan*, Case No.: NEPR-MI-2021-0002.

³⁸ *Id.*

³⁹ See March 25 Letter, p. 2.

⁴⁰ See, in general, Article 1.5 of Act 17-2019.



Accordingly, the Energy Bureau's review of the proposed decommissioning plan of the Yabucoa Units also requires consideration of the applicable requirements governing the retirement of generating units.

On May 31, 2021, the Energy Bureau conditionally approved LUMA's proposed System Operation Principles ("SOP")⁴¹, which set forth management guidelines for Puerto Rico's Bulk Power System after LUMA assumed responsibility for the operation and maintenance of PREPA's Transmission and Distribution System ("T&D System") under the T&D OMA.⁴² As outlined in the SOP, LUMA is responsible for coordinating all generation retirement requests.

Under the SOP, LUMA evaluates the potential impacts of retiring a unit on the system, customers, regulatory policies, Approved IRP, and other relevant factors before submitting a recommendation to the Energy Bureau for review.⁴³ The Energy Bureau will decide whether to approve the unit's retirement based on this evaluation.⁴⁴ If retirement is not approved, the unit will be designated as a Reliability-Must-Run unit.⁴⁵ A new retirement request may be submitted once the issues identified with the unit's retirement have been resolved.⁴⁶

In response to Genera's petition, LUMA evaluated the request to retire the combustion engines at the Yabucoa Power Plant (Yabucoa GT 1-1 and Yabucoa GT 1-2).⁴⁷ LUMA acknowledged the significant operational and safety risks associated with the Yabucoa legacy unit, including its limited and unreliable capacity, and agreed with Genera's assessment that the unit should be permanently removed from service.⁴⁸

As discussed by the Energy Bureau's June 1 Letter, although LUMA did not initiate a formal retirement proceeding for the Yabucoa Units before the Energy Bureau pursuant to the procedures set forth in the SOP, LUMA nevertheless evaluated the proposed retirement and expressed its agreement with the retirement and decommissioning of the Yabucoa Units. The Energy Bureau has evaluated LUMA's recommendation and finds that LUMA addressed the principal considerations generally relevant to the retirement of generation units under the applicable SOP, including resource adequacy, system reliability, operational considerations, and the condition of the affected units. Although LUMA's evaluation did not specifically address the consistency of the proposed retirement with the Approved IRP or the availability and timing of replacement capacity, the Energy Bureau has independently evaluated these matters. The Energy Bureau also considered the condition and reduced availability of the Yabucoa Units, as well as the deployment of previously approved resources, including BESS and additional peaking capacity at the Yabucoa Power Plant. Accordingly, under the circumstances presented here, the Energy Bureau finds that the matters not specifically addressed in LUMA's evaluation do not preclude the Energy Bureau from proceeding with its evaluation of the Proposed Decommissioning Plan. In future retirement evaluations, however, LUMA shall address all considerations required under the applicable SOP, including consistency with the Approved IRP and the availability and timing of replacement capacity

⁴¹ See *Final Resolution and Order In Re: Review of T&D Operator's System Operation Principles*, Case No.: NEPR-MI-2021-0001, May 31, 2021.

⁴² See *Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement dated as of June 22, 2020, by and among the Puerto Rico Electric Power Authority, the Puerto Rico Public-Private Partnerships Authority, and LUMA* ("T&D OMA").

⁴³ See SOP, p. 14-15.

⁴⁴ *Id.*

⁴⁵ *Id.*

⁴⁶ *Id.*

⁴⁷ See April 10 Letter, p. 1.

⁴⁸ *Id.*



F. *Employee Transition Plan*

Section 16.1 of the Generation OMA requires that the Decommissioning Plan include reasonably acceptable provisions to facilitate the transition of Genera's employees whose positions at a Legacy Generation Asset will be eliminated upon completion of the Decommissioning Services into new roles or industries. This includes a training and/or severance plan, funded by PREPA, for employees who are not placed in successor jobs or industries, with Genera, PREPA, and the P3 Authority collaborating as necessary to implement such arrangements.

The Proposed Decommissioning Plan identifies four (4) active employees currently assigned to the Yabucoa Power Station who will be affected by the proposed decommissioning and includes an Employee Transition Plan providing for their reassignment to other Genera generation facilities. The Employee Transition Plan establishes a structured ten-week reassignment process that includes skills assessments, role matching, training for new equipment, mentorship, and ongoing monitoring and support during the transition. Based on the foregoing, the Energy Bureau finds that the Employee Transition Plan substantially complies with the applicable requirements of Section 16.1 of the Generation OMA and, accordingly, **APPROVES** the Employee Transition Plan.

G. *Proposed Decommissioning Budget*

1. Proposed Decommissioning Budget

In the Proposed Decommissioning Plan, Genera included a Decommissioning Budget of \$2,699,780 ("Proposed Decommissioning Budget").⁴⁹

The Proposed Decommissioning Budget estimation is based on a project maturity range of 1 to 15%, classifying it as a Class 4 estimate according to the Association for the Advancement of Cost Engineering ("AACE") International standards. A Class 4 estimate indicates that the Proposed Decommissioning Budget is a preliminary, undeveloped estimate with substantial room for variation.⁵⁰

The Energy Bureau acknowledges that the Proposed Decommissioning Budget is, at this stage, an estimated figure subject to further adjustments. However, there are indications that the costs may be overstated. For instance, the budget incorporates a 30% contingency, which significantly impacts the total budget.⁵¹ This is in addition to the contingencies and escalators already factored into certain budget line items.⁵² Moreover, the Proposed Decommissioning Budget includes expenses related to the removal, hauling, disposal, or demolition of equipment, supplies, and materials on site that could potentially be salvaged or preserved.⁵³

In addition, the Proposed Decommissioning Budget assumes that PREPA will be responsible for certain indirect expenses,⁵⁴ as well as for the removal of *all chemicals and hazardous materials* and *oil used in the transformers* prior to the dismantling phase.⁵⁵ These items are presumed to be outside the scope of the current decommissioning budget. Since July 2023,

⁴⁹ See Proposed Decommissioning Plan, Appendices C and D.

⁵⁰ See Proposed Decommissioning Plan, p. 37.

⁵¹ See Proposed Decommissioning Plan, p. 42.

⁵² See Proposed Decommissioning Plan, pp. 37–43, and Appendices C and D.

⁵³ See Proposed Decommission Plan, p. 17 and Appendix E.

⁵⁴ See Proposed Decommissioning Plan, pp. 41-42,

⁵⁵ See Proposed Decommissioning Plan, Section 8.2.2, p. 38-39.



Genera has been responsible for the operations of the Yabucoa Power Station, thereby assuming responsibility for the materials stored at the facility. The indirect expenses identified in the Proposed Decommissioning Plan, as well as the removal of the chemicals, hazardous materials, and transformer oil described therein, are integral to the decommissioning activities. Accordingly, Genera shall be responsible for these activities and associated costs as part of the decommissioning project, and such costs shall be incorporated into the Proposed Decommissioning Budget.

As stated in the Proposed Decommissioning Plan, Genera is not currently seeking a potential incentive under the applicable provisions of the Generation OMA in connection with the Proposed Decommissioning Budget.⁵⁶ Although the Energy Bureau recognizes that certain estimated costs included in the Proposed Decommissioning Budget may warrant further evaluation and adjustment, including certain amounts that may be overstated, the Energy Bureau finds it unnecessary to require such adjustments at this time. Those amounts may be further evaluated and adjusted, as appropriate, during the implementation of the decommissioning project. Accordingly, at this time, Genera is only required to revise the Proposed Decommissioning Budget to incorporate those costs associated with the decommissioning activities that the Proposed Decommissioning Plan currently assumes will be incurred directly by PREPA outside the Proposed Decommissioning Budget.

2. Proposed Decommissioning Budget Cap Exceedance

The Energy Bureau has reviewed the Proposed Decommissioning Budget in accordance with the Generator OMA's provisions, specifically regarding the cap on decommissioning costs as outlined in Section 16.2(b). According to this section, unless otherwise approved by the Energy Bureau, the Decommissioning Budget shall not exceed the sum of all costs related to the performance of O&M Services for the applicable Legacy Generation Asset, including the O&M Fixed Fee Adjustment, as set forth in Section I of Annex II of the Generation OMA. Furthermore, any adjustments to the O&M costs must be reflected in the amended Operating Budget, as described in Section 7.3(e)(ii) of the Generation OMA.

Genera has stated that Yabucoa GT Unit 1-1 has remained out of service since 2021. Accordingly, for purposes of calculating the limitation established in Section 16.2(a) of the Generation OMA, no O&M Services Costs are attributed to Yabucoa GT Unit 1-1. The amount attributable to Yabucoa Unit 1-1 therefore consists solely of its O&M Fixed Fee Adjustment of \$119,250 in 2023 dollars. Adjusted to 2026 dollars, the O&M Fixed Fee Adjustment attributable to Unit 1-1 is approximately \$132,841. Accordingly, the amount attributable to Yabucoa GT Unit 1-1 for purposes of Section 16.2(a) is approximately \$132,841.

Yabucoa GT Unit 1-2, however, remains operational, although at a derated capacity of approximately 16 MW, and O&M Services Costs are therefore attributable to that unit. Based on the available Fixed O&M and Variable O&M cost data for Unit 1-2, and assuming an annual utilization rate of approximately twenty percent (20%) at its current derated capacity, the estimated annual O&M Services Cost attributable to Unit 1-2 is approximately \$1,261,920.⁵⁷

⁵⁶ See Proposed Decommission Plan, p. X.

⁵⁷ Genera did not provide a calculation of the Decommissioning Budget limitation established in Section 16.2(a) of the Generation OMA or unit-specific O&M cost information sufficient to calculate such limitation. Accordingly, for purposes of applying Section 16.2(a), the Energy Bureau estimated the O&M Services Cost attributable to Yabucoa GT Unit 1-2 using the Fixed O&M and Variable O&M cost assumptions reported in the 2020 Proposed IRP. The estimated annual O&M Services Cost for Yabucoa GT Unit 1-2 was calculated using a Fixed O&M Expense of \$26.54/kW-year and a Variable O&M Expense of \$20.19/MWh, both stated in 2018 dollars. See 2020 Proposed IRP, Exhibit 4-9, p. 4-8. Using the unit's current derated capacity of approximately 16 MW, the annual Fixed O&M component is \$424,640 (\$26.54/kW-year × 16,000 kW). Assuming an annual utilization rate of 20%, estimated annual generation is 28,032 MWh (16 MW × 8,760 hours/year × 20%), resulting in an annual Variable O&M component of approximately \$565,966 (\$20.19/MWh × 28,032 MWh). The resulting estimated annual O&M Services Cost is approximately \$990,606 in 2018 dollars. Adjusting that amount to 2026 dollars using the applicable CPI adjustment results in an estimated annual O&M Services Cost of approximately \$1,261,920. This calculation is intended solely to establish an estimated limitation for purposes of Section 16.2(a) based on the information available to the Energy Bureau and should not be

In addition, the O&M Fixed Fee Adjustment attributable to Unit 1-2 is \$119,250 in 2023 dollars, which is approximately \$132,841 when adjusted to 2026 dollars. Thus, the total amount attributable to Yabucoa GT Unit 1-2 for purposes of Section 16.2(a) is approximately \$1,394,762. Accordingly, the limitation applicable to the Decommissioning Budget under Section 16.2(a) of the Generation OMA is approximately \$1,527,603, consisting of approximately \$132,841 attributable to Yabucoa GT Unit 1-1 and approximately \$1,394,762 attributable to Yabucoa GT Unit 1-2.

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The Proposed Decommissioning Budget of \$2,699,780 exceeds the \$1,527,603 cap limitation calculated pursuant to Section 16.2(a) of the Generation OMA by approximately \$1,172,177. Nevertheless, Section 16.2(a) expressly permits the Energy Bureau to approve a Decommissioning Budget above that limitation. Considering the scope of the proposed decommissioning activities, the project's federal funding structure, and the fact that Genera will not be entitled to an incentive payment for implementing the Proposed Decommissioning Plan, as discussed in Part III(G)(1) of this Resolution and Order, the Energy Bureau finds it appropriate to exercise its authority under Section 16.2(a) to approve a Decommissioning Budget in excess of the calculated limitation. Accordingly, subject to the adjustments referenced in Part III(G)(1) of this Resolution and Order, the Energy Bureau **APPROVES** a Proposed Decommissioning Budget of \$2,699,780.⁵⁸

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H. *Proposed Decommissioning Timeline*

As stated above, the Decommissioning Plan shall include provisions for permitting, demolition, decontamination, waste disposal, and either dismantling or preparing the Legacy Generation Asset for future use. Additionally, the plan must outline a timeline for the Decommissioning Services, specifying the commencement and completion dates for the proposed decommissioning activities.

In the Proposed Decommissioning Plan, Genera provided a reasonable timeline covering all phases of the proposed decommissioning project, including the permitting and environmental process, contracting and procurement, demolition activities, and completion and finalization stages.⁵⁹ The proposed timeline provides an adequate framework for the implementation and coordination of the various phases of the decommissioning project.

Accordingly, the Energy Bureau **APPROVES** the proposed timeline included in the Proposed Decommissioning Plan.

I. *Status Reports*

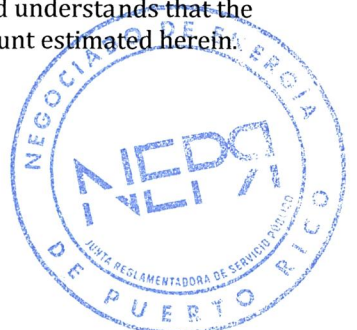
Given the scope and importance of the Yabucoa decommissioning process, and the need to ensure appropriate oversight throughout its implementation, the Energy Bureau finds it necessary to require periodic reporting regarding the progress of the decommissioning activities. Accordingly, Genera is **ORDERED** to submit monthly status update reports regarding the Yabucoa decommissioning process, including the following information:

- a. a description of the overall status and progress of the decommissioning process, including the principal activities completed during the reporting period, activities currently underway, and significant developments affecting implementation of the Decommissioning Plan;

construed as a determination that the resulting amount reflects the actual O&M Services Costs attributable to Unit 1-2. Because the calculation relies on planning assumptions rather than actual unit-specific O&M expenditures, the Energy Bureau considers the resulting estimate to be conservative and understands that the actual O&M Services Costs attributable to Unit 1-2 are substantially lower than the amount estimated herein.

⁵⁸ Subject to the adjustments referenced in Part III (G)(1) of this Resolution and Order.

⁵⁹ See Proposed Decommissioning Plan, pp. 32-36 and Appendix C.



- 1
- 2024
- b. an updated project schedule and information regarding project costs, including any material changes to the timeline, project scope, or cost estimates as additional information becomes available, particularly through the procurement process;
 - c. a description of the coordination undertaken with LUMA in connection with the implementation of the Decommissioning Plan, including any disagreements, coordination issues, or other matters that have affected or may affect the timely execution of the decommissioning activities, the status of any such matters, and identification of any matter that may require action or determination by the Energy Bureau; and
 - d. updates regarding any concerns raised by the local community and an identification of how Genera intends to address such concerns.

J. *Preservation of Dual-Fuel Capability for Replacement Peaking Units*

2024

As discussed above, the redevelopment of the Yabucoa Power Station site contemplates, in addition to the installation of a 40 MW BESS, the installation of two new peaking units with an aggregate generating capacity of approximately 48 MW.⁶⁰ The replacement peaking units are intended to operate as dual-fuel resources capable of operating on both natural gas and diesel fuel.⁶¹

2024

The Proposed Decommissioning Plan, however, contemplates the removal of the existing diesel fuel storage and distribution infrastructure at the Yabucoa Power Station. Specifically, the Proposed Decommissioning Plan identifies the two existing fuel oil storage tanks, S-1, with a capacity of approximately 286,000 gallons, and S-2, with a capacity of approximately 414,000 gallons, as equipment to be prepared for demolition.⁶² The Proposed Decommissioning Plan further provides that Genera will demolish all existing fuel oil storage tanks.⁶³ It also contemplates the decontamination, removal, and disposal of the existing fuel unloading skid and associated piping connecting the fuel unloading station to the bulk fuel storage tanks.⁶⁴ Consistent with this scope, the Decommissioning Budget includes costs associated with the demolition of the fuel oil tank containment walls and foundations, the fuel oil tanks themselves, and associated fuel oil piping, valves, and hangers.⁶⁵ The Yabucoa Power Station receives diesel fuel by tanker truck through this fuel unloading and bulk storage system.

The removal of this infrastructure raises an important consideration regarding the future operation of the replacement peaking units. The designation of a generating unit as dual fuel necessarily contemplates more than the technical capability of the generating equipment itself to burn two different fuels. For such capability to have practical operational value, the facility must also possess the infrastructure necessary to receive, store, transfer, and deliver each fuel to the generating units. Accordingly, removal of the existing diesel storage and

⁶⁰ See Proposed Decommissioning Plan, Community Relations Plan, pp. 21–22, 24–26; see also Part III(B) and Part III(D) of this Resolution and Order. The current draft already states that Genera proposes a 40 MW BESS and two peakers totaling 48 MW at the Yabucoa site.

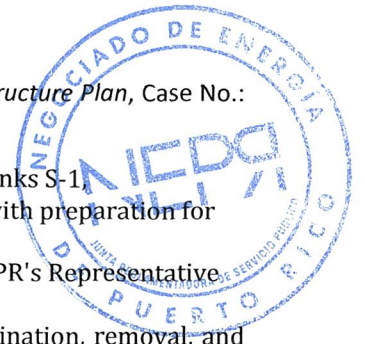
⁶¹ See, in general, *In Re: Review of the Puerto Rico Electric Power Authority's 10 Year Infrastructure Plan*, Case No.: NEPR-MI-2021-0002.

⁶² See Proposed Decommissioning Plan, Section 5.2, p. 12 (identifying Fuel Oil Storage Tanks S-1, approximately 286,000 gallons, and S-2, approximately 414,000 gallons, in connection with preparation for demolition).

⁶³ See Proposed Decommissioning Plan, Table 6.1, Appendix C and Appendix E (“Genera PR’s Representative will demolish all existing tanks.”).

⁶⁴ See Proposed Decommissioning Plan, Section 5.2, p. 13 (providing for the decontamination, removal, and disposal of the fuel unloading skid and associated piping to the bulk fuel storage tanks).

⁶⁵ See Proposed Decommissioning Plan, Appendix E, Detailed Budget Estimates (including costs associated with demolition of fuel oil tank containment walls and foundations, fuel oil tanks, and fuel oil piping, valves, and hangers).



delivery infrastructure without the installation or availability of adequate replacement infrastructure could effectively eliminate the ability of the replacement peaking units to operate on diesel fuel and leave those units operationally dependent upon natural gas as their sole available fuel source.

The Energy Bureau considers the preservation of a meaningful dual-fuel capability particularly important in light of Puerto Rico's electric system conditions and prior operational experience. As reflected in proceedings before the Energy Bureau concerning the temporary emergency generation units installed at the San Juan and Palo Power Plants, commonly referred to as the TMP Units, the absence or unavailability of the infrastructure necessary to operate generation equipment on an alternative fuel can materially limit the operational flexibility and resiliency that otherwise would be expected from dual-fuel generation.⁶⁶ That experience underscores that dual-fuel capability must be evaluated not merely by reference to the generating unit's technical specifications, but also by considering whether the supporting fuel infrastructure necessary to make both fuels actually available is in place.

The Energy Bureau expects that the project for the replacement peaking units at the Yabucoa Power Station contemplates the installation of the infrastructure necessary to support their intended dual-fuel operation, including not only the facilities required to supply natural gas, but also the infrastructure necessary for the receipt, storage, transfer, and delivery of diesel fuel. On that premise, the Energy Bureau does not object, at this time, to the removal of the existing diesel fuel storage and distribution infrastructure contemplated in the Proposed Decommissioning Plan.

The Energy Bureau's approval of the removal of the existing diesel fuel infrastructure is expressly conditioned, however, upon the preservation of the intended dual-fuel capability of the replacement peaking units. Accordingly, the existing diesel fuel storage and distribution infrastructure shall not be removed unless Genera demonstrates that adequate replacement infrastructure will be available to receive, store, transfer, and deliver diesel fuel to the replacement peaking units so that such units may operate on diesel fuel as contemplated. To the extent that the replacement peaking project does not include, or will not timely provide, adequate diesel fuel infrastructure, Genera shall preserve such portions of the existing diesel fuel storage and distribution infrastructure as may be necessary to maintain the intended dual-fuel capability of the replacement peaking units, unless otherwise authorized by the Energy Bureau.

For the avoidance of doubt, the Energy Bureau's approval of the Proposed Decommissioning Plan shall not be construed as authorizing Genera to dismantle or remove diesel fuel infrastructure in a manner that would result in the replacement peaking units becoming dependent upon natural gas as their sole practically available fuel source. Any determination that existing diesel infrastructure may be removed is therefore conditioned upon Genera ensuring that adequate replacement diesel infrastructure will be available as part of the implementation of the replacement peaking project.

IV. Conclusion

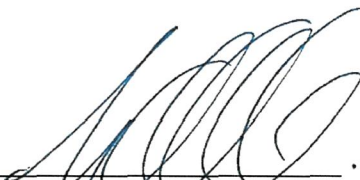
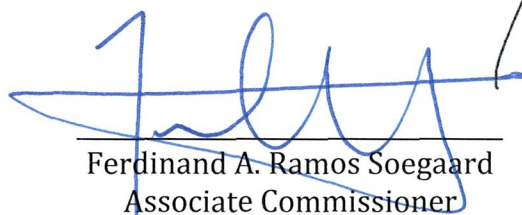
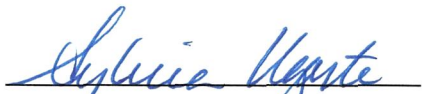
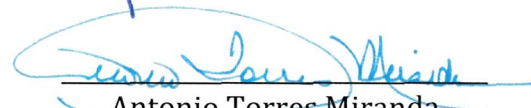
The Energy Bureau **APPROVES** Genera's Proposed Decommissioning Plan, subject to the adjustments to the Proposed Decommissioning Budget outlined in Part III(G)(1) of this Resolution and Order and the conditions concerning the removal and preservation of diesel fuel storage and distribution infrastructure established in Part III(J) of this Resolution and Order. An updated version of the Proposed Decommissioning Plan, addressing the adjustments and conditions set forth herein, must be submitted for the Energy Bureau's review prior to commencing the plan's execution. The Energy Bureau **WARNS** Genera that,

⁶⁶ See *In Re: Puerto Rico Electric Power Authority's Permanent Rate*, Case No. NEPR-MI-2020-0001.



in accordance with Art. 6.36 of Act 57-2014⁶⁷, non-compliance with this Resolution and Order may carry the imposition of fines.

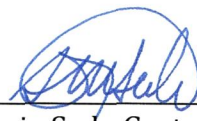
Be it notified and published.

 _____ Edison Avilés Deliz Chairman	
 _____ Ferdinand A. Ramos Soegaard Associate Commissioner	 _____ Sylvia B. Ugarte Araujo Associate Commissioner
 _____ Antonio Torres Miranda Associate Commissioner	 _____ Omar M. Rodríguez González Associate Commissioner

CERTIFICATION

I certify that the majority of the members of the Puerto Rico Energy Bureau agreed on September 10, 2026. I also certify that on September 10, 2026, I have proceeded with the filing of this Resolution and Order and was notified by email to jfernandez@ecija.com; jdiaz@ecija.com; eramos@ecija.com.

I sign this in San Juan, Puerto Rico, today September 10, 2026.



Sonia Seda Gaztambide
Clerk



⁶⁷ Known as the *Puerto Rico Energy Transformation and RELIEF Act*, as amended (“Act 57-2014”).