

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

IN RE: LUMA INITIAL BUDGETS AND
RELATED TERMS OF SERVICE

CASE NO.: NEPR-MI-2021-0004

SUBJECT: Genera’s Request to Restore
TM2500 Units 3 and 4 at Palo Seco;
Approval of \$6,050,000 in Repairs
Funded from the FY2026 Reconciliation
Amount

RESOLUTION AND ORDER

I. Background

On April 15, 2026, the Energy Bureau of the Puerto Rico Public Service Regulatory Board (“Energy Bureau”), acting pursuant to its authority under Act 57-2014,¹ issued the Final Resolution and Order on Electricity Rates in Case No. NEPR-AP-2023-0003 (“Final Rate Order”),² through which the Energy Bureau approved the Fiscal Year 2026 revenue requirement applicable to LUMA Energy, LLC and LUMA Energy ServCo, LLC (jointly, “LUMA”), Genera PR LLC (“Genera”), and the Puerto Rico Electric Power Authority (“PREPA”). Among its determinations, the Final Rate Order, Chapter Four, Part XIV, approved \$17,000,000 annually for the operation and maintenance of the TM2500 temporary generation fleet for each fiscal year through FY2028, as against Genera’s request of \$19,079,376 (FY2026), \$19,429,376 (FY2027) and \$19,079,376 (FY2028), the reduction reflecting that only fourteen (14) of the seventeen (17) units were then operational.³ The Final Rate Order further provides that the line-item amounts approved for Genera “are intended as guidance for Genera’s budget execution” and that “Genera retains the flexibility to reallocate approved funds among line items within a given department to respond to operational needs, provided total departmental spending does not exceed the approved departmental amount.”⁴

The TM2500 fleet is the subject of Priority Stabilization Activity No. 1 of the Electric System Priority Stabilization Plan (“PSP”) adopted by the Energy Bureau through the PSP Order⁵, which directs the extension of the operation of the seventeen (17)⁶ TM2500 units sited between the San Juan and Palo Seco power plants through December 31, 2027, because they provide a near-instant cushion against forced outages, help stabilize voltage near major load centers, and offset potential capacity deficits⁷. Fourteen (14) of those units, each rated at approximately 25 MW, were acquired by PREPA from NFE Power PR LLC (“NFE”) under the Asset Purchase Agreement dated March 15, 2024 (the “APA”). The APA is accompanied by a side letter regarding a major maintenance accommodation, under which the Seller would provide up to seven (7) major maintenance completions in the aggregate upon written request of the Buyer made no later than twelve (12) months following closing, those

¹ Known as the Puerto Rico Energy Transformation and RELIEF Act, as amended (“Act 57-2014”).

² Final Resolution and Order on Electricity Rates, *In re: Puerto Rico Electric Power Authority Rate Review*, Case No. NEPR-AP-2023-0003, April 15, 2026 (“Final Rate Order”).

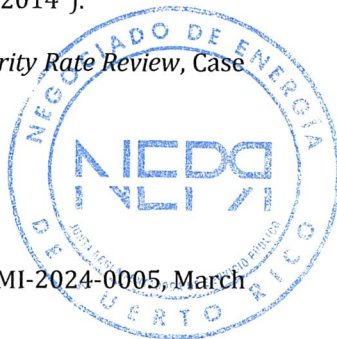
³ *Id.*, Chapter Four, Part XIV, p. 26 of 27.

⁴ *Id.*, Chapter Four, p. 133 of 133.

⁵ Resolution and Order, *In re: Priority Plan for Electric Grid Stabilization*, Case No. NEPR-MI-2024-0005, March 28, 2025 (“PSP Order”).

⁶ PREPA only purchased 14 of the 17 units.

⁷ *Id.*, and Resolution and Order, *In re: Plan Prioritario para la Estabilización de la Red Eléctrica*, Case No. NEPR-MI-2024-0005, Aug. 31, 2026 (“Probe Order”), p. 1.



obligations constituting Guaranteed Obligations subject to New Fortress Energy Inc.'s obligations under APA § 9.5.⁸

On June 15, 2026, the Energy Bureau issued in this docket a Resolution and Order titled *Presentation of the FY2026 Budgets, Amendment of the FY2027 Budget, Establishment of LUMA and Genera Contingency Accounts, and Disposition of Genera's June 9 Motion* (the "June 15 Order"), through which the Energy Bureau established a contingency reserve account for each of LUMA and Genera in the amount of \$30 million and for PREPA in the amount of \$1 million (collectively, the "Contingency Reserve Accounts"), funded from the FY26 Reconciliation Amount of \$98,747,153, which the Final Rate Order found represented revenues associated with FY26 system needs that were not received during FY26 and that would constitute a surplus to the FY27 revenue requirement if collected during FY27.⁹

The June 15 Order limits the use of the Contingency Reserve Accounts to expenditures incurred in response to extraordinary events, force majeure events, major weather-related events, catastrophic equipment failures, significant unplanned outages, or other unforeseen circumstances requiring urgent corrective action to prevent, mitigate, respond to, or recover from material disruptions to electric service.¹⁰ Following the establishment of the Contingency Reserve Accounts, a balance of \$37,747,153 of the FY26 Reconciliation Amount remained unallocated, and the Energy Bureau stated that, upon receipt of the additional information Genera was authorized to submit, it would determine the appropriate allocation of those remaining funds and issue such further orders as may be necessary to dispose of the remaining portion of the FY27 Budget amendment.¹¹

On June 25, 2026, Genera filed a document titled *Genera PR LLC's Submission of Additional Information and Supporting Documentation in Compliance with the June 15, 2026 Resolution and Order, and Request for Guidance and Authorization Regarding FY2026 Reliability-Critical Expenditures* (the "June 25 Submission"). In Part V of the June 25 Submission, Genera reported that two mobile gas-turbine units at the Palo Seco plant, operationally designated TM2500 Units 3 and 4, each built upon an LM2500/LM2500+ SAC gas-generator core, sustained damage and were removed from service, removing approximately 40 MW of generation capacity. Genera stated that Request for Proposals No. 5175, issued February 25, 2026, returned a "No Bid"; that Genera thereafter obtained a budgetary proposal from Siemens Energy (Proposal SF262532095, Rev. 00, dated March 31, 2026) for the LM2500/LM2500+ SAC hot-section exchange, reflecting a net equipment price of approximately \$4.5 million exclusive of installation, commissioning, transportation, duties and taxes; that Genera's all-in estimate to return both units to service is approximately \$6,050,000; and that Genera was in the administrative process of issuing a Notice to Proceed when, in Genera's words, "the work was suspended for lack of executable budget authority following the April 15, 2026 Final Order."¹²

Genera characterized the restoration as ordinary operation and maintenance work. Genera asserted that no available and timely federal-funding pathway exists for the TM2500 restoration because FEMA Public Assistance does not fund utility maintenance or operating costs; that the restoration is not a capital project excluded from base rates; and that non-ratepayer liquidity pathways such as COR3 working capital advances are neither structured nor authorized to be accessed for "routine hot-section and combustor overhauls, standard plant maintenance activities, [or] unit-level maintenance work." On that basis Genera argued that the "last resort" condition governing its contingency reserve account is satisfied and that

⁸ Probe Order, pp. 1–2.

⁹ June 15 Order, pp. 1–3.

¹⁰ *Id.*, p. 3.

¹¹ *Id.*, p. 4.

¹² June 25 Submission, p. 7.



the work may be funded through the contingency reserve account, subject to any later federal-reimbursement credit.¹³ Genera requested, in the alternative, that the Energy Bureau allocate approximately \$6,050,000 from the unallocated \$37,747,153 balance of the FY26 Reconciliation Amount to fund the restoration; that the Energy Bureau confirm that Genera may complete the Siemens Energy contracting process and issue the Notice to Proceed, charging the cost to its contingency reserve account or to the allocated funds; and that Genera not be subject to any adverse finding, disallowance, or penalty with respect to expenditures incurred in good faith under prior temporary and provisional budget authority.¹⁴

On August 31, 2026, the Energy Bureau issued a Resolution and Order in Case No. NEPR-MI-2024-0005 subject titled *Probe of the Status, Availability, Operation, and Maintenance of the Temporary Generation Fleet Sited Between the San Juan and Palo Seco Power Plants – Priority Stabilization Plan Activity No. 1; Requirement of Information; Technical Conference* (the “Probe Order”), initiating a probe of the status, availability, operation and maintenance of the TM2500 fleet. In the Probe Order, the Energy Bureau observed that the June 25 Submission was the first notice to the Energy Bureau that any TM2500 unit was not operational; that Genera came before the Energy Bureau four months after issuing RFP No. 5175; that at no point during the rate review proceeding did Genera articulate this funding need; and that LUMA’s Daily Generation Availability Report as of August 28, 2026 showed only 4 of the 14 units in operation, with 2 units out of service and 8 in forced outage.¹⁵ Among its requirements of information, the Energy Bureau asked Genera to explain why, when the Energy Bureau had approved a \$17 million O&M budget in the rate review proceeding, Genera stated that it had suspended repairs to the units due to a lack of an executable budget.¹⁶

On September 9, 2026, Genera filed in Case No. NEPR-MI-2024-0005 a document titled *Motion in Compliance with Resolution and Order of August 31, 2026* (the “September 9 Responses”), through which Genera submitted its responses to the Probe Order’s requirements of information.¹⁷ Genera stated that it did not request funding for hot-gas section exchanges in the rate review proceeding because it was not anticipated that the units would require them at this time, noting that under OEM¹⁸ specifications the units are expected to need a hot-gas section exchange every 12,500 operating hours.¹⁹

On September 11, 2026, Genera filed in this docket a document titled *Motion to Inform Lack of Funding of the Genera Contingency Reserve Account and Request for Order Directing Immediate Funding* (“Funding Motion”), through which Genera informed the Energy Bureau that, as of the date of that filing, PREPA had not deposited any funds into the Genera Contingency Reserve Account established in the June 15 Order, and requested that PREPA be ordered to deposit the \$30.0 million approved in the June 15 Order and included in the amended FY2027 Budget.²⁰

¹³ *Id.*, pp. 10–11.

¹⁴ *Id.*, pp. 12–13.

¹⁵ Probe Order, p. 3.

¹⁶ *Id.*, p. 7 (Requirement of Information No. 9(i)).

¹⁷ In re: Priority Plan for Electric Grid Stabilization, Case No. NEPR-MI-2024-0005, Motion in Compliance with Resolution and Order of August 31, 2026, Sept. 9, 2026 (“September 9 Responses”).

¹⁸ Original Equipment Manufacturer (“OEM”).

¹⁹ *Id.*, Exhibit A, p. 20.

²⁰ Funding Motion, pp. 2, 4.



On September 14, 2026, the Energy Bureau issued a Resolution and Order in Case No. NEPR-MI-2024-0005 addressing the September 9 Responses ("September 14 Order"). The Energy Bureau noted that Genera's own fleet status table as of August 28, 2026 reports that all four (4) Palo Seco units are out of service—TM04 since June 13, 2025, TM01 since September 2, 2025, TM03 since December 3, 2025, and TM02 since August 6, 2026—and that four (4) of the ten (10) San Juan units are not available, with two (2) more available only on natural gas.²¹ The Energy Bureau further noted that the borescope inspections Genera completed in June 2026 found the hot section of thirteen (13) of the fourteen (14) TM2500 units "not serviceable," and that Genera states that twelve (12) units require major maintenance.²² The Energy Bureau also observed that Genera attributes the condition of the fleet to dispatch above expected usage and to its inability to remove units from service for scheduled maintenance, an explanation the Energy Bureau found difficult to reconcile with Genera's own hot-section schedule, which marks multiple units as "Overdue" against the manufacturer's intervals.²³

II. Discussion

The Energy Bureau agrees with Genera that the restoration of TM2500 Units 3 and 4 is a reliability-critical matter that should not await an ordinary budget cycle. The PSP prescribes the availability of this fleet through December 31, 2027, and the loss of approximately 40 MW of modern capacity reduces firm capacity and reserve margin and increases the risk of extended forced outages and load shedding.²⁴ The Energy Bureau also takes note of the procurement path Genera has described: a competitive request for proposals drew no bidders, and a single capable supplier furnished a budgetary proposal.²⁵

The Energy Bureau does not accept, however, Genera's premise that the work was suspended for "lack of executable budget authority following the April 15, 2026 Final Order."²⁶ The Final Rate Order approved \$17,000,000 annually for the operation and maintenance of the TM2500 fleet for each fiscal year through FY2028.²⁷ It made no determination regarding any contract with Siemens Energy or any other vendor, and it does not condition Genera's use of the allocation on any further approval by the Energy Bureau of the contracts through which the work is performed. To the contrary, the Final Rate Order describes the approved amounts as "guidance for Genera's budget execution" and preserves Genera's flexibility to reallocate approved funds among line items within a department to respond to operational needs.²⁸ Genera, for its part, identifies no provision of the Final Rate Order that required the Energy Bureau's authorization before Genera could issue the Notice to Proceed.²⁹ The selection of the methods, vendors and contracts by which the operation and maintenance of the TM2500 fleet is Genera's responsibility as the operator of the legacy generation fleet; it is not a matter for determination by the Energy Bureau. Nothing in the Final Rate Order required Genera to obtain the Energy Bureau's authorization before contracting for the hot-section exchange, and nothing in this Resolution and Order should be read as approving, or as requiring the Energy Bureau's approval of, any particular contract. What the June 25 Submission properly presents, and what the June 15 Order expressly

²¹ Resolution and Order, *In re: Priority Plan for Electric Grid Stabilization*, Case No. NEPR-MI-2024-0005, September 14, 2026 ("September 14 Order"), p. 2.

²² *Id.*.

²³ *Id.*, p. 3.

²⁴ PSP Order; Probe Order, p. 1.

²⁵ June 25 Submission, p. 7.

²⁶ *Id.*

²⁷ Final Rate Order, Chapter Four, Part XIV, p. 26 of 27.

²⁸ *Id.*, Chapter Four, p. 133 of 133.

²⁹ June 25 Submission, p. 7; *see also* Probe Order, p. 7 (Requirement of Information No. 9(i)).



contemplated, is the allocation of the unallocated balance of the FY26 Reconciliation Amount, which the Energy Bureau addresses below.³⁰

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The Energy Bureau finds that the restoration is an appropriate use of a portion of the unallocated balance of the FY26 Reconciliation Amount. That amount represents revenues associated with FY26 system needs that were not received during FY26,³¹ and the June 15 Order reserved the allocation of the remaining \$37,747,153 pending the additional information Genera was authorized to submit.³² The restoration of Units 3 and 4 is a FY26 system need in the most literal sense: the units were removed from service during FY2026, Genera issued RFP No. 5175 and obtained the Siemens Energy proposal during FY2026, and the work remained unperformed at the close of that fiscal year.³³ The restoration is reliability-critical to a fleet whose availability the PSP prescribes through December 31, 2027, and Genera has shown that no federal or other non-ratepayer funding pathway is available: FEMA Public Assistance does not fund maintenance or operating costs, the restoration is not a capital project excluded from base rates, and the working capital advances available through COR3 and the DOE Puerto Rico Energy Resilience Fund are neither structured nor authorized to be accessed on a timely basis for this work.³⁴ The Energy Bureau accepts that showing, subject to the inquiry into the APA side letter and the credits directed below.

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The Energy Bureau has considered whether the restoration should instead be charged to the \$17,000,000 annual TM2500 operation and maintenance allocation, within which a hot-section exchange performed at the manufacturer's service interval would ordinarily fall.³⁵ The Energy Bureau declines to require that here. FY2027 is a period in which the fleet must be brought back to the availability the PSP prescribes: the borescope inspections Genera completed in June 2026 found the hot section of thirteen (13) of the fourteen (14) units "not serviceable," and Genera states that twelve (12) units require major maintenance.³⁶ The FY2027 allocation is needed for the operation and maintenance of the fleet as a whole during that period, and requiring Genera to fund the restoration of Units 3 and 4 by deferring the maintenance of the remaining units would defeat the purpose of the allocation. The unallocated balance of the FY26 Reconciliation Amount, by contrast, consists of revenues associated with FY26 system needs that have yet to be applied to any purpose, and the June 15 Order held that balance open for precisely this kind of determination.³⁷ The Energy Bureau therefore allocates \$6,050,000 of that balance to the restoration, as an amendment to Genera's FY27 Budget. Following this allocation, a balance of \$31,697,153 of the FY26 Reconciliation Amount remains unallocated.

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The Energy Bureau does not agree that the Genera Contingency Reserve Account is the appropriate source. The June 15 Order reserves the Contingency Reserve Accounts for extraordinary events, force majeure, major weather events, catastrophic equipment failures, significant unplanned outages and other unforeseen circumstances requiring urgent corrective action.³⁸ A hot-section exchange at the manufacturer's service interval is maintenance work that the Energy Bureau declines to characterize as an extraordinary or

³⁰ June 15 Order, p. 4; June 25 Submission, p. 13.

³¹ June 15 Order, p. 1.

³² Id., p. 4.

³³ September 14 Order, p. 2; June 25 Submission, p. 7.

³⁴ Probe Order, p. 1; June 25 Submission, pp. 10–11.

³⁵ Probe Order, p. 2; September 9 Responses, Exhibit A, p. 20.

³⁶ September 14 Order, p. 2.

³⁷ June 15 Order, pp. 1, 4.

³⁸ June 15 Order, p. 3.



unforeseen event. Drawing on the Contingency Reserve Account for this purpose would deplete the reserve the Energy Bureau established for genuinely unforeseen events and would be inconsistent with the “last resort” condition of the June 15 Order, which is not satisfied where the expenditure can be addressed through a budget allocation, as it is here.³⁹ Moreover, Genera has itself informed the Energy Bureau that the Genera Contingency Reserve Account remains unfunded, so reliance on that account would not deliver the executable budget authority Genera says it needs to issue the Notice to Proceed without further delay.⁴⁰ The Funding Motion will be addressed by separate order.

The allocation made here rests on the premise, drawn from Genera’s own representations, that the damage to Units 3 and 4 was an equipment failure rather than the consequence of deferred or deficient maintenance.⁴¹ That premise is under examination in Case No. NEPR-MI-2024-0005, where the Energy Bureau has expressed concern that the failures across the fleet may be related to adherence to an adequate maintenance schedule—maintenance for which the Energy Bureau, through the annual \$17 million operation and maintenance allocation, ensured that Genera had the funds—and has noted that Genera’s own hot-section schedule marks multiple units as “Overdue” against the manufacturer’s intervals.⁴² If the Energy Bureau determines in that proceeding that the damage to Units 3 and 4 resulted from improper or deficient maintenance, the cost of the restoration will not be a cost that ratepayers should bear, and the funds allocated for it will have to be returned. In that event, Genera shall return the full amount expended under this allocation, which shall be restored to the unallocated balance of the FY26 Reconciliation Amount for the benefit of ratepayers, and Genera shall not recover that amount through any other budget, allocation or reconciliation. The allocation is therefore conditional and without prejudice to the Probe Order.

Finally, because RFP No. 5175 drew no bids and the Siemens Energy proposal is a budgetary proposal from a single supplier, the Energy Bureau will require Genera to file the executed contract and the cost-reasonableness support for the final negotiated price, including the components excluded from the net equipment price (installation, commissioning, transportation, duties and taxes) that account for the difference between the approximately \$4.5 million equipment price and the \$6,050,000 all-in estimate.⁴³ That filing is incident to the Energy Bureau’s oversight of the allocation; it is not a condition precedent to Genera’s contracting. The remaining requests in the June 25 Submission, including the request for protective treatment of good-faith FY2026 expenditures, are not resolved by this Resolution and Order.⁴⁴

III. Conclusion

For the reasons stated above, the Energy Bureau **APPROVES** the restoration of TM2500 Units 3 and 4 at the Palo Seco plant through the LM2500/LM2500+ SAC hot-section exchange described in the June 25 Submission, at a total cost **NOT TO EXCEED** \$6,050,000, inclusive of equipment, installation, commissioning, transportation, duties, and taxes.

The Energy Bureau **APPROVES** an amendment to the FY27 Budget to include an additional \$6,050,000 in Genera’s budget for the restoration of TM2500 Units 3 and 4, funded from the unallocated balance of the FY26 Reconciliation Amount, and **AUTHORIZES** Genera to charge the cost of the restoration, not to exceed \$6,050,000, to that allocation. Following this allocation, a balance of \$31,697,153 of the FY26 Reconciliation Amount remains unallocated.

³⁹ *Id.*; June 25 Submission, p. 11.

⁴⁰ Funding Motion, pp. 2, 4.

⁴¹ June 25 Submission, p. 7.

⁴² Probe Order, p. 3; September 14 Order, p. 3.

⁴³ June 25 Submission, p. 7.

⁴⁴ *Id.*, pp. 12–13.



The Energy Bureau **DIRECTS** PREPA to make the allocated amount available to Genera in the same manner as the other amounts included in Genera's FY27 Budget.

The Energy Bureau **CLARIFIES** that the selection of the methods, vendors and contracts by which the restoration is accomplished is Genera's responsibility, and that nothing in this Resolution and Order approves, or requires the Energy Bureau's approval of, any particular contract.

SM The Energy Bureau **ORDERS** that, should the Energy Bureau determine in Case No. NEPR-MI-2024-0005 that the damage to TM2500 Units 3 and 4 resulted from improper or deficient maintenance, and/or lack of the agreed upon overhauls as stated in the APA side letter Genera shall return the full amount expended under the allocation approved herein within thirty (30) days of the notification of such determination, which amount shall be restored to the unallocated balance of the FY26 Reconciliation Amount for the benefit of ratepayers, and *SM* Genera shall not recover that amount through any other budget, allocation or reconciliation.

The Energy Bureau **DENIES** Genera's request to fund the restoration from the Genera Contingency Reserve Account established in the June 15 Order.

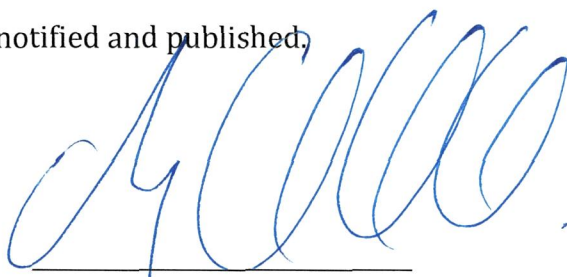
R The Energy Bureau **DIRECTS** Genera to file in this docket, within fifteen (15) business days of issuing the Notice to Proceed, (i) the executed contract or purchase order for the restoration, (ii) the cost-reasonableness support for the final negotiated price, including an itemization of installation, commissioning, transportation, duties and taxes, and (iii) the projected schedule for the return to service of each unit.

The Energy Bureau **TAKES UNDER ADVISEMENT** the remaining requests set forth in the June 25 Submission, including the request for protective treatment of good-faith FY2026 expenditures, and the Funding Motion, which will be addressed separately.

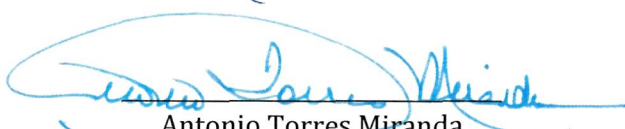
Genera is **ADVISED** that nothing in this Resolution and Order limits the scope of the Probe Order in Case No. NEPR-MI-2024-0005 or constitutes a finding regarding the prudence of the maintenance practices that preceded the removal of Units 3 and 4 from service, and that the allocation approved herein is subject to the return of funds ordered above.

The Energy Bureau **WARNS** that, in accordance with Article 6.36 of Act 57-2014, noncompliance with this Resolution and Order, regulations, and/or applicable laws may carry the imposition of fines and administrative sanctions.

Be it notified and published.


Edison Avilés Deliz
Chairman


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 October 1st, 2026. Associate Commissioner Ferdinand A. Ramos Soegaard did not intervene. I also certify that on October 1st, 2026, I have proceeded with the filing of this Resolution and Order and was notified by email to katiuska.bolanos-lugo@us.dlapiper.com; RegulatoryPREBOrders@lumapr.com; margarita.mercado@us.dlapiper.com, Yahaira.delarosa@us.dlapiper.com; jan.albinolopez@us.dlapiper.com; katiuska.bolanos-lugo@us.dlapiper.com; alexis.rivera@prepa.pr.gov; nzayas@gmlex.net; mvalle@gmlex.net; rcruzfranqui@gmlex.net; kmercado@jrsp.pr.gov, Ricardo.pallens@genera-pr.com; jfernandez@ecija.com; eramoss@ecija.com; jdiaz@ecija.com; legal@genera-pr.com; regulatory@genera-pr.com.

I sign this in San Juan, Puerto Rico, today October 1st, 2026.



Sonia Seda Gaztambide
Clerk

