

**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: Resolution and Order regarding *Motion Requesting Approval of Updated Fuel Optimization Plan and Memorandum of Law in Support of Confidential Treatment of the Updated Fuel Optimization Plan Submitted on August 27, 2026*, filed by Genera PR, LLC.

RESOLUTION AND ORDER

I. Introduction

On August 27, 2026, Genera PR LLC ("Genera") filed a document titled *Motion Requesting Approval of Updated Fuel Optimization Plan* ("August 27 Motion") submitting the Updated Fuel Optimization Plan ("Updated FOP")¹, and requesting the following:

1. Approval of the Updated FOP submitted, 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 Puerto Rico Thermal Generation Facility Operation and Maintenance Agreement ("Generation OMA").
2. To 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 FOP².

Genera requested confidential treatment of the Updated FOP, included as Attachment 1 of the August 27 Motion, in compliance with: (i) Section 6.15 of Act 57-2014³; (ii) Section 1.15 of Regulation 8701⁴; and (iii) *In Re: Policy on Management of Confidential Information in Procedures before the Commission*, Case No.: CEPR-MI-2016-0009, Resolution and Order issued on August 31, 2016 ("Confidential Treatment Resolution").

On September 8, 2026, Genera filed a document titled *Memorandum of Law in Support of Confidential Treatment of the Updated Fuel Optimization Plan Submitted on August 27, 2026* ("September 8 Motion") setting out the grounds to justify the confidentiality requested in the August 27 Motion.

II. Applicable Regulatory Standards

In compliance with the Generation OMA, Genera must develop and submit before the Energy Bureau of the Puerto Rico Public Service Regulatory Board (Energy Bureau") a Fuel

¹ Included as Attachment 1.

² On January 24, 2023, Puerto Rico Electric Power Authority ("PREPA"), the Puerto Rico Public-Private Partnerships Authority (the "P3 Authority"), and Genera PR, LLC ("Genera") entered into an agreement for the Puerto Rico Thermal Generation Facility Operation and Maintenance ("Generation OMA").

³ Known as the *Puerto Rico Energy Transformation and RELIEF Act* ("Act 57-2014").

⁴ *Amendment to Regulation No. 8618, on Certifications, Annual Fees and Operational Plans of Electric Service Providers in Puerto Rico*, Regulation 8701, February 17, 2016 ("Regulation 8701"), as amended by *Amendment to Regulation No. 8701, on Certifications, Annual Fees and Operational Plans of Electric Service Providers in Puerto Rico*, Regulation 9182, June 24, 2020 ("Regulation 9182").



Optimization Plan ("FOP") that details initiatives, methodologies, and anticipated savings aimed at reducing fuel costs for the ratepayers of the Puerto Rico Electric Power Authority ("PREPA"). Pursuant Section 4.2(t) of the Generation OMA Genera, at a minimum, must submit an annual updated version of the FOP for the Energy Bureau review and approval.

The Updated FOP submitted by Genera as Attachment 1 of the August 27 Motion addresses the points and requirements presented by the Energy Bureau in the May 23 Resolution.

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#2 In reviewing the merits of the Updated FOP, the Energy Bureau will consider whether the savings calculation methodology proposed for each initiative is verifiable, consistent, and fair to ratepayers. A methodology is verifiable when its baselines, data sources, and formulas are documented well enough for an independent reviewer to reproduce the same result; consistent when the same principles are applied across initiatives and from one Contract Year to the next; and fair to ratepayers when only savings that are real, incremental, and attributable to Genera's actions are counted, and the costs incurred to achieve them are reasonable and prudent. A savings formula that cannot be reproduced, that changes across initiatives or Contract Years, or that credits Genera for market movements beyond its control does not provide a reliable basis for evaluating Genera's performance. These standards protect customers from paying for savings that did not occur and give Genera a clear, predictable basis on which its performance will be judged.

These standards are grounded in Puerto Rico's regulatory framework. Act 57-2014, as amended by the *Puerto Rico Energy Public Policy Act* (Act 17-2019), directs the Energy Bureau to ensure that energy costs are just and reasonable, affordable, and transparent through oversight and rate review, and authorizes it to establish performance-based incentive and penalty mechanisms for electric power service companies. The *Regulation for Performance Incentive Mechanisms*, Regulation No. 9137 adopted by the Energy Bureau in December 2019 ("Regulation 9137"), sets out the process for establishing the specific metrics, targets, financial incentives, and penalties that apply under those mechanisms. Although Genera is compensated under the Generation OMA rather than through an Energy Bureau-approved rate, its fuel cost savings claims ultimately affect the costs borne by PREPA's customers and fall within the Energy Bureau's oversight. The principles reflected in Regulation 9137 (verifiability, control, and net customer benefit) therefore provide an appropriate benchmark for reviewing the savings methodologies in the Updated FOP. The requirements of information included as Annex I are directed at evaluating the Updated FOP against these standards.

In its September 8 Motion Genera substantiates its request of confidentiality on the following claim:

1 The Updated FOP submitted as Attachment 1 contains sensitive commercial information regarding Genera's Fuel Cost Savings Initiatives, including fuel procurement terms, contract pricing structures, and savings-calculation methodologies, which is protected under the provisions of Act No. 80-2011, *infra*.

The specific explanation upon which the request for confidentiality is based is as follows:

The development of the Fuel Cost Savings Initiatives involves Genera's proprietary analysis of methods and strategies for reducing fuel-related costs. In particular, the Updated FOP contains detailed information concerning the commercial terms and structures applicable to fuel procurement, as well as the methodologies, assumptions, formulas, metrics, and data used to calculate and measure savings associated with the Fuel Cost Savings Initiatives. The proprietary nature of this information, combined with its financial and commercial significance, aligns with the criteria for trade secret protection under Act No. 80-2011.

Ston Maintaining the confidentiality of this information is particularly important because the Updated FOP addresses the manner in which Genera evaluates and pursues opportunities to reduce fuel-related costs, including through fuel



procurement and contracting strategies and the measurement of resulting savings. Disclosure of this information would expose commercially sensitive aspects of Genera's fuel optimization strategies and, as stated in the August 27 Motion, would prejudice Genera's commercial position and that of its counterparties.

The FOP submitted by Genera describes formulas, metrics and methodologies regarding fuel acquisition and use which is by no means proprietary in nature. Additionally, Genera did not include information about prices, negotiations, or any other identifiable information regarding actual or potential negotiations or bargaining with suppliers or any other kind of entity.

III. Conclusion

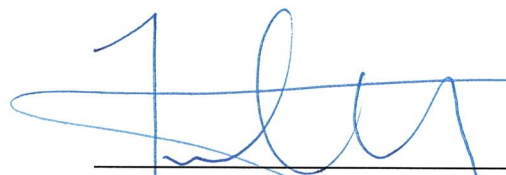
After examining the FOP submitted by Genera with its August 27 Motion, and the arguments included in the September 8 Motion, the Energy Bureau **DETERMINES** that the information provided is not confidential in nature and **DENIES** Genera's request of confidentiality.

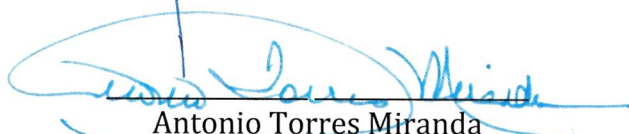
Regarding to the FOP, the Energy Bureau **GRANTS** Genera **ten (10) days** to respond to the requirements of information included as Annex 1 to this Resolution.

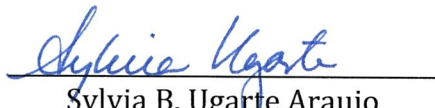
The Energy Bureau **WARNS** Genera that failure to comply with this Resolution and Order will result in the imposition of fines in accordance with Section 6.36 of Act 57-2014.

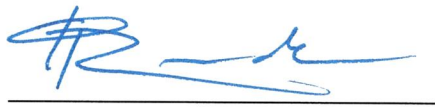
Be it notified and published.



Edison Avilés Deliz
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Ferdinand A. Ramos Soegaard
Associate Commissioner

Antonio Torres Miranda
Associate Commissioner

Sylvia B. Ugarte Araujo
Associate Commissioner

Omar M. Rodríguez González
Associate Commissioner

CERTIFICATION

I hereby certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on October 23, 2026. I also certify that on October 23, 2026 a copy of this Resolution and Order was notified by electronic mail to jdiaz@ecija.com; eramos@ecija.com; jfernandez@ecija.com; legal@genera-pr.com; regulatory@genera-pr.com. I also certify that on October 23, 2026, I proceeded with the filing of the Resolution and Order issued by the Puerto Rico Energy Bureau.

I sign this in San Juan, Puerto Rico, on October 23, 2026.



Sonia Seda Gaztambide
Clerk

ANNEX I: Requirements of Information

- 1) Provide spreadsheet tools (workpapers) that implement the proposed savings calculations and could be used to quantify the savings under each fuel cost savings initiative described in the proposed FOP.
- 2) Multiple initiatives depend on system dispatch data and/or modeling results from LUMA. Detail the status of conversations and agreements between Genera and LUMA regarding methods to determine the impact of fuel cost changes on generator dispatch.
 - a. Describe the simulation and modeling tools Genera would use to estimate dispatch impacts under each initiative, including how those tools are validated and version-controlled.
- 3) Explain in detail how it is appropriate to compensate Genera via the FOP for operational savings that results from federally funded capital improvements.
- 4) Would rejection, modification, or delay in approving any proposed initiative have any impact on the pace at which federally-funded projects proceed?
- 5) For each initiative, detail exactly what capital costs would be included in the calculation of savings, how they would be included, and who would pay those costs.
 - a. Are each of the proposed solutions optimized to minimize total costs or fuel costs?
 - b. For initiative #1, this must include, but need not be limited to, a discussion of power generation and each type of fuel-related infrastructure discussed on page 9 of the filed FOP.
- 6) How does the proposed FOP account for the possibility that Genera may take actions that increase fuel costs, as well as those which reduce fuel costs? (For example, what if a generator switched to natural gas and then natural gas ended up being more expensive? Or an action increased fuel-related maintenance costs?) Would the increases be netted against the decreases?
- 7) How will genera ensure that savings are not double-counted from interactive effects between its savings initiatives?
 - a. Would a method of estimating overall fuel savings across the generation portfolio, relative to a budget baseline, be a suitable way to quantify savings without risk of double-counting? If so, how would the baseline be defined?
- 8) Regarding the Background section of the proposed FOP:
 - a. Identify the main drivers of fuel cost volatility and quantify their impact on customer bills.
 - b. Explain how the constraints facing PREPA (including its credit rating, weather-related risks, and liquidity) are reflected in the problem statement and in the design of the initiatives.
 - c. The proposed FOP describes itself as a “broad and flexible roadmap.” For each initiative, define the scope, timeline, and responsible parties with enough specificity that the initiative can be executed and monitored, and state precisely what Genera is committing to deliver.
 - d. For each initiative, distinguish Genera’s incremental actions from PREPA’s historical practices and routine fuel administration, and provide the documentation supporting that distinction.



9) Regarding compliance with the Generation OMA:

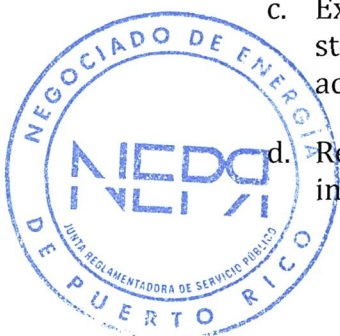
- a. For each initiative, identify the specific provisions of the Generation OMA establishing that the initiative falls within Genera's scope and constitutes a "Fuel Cost Savings Initiative."
- b. Explain how each initiative's savings methodology satisfies the principles of verifiability, control, and net customer benefit reflected in Regulation 9137.
- c. Explain how disputes regarding the calculation of claimed savings would be resolved, including how the dispute-resolution provisions of Section 15 of the Generation OMA would apply.

10) Regarding Initiative #1 (change to the type of fuel):

- a. Explain whether and to what extent the proposed initiative would present a windfall to Genera in the event that oil prices rise relative to natural gas prices, thus increasing "savings" from using gas through no direct action by Genera. Also reference Initiative #2 which specifically avoids counting savings resulting from commodity-price or escalator-index movement.
- b. Would a method based on projected savings from switching fuels at a snapshot in time be an appropriate way to avoid this windfall effect?
- c. Reconcile the proposed methodology with the Energy Bureau's November 22, 2024 order which states that "Savings (or costs) associated with fluctuations of the underlying commodity price are not appropriate to use for Genera's performance incentive because Genera has no impact on the global or benchmark commodity price."
- d. For each candidate unit, provide documentation validating technical feasibility, including dual-fuel capability and infrastructure readiness.
- e. Identify the permitting requirements, environmental constraints, and Energy Bureau approval timelines applicable to each proposed fuel conversion.
- f. Confirm that Genera will not claim savings for any fuel conversion until all required Energy Bureau approvals have been obtained and documented.

11) Regarding initiative #2 (savings related to portfolio optimization)

- a. The Energy Bureau did not approve Initiative #1 in the 2024 FOP (relating to changes in the contract adder for fuels) beyond one year because of misaligned incentives resulting from the way Genera proposed to calculate savings in that FOP. The question of setting the appropriate baseline was the subject of discussion at the May 23, 2024 Technical Conference. Describe Genera's efforts to evaluate options for the structure of this incentive, and why it determined to propose the method presented in this proposed FOP.
- b. Regarding savings from faster payment, does Genera intend to include any countervailing impact from reductions in cash on hand?
- c. Explain how value-added services such as technical support and shared storage rights produce fuel cost savings, and what costs are incurred to achieve these savings.
- d. Regarding the stated plan to "actively monitor regional and international fuel markets and execute purchases within contractual



allowances to capture favorable pricing when available,” how will Genera determine whether pricing is favorable, when to add to or remove from storage, and how to be assured that lower cost fuel will be available later. In short, how will these efforts produce quantifiable savings distinct from the possible benefits of luck from purchasing fuel at the right times?

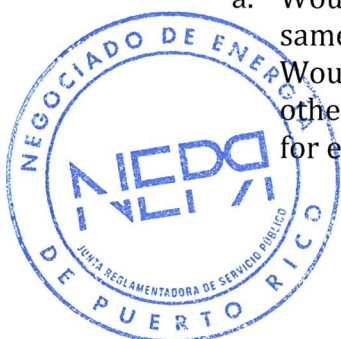
- e. What countervailing contract terms or costs does Genera expect to encounter when seeking contracts with the effect of capping upside exposure during rapid price increases while capturing savings when prices decline?
- f. For Current FY Premiums, document the triggers under which each premium applies, distinguishing upfront premiums from conditional premiums.
- g. Will Genera support any claimed market-timing savings with contemporaneous communications with the P3 Authority documenting the basis for each purchase decision?
- h. Provide back-testing of the proposed escalator reforms against historical data.
- i. Confirm that spot purchases will be benchmarked using the same indices and formulas used to establish the baseline.
- j. Describe how Genera will preserve supplier competition, including whether spot purchases will be supported by documented solicitation of multiple offers.

12) Regarding Initiative #3 (Displace higher-cost generation units with lower-cost MW)

- a. Detail the process and documentation Genera will use to establish the unit-specific baseline for each unit.
- b. Will this baseline be as of when Genera became the operator of the units? Some other date? How is the baseline date selected for each unit? Will the baseline date or baseline characteristics change over time?
- c. Which fuel costs would be assumed in the savings calculation?
- d. Does Genera intend to claim fuel cost savings for the same asset improvement in all subsequent years, just the year after the improvement takes place, or some other period?
- e. Provide the engineering studies supporting each MW improvement assessment.
- f. Identify and document the physical constraints (e.g., cooling, balance-of-plant, and grid stability) affecting each unit for which Genera expects to claim MW improvements.

13) Regarding Initiative #3B (Displace higher-cost – BESS battery project initiative)

- a. Would the calculation of energy used to charge the batteries use the same interval-by-interval calculation as described in the initiative? Would it account for increased use of thermal generation as well as otherwise curtailed renewable generation? If so, how would it account for each?



- b. The initiative description discusses creating a “fuel price time series for each fuel type used by the legacy generation fleet.” Which fuel costs would be assumed in the savings calculation?
- c. Describe in detail the pro-rated charge for battery degradation and how it would be calculated.

14) Regarding Initiative #4 (Improve Fuel Efficiency)

- a. Describe in detail how the potential strategies for this initiative that involve replacing existing assets relate to, and avoid double counting with, initiative #1 (fuel switching) and initiative #3 (“bringing in new generation units”). Initiative #1 lists the same new peaker installations as are identified here.
- b. Describe in detail how increases in fuel efficiency in this initiative relate to, and avoid double counting with, initiative #3. Initiative #3 includes actions which address constraints on the efficiency of existing generation units.
- c. Detail the process and documentation Genera will use to establish the unit-specific baseline for each unit.
- d. Will this baseline be as of when Genera became the operator of the units? Some other date? How is the baseline date selected for each unit? Will the baseline date or baseline characteristics change over time?
- e. How would this initiative account for the impact of heat rate improvements on dispatch? Would Genera depend on LUMA and/or conduct simulation, as in the other initiatives?
- f. Does Genera intend to claim fuel cost savings for the same asset improvement in all subsequent years, just the year after the improvement takes place, or some other period?

15) Regarding Initiative #5 (Reduce fuel-related maintenance costs)

- a. What clear definition does Genera suggest the Energy Bureau use to determine whether a cost is related to fuel costs? That is, how would the Energy Bureau reliably determine whether a claim for savings relates to fuel sufficiently to be a “*fuel cost saving initiative*” [emphasis added]?
- b. Describe in detail how each of the potential areas Genera identifies for this initiative (the list beginning with maintenance contracting, spare parts procurement, etc.) are *fuel cost* savings initiatives.
- c. How and when would the Energy Bureau review the claimed cost baselines?
- d. Confirm that Genera expects to evaluate each savings claim against the prior or incumbent arrangement. If Genera achieved yet further improvement would savings be evaluated against the existing (Genera-obtained) baseline, or against the historical baseline?
- e. Will Genera develop baselines for all fuel-related costs?
- f. If some costs increase while others decrease, will Genera claim only the net savings, or will it claim savings in places where they occur while incurring no compensating penalty for areas where costs have increased?



- 16) Confirm that each Contract Year savings claim will be accompanied, at a minimum, by the following supporting materials:
- a. Baseline documentation for each initiative;
 - b. Dispatch data (from LUMA or the dispatch simulator);
 - c. Fuel purchase records for contracted and spot purchases;
 - d. Heat-rate and maintenance logs; and
 - e. Evidence of Energy Bureau approvals where required.
- 17) State whether Genera will also provide, with each Contract Year savings claim, engineering assessments supporting MW improvements, market analyses supporting escalator reforms, and supplier scorecards and tender documentation.

