

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

NEPR

Received:

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IN RE: LUMA INITIAL BUDGETS AND
RELATED TERMS OF SERVICE

CASE NO.: NEPR-MI-2021-0004

SUBJECT: Motion to Inform OEM
Recommendation Regarding TM2500 Units 3
and 4 at Palo Seco and Request for
Determination on Scope of Restoration and
Multiyear Budget Allocation

**GENERA PR LLC'S MOTION TO INFORM OEM RECOMMENDATION
REGARDING TM2500 UNITS 3 AND 4 AT PALO SECO AND REQUEST FOR
DETERMINATION ON SCOPE OF RESTORATION AND MULTIYEAR BUDGET
ALLOCATION**

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

COMES NOW GENERA PR LLC ("Genera"), as agent of the Puerto Rico Electric Power Authority ("PREPA")¹, through its undersigned legal counsel, and respectfully states and prays as follows:

I. INTRODUCTION

1. Through this Motion, Genera informs the Energy Bureau that, after the issuance of the Resolution and Order of October 1, 2026, in this docket, titled *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* (the "October 1 Order"), the original equipment manufacturer ("OEM") of the TM2500 fleet, GE Vernova, through GE Steam Power Caribe, Inc. ("GE"), recommended a Major Overhaul ("MOH") of TM2500 Units 3 and 4 at the Palo Seco plant, rather than the hot

¹ Pursuant to the *Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement* ("LGA OMA"), dated January 24, 2023, executed by and among PREPA, Genera, and the Puerto Rico Public-Private Partnerships Authority ("P3 Authority"), Genera is the sole operator and administrator of the Legacy Generation Assets (as defined in the LGA OMA) and the sole entity authorized to represent PREPA before the Energy Bureau with respect to any matter related to the performance of any of the O&M Services provided by Genera under the LGA OMA.

section exchange approved in the October 1 Order. Capitalized terms not otherwise defined in this Motion have the meanings given to them in the October 1 Order.

2. The October 1 Order approved the restoration of Units 3 and 4 through the LM2500/LM2500+ SAC hot section exchange described in Genera's June 25 Submission, at a total cost not to exceed \$6,050,000. October 1 Order, p. 6. The OEM recommendation materially changes the scope, cost and duration of the work. Because the approved allocation is tied to a specific scope and amount, Genera respectfully requests that the Energy Bureau determine which scope the allocation should fund and, if it determines that the MOH should proceed, approve a multiyear budget allocation for that work.

II. BACKGROUND

3. On October 1, 2026, the Energy Bureau approved the restoration of TM2500 Units 3 and 4 at Palo Seco 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. October 1 Order, p. 6.

4. The Energy Bureau approved an amendment to Genera's FY27 Budget to include that amount, funded from the unallocated balance of the FY26 Reconciliation Amount, and noted that a balance of \$31,697,153 of that amount remains unallocated. *Id.*, pp. 5 and 6.

5. The Energy Bureau also directed Genera to file, within fifteen (15) business days of issuing the Notice to Proceed, the executed contract or purchase order, the cost reasonableness support for the final negotiated price, and the projected schedule for the return to service of each unit. *Id.*, p. 7. As of the date of this Motion, Genera has not issued the Notice to Proceed.

6. To prepare for the execution of the approved work, Genera requested that GE, as OEM, issue its recommendations regarding the fleet, including Units 3 and 4. On October 5, 2026,

GE delivered to Genera a document titled *Genera PR Fleet Profile*, which includes a fleet condition assessment and a proposed work plan (the "GE Work Plan"). The GE Work Plan is submitted as **Exhibit A**, under seal, for the reasons stated in Part V below.

III. THE OEM RECOMMENDATION

7. Under the OEM's specifications, the Major Overhaul interval for the TM2500 configurations installed at Palo Seco is 50,000 operating hours. GE Work Plan, p. 12. A Major Overhaul may be required earlier when the condition of the unit so warrants.

8. As of August 31, 2026, Palo Seco Unit 3 (ESN 481559) had accumulated 42,482 operating hours and Palo Seco Unit 4 (ESN 481717) had accumulated 43,186 operating hours. GE Work Plan, pp. 17 and 18.

9. Based on the condition of both units, GE recommends a Major Overhaul of Units 3 and 4, covering the gas generator, the hot section and the low pressure turbine, rather than a hot section exchange alone. GE Work Plan, pp. 17 and 18. Genera understands, based on its communications with GE, that a hot section exchange alone could return the units to service sooner, but would not provide reasonable assurance that the units will not be forced out of service again for other causes, including renewed damage to the hot section.

10. Genera estimates the cost of each Major Overhaul at approximately \$8,500,000, for an aggregate of approximately \$17,000,000 for both units. This estimate is preliminary. The final cost will depend on the condition of each unit once it is opened and disassembled at the OEM's shop.

11. Genera further estimates that each Major Overhaul would require between twenty four (24) and thirty six (36) months to complete, depending on the lead times available from the OEM.

12. For comparison, the hot section exchange approved in the October 1 Order is estimated at \$6,050,000 for both units.

IV. REQUEST FOR DETERMINATION ON SCOPE AND MULTIYEAR FUNDING

13. Genera acknowledges the Energy Bureau's clarification that the selection of the methods, vendors and contracts for the restoration is Genera's responsibility. October 1 Order, p. 7. Genera does not seek approval of any contract. However, the allocation approved in the October 1 Order is expressly tied to the hot section exchange described in the June 25 Submission and to a cap of \$6,050,000. *Id.*, p. 6. A Major Overhaul falls outside that approved scope and exceeds that cap. The question presented is therefore one of budget authority, which rests with the Energy Bureau.

14. Genera recommends that the Major Overhaul be performed, consistent with the OEM's recommendation. Nonetheless, in light of the October 1 Order and of the review of the TM2500 fleet underway in Case No. NEPR-MI-2024-0005, Genera respectfully defers to the Energy Bureau and its technical consultants the evaluation of the GE Work Plan, and requests that the Energy Bureau determine whether Genera should proceed (a) with the hot section exchange approved in the October 1 Order, or (b) with the Major Overhaul of both units.

15. Genera notes that the PSP prescribes the availability of the TM2500 fleet through December 31, 2027. October 1 Order, pp. 1 and 4. Under the estimated duration in paragraph 11, a Major Overhaul would return Units 3 and 4 to service after that date. Genera submits that this weighs on the Energy Bureau's determination, and that since the Major Overhaul will provide longer service life, this may justify the investment if the units are expected to remain in the generation portfolio beyond 2027.

16. Should the Energy Bureau determine that the Major Overhaul should proceed, Genera requests a multiyear budget allocation of approximately \$8,500,000 per unit, for an aggregate of approximately \$17,000,000, distributed across the fiscal years in which the work will be performed.

17. Genera will file the executed contract, the cost reasonableness support and the projected return to service schedule for whichever scope the Energy Bureau determines, within fifteen days. Because the Major Overhaul cost depends on findings at teardown, Genera will also inform the Energy Bureau of any material variance from the estimate once the units are disassembled.

18. Pending the Energy Bureau's determination, Genera will hold the issuance of the Notice to Proceed for the hot section exchange, to avoid committing ratepayer funds to a scope that the Energy Bureau may determine should be superseded by the Major Overhaul. Genera respectfully requests that the Energy Bureau issue its determination as promptly as practicable, given the reliability need it recognized in the October 1 Order.

19. This Motion is without prejudice to the review underway in Case No. NEPR-MI-2024-0005, does not constitute an admission regarding the causes of the condition of Units 3 and 4, and does not modify the conditions of the October 1 Order regarding the return of funds. *See* October 1 Order, p. 7.

V. REQUEST FOR CONFIDENTIAL TREATMENT OF EXHIBIT A

20. Exhibit A is proprietary to GE and was furnished to Genera in confidence, subject to a proprietary statement that restricts its use, reproduction and disclosure. It contains GE's technical assessment of each engine, engine serial numbers, operating hours, service center capacity, availability of hot section modules and service slots, and GE's proposed service strategy.

21. Section 6.15 of Act 57-2014 and the Energy Bureau's Policy on Management of Confidential Information, adopted in Case No. CEPR-MI-2016-0009, allow a party to request confidential treatment of information that constitutes a trade secret or proprietary commercial information. Exhibit A meets that standard, as its disclosure would harm the competitive position of the OEM and could affect Genera's ability to procure services for the fleet on reasonable terms. *See also* Act 80-2011, the Puerto Rico Industrial and Trade Secret Protection Act.

22. Accordingly, Genera files Exhibit A under seal, marked CONFIDENTIAL, and respectfully requests that the Energy Bureau grant it confidential treatment in its entirety. Pursuant to the Policy on Management of Confidential Information, Genera will submit the corresponding memorandum of law in support of this request within ten (10) days of the filing of this Motion.

WHEREFORE, Genera respectfully requests that the Energy Bureau: (i) **TAKE NOTICE** of the OEM recommendation informed herein; (ii) **DETERMINE** whether the restoration of TM2500 Units 3 and 4 at Palo Seco should proceed through the hot section exchange approved in the October 1 Order or through a Major Overhaul of both units; (iii) should it determine that the Major Overhaul should proceed, **APPROVE** a multiyear budget allocation of approximately \$8,500,000 for each unit, for an aggregate of approximately \$17,000,000; (iv) **GRANT** confidential treatment to Exhibit A; and (v) grant any other relief it deems just and proper.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 5th day of October, 2026.

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CERTIFICATE OF SERVICE

I hereby certify that on this same date, I filed this Motion through the Energy Bureau's electronic filing system, and that a copy of this Motion, excluding the confidential document filed under seal, 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; 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; eramos@ecija.com; jdiaz@ecija.com; legal@genera-pr.com; regulatory@genera-pr.com.

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