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

IN RE: ACCELERATED EVALUATION OF RENEWABLE ENERGY AND ENERGY STORAGE PROJECT PROPOSALS TO SECURE FEDERAL INVESTMENT TAX CREDITS (ITCs)	**CASE NO.**: NEPR-MI-2025-0005 **SUBJECT:** Determination for Proponent No. 7 Proposed PPOA and ESSA

RESOLUTION AND ORDER

I. Relevant Background

On September 22, 2025, the Governor of Puerto Rico, Hon. Jennifer A. González Colón, issued Executive Order OE-2025-047 ("Executive Order"), expanding Puerto Rico's energy emergency and authorizing the accelerated evaluation and approval of renewable energy and storage projects qualifying for federal investment tax credits ("ITCs") under Public Law 119-21, also known as the One Big Beautiful Bill Act ("OBBBA"). On September 26, 2025, the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") issued a Resolution and Order ("September 26 Resolution") establishing guidelines for the Puerto Rico Electric Power Authority ("PREPA") to implement that process. On October 1, 2025, PREPA launched the procurement process and invited prospective proponents to participate pursuant to the Executive Order, the September 26 Resolution, and previously approved procurement documents. The notice established instructions and evaluation criteria and incorporated by reference the Tranche 4 model request for proposals ("RFP") and model contracts included with the September 26 Resolution.[1]

As part of the accelerated procurement process described above, Proponent No. 7 submitted a proposal for the development, construction, ownership, operation, and maintenance of two (2) separate projects, each with a capacity of 80 MW: (1) a BESS project with a five-hour storage duration, to be located in the Municipality of Guánica, Puerto Rico, for a term of twenty (20) years (the "Proponent No. 7 BESS Project"); and (2) a Solar PV project (the "Proponent No. 7 Solar PV Project") (collectively, the "Proponent No. 7 Projects).

On December 30, 2025, the Energy Bureau issued a Resolution and Order ("December 30 Resolution"), preliminarily approving the projects listed in Attachment A, totaling approximately 659 MW of battery energy storage system ("BESS") capacity and 25 MW of solar photovoltaic ("Solar PV") capacity. It directed PREPA to complete negotiations under the Tranche 4 RFP contractual framework and submit draft agreements for final review and approval within ten (10) business days. Proponent No. 7's Projects were not selected by PREPA.

On February 6, 2026, the Energy Bureau issued a Resolution and Order ("February 6 Resolution") addressing a request by a proponent whose BESS components had been approved under the December 30 Resolution, but whose co-located Solar PV components had not been approved due to unreasonable pricing. Considering the projects' co-located nature and its reserved authority to reconsider unselected projects, the Energy Bureau allowed that proponent to submit improved pricing offers for the Solar PV components. To promote competitive outcomes and preserve fair and competitive conditions among all procurement participants, the Energy Bureau also directed PREPA to notify the remaining proponents whose projects had not been selected that they would have three (3) days to submit final improved pricing offers for their previously proposed projects. PREPA remained responsible for determining compliance with other applicable procurement requirements

[1] *See* Annex to the October 1 Motion, which includes the letter dated October 1, 2025 ("October 1 Letter"), and Addendum 1 to the September 26 Resolution, titled *Request for Proposals for Renewable Energy Generation and Energy Storage Resources, Executive Order EO-2025-047* ("Model RFP"). Together, the October 1 Letter and the Model RFP are referred to herein as the "Accelerated Process RFP".

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before proceeding to contract negotiations, consistent with the exceptions and determinations in the December 30 Resolution.

On May 13, 2026, PREPA submitted to the Energy Bureau Proponent No. 7's Best and Final Offer ("BAFO"),which Proponent No. 7 had submitted to PREPA on February 9, 2026, in response to the Energy Bureau's February 6 Resolution.[2]

Following several procedural steps, on May 20, 2026, the Energy Bureau issued a Resolution and Order ("May 20 Resolution"), finding that discrepancies concerning property rights, site control, and required permits and authorizations for Proponent No. 7's proposed project remained insufficiently clarified despite the documentation submitted. It directed PREPA and Proponent No. 7 to meet and confer within ten (10) days of notice and to jointly report, within that same period, whether sufficient clarification or agreement had been reached to proceed with the contract evaluation and negotiation process.

On June 1, 2026, PREPA filed a motion reporting that the parties had met virtually on May 22, 2026, pursuant to the May 20 Resolution, and requesting until June 3, 2026, to complete their review of supporting documentation.[3] On June 3, 2026, the parties filed their joint status submission,[4] addressing property rights, site control, permits, and authorizations for Proponent No. 7's proposed project and submitting additional supporting documentation together with documents already in the record.

On June 12, 2026, the Energy Bureau issued a Resolution and Order ("June 12 Resolution"), finding that Proponent No. 7 had satisfied, or was at least in compliance with, the site control, property rights, and permitting requirements deemed adequate by PREPA for purposes of this proceeding. It directed the parties to complete good-faith negotiations within seven (7) days of notice for a separate Power Purchase and Operating Agreement ("PPOA") and Energy Storage Services Agreement ("ESSA") governing the Solar PV and BESS facilities, respectively, and jointly submit any resulting agreements for review and determination.

On June 26, 2026, PREPA filed a motion reporting continued negotiations with Proponent No. 7 on the PPOA and ESSA and requesting a ten (10)-day extension to finalize and submit the agreements.[5] PREPA stated that the PPOA negotiations remained subject to the previously approved settlement agreement ("Settlement Agreement"), which it submitted with a request for confidential treatment as predecisional and deliberative material related to the ongoing negotiations.

On July 16, 2026, Proponent No. 7 filed a motion disputing PREPA's characterization of the RFP project as the same project contemplated in the Settlement Agreement.[6] It argued that the proposal constituted a materially expanded solar and battery energy storage project warranting treatment as a hybrid project and requested clarification that it was distinct from the Settlement Agreement project.

On July 23, 2026, the Energy Bureau issued a Resolution and Order ("July 23 Resolution"), requiring Proponent No. 7's evaluation and negotiations to substantially follow the Tranche 4 RFP contractual framework, with only limited project-specific modifications that did not constitute material or substantive departures. Despite the proposal's characterization as a

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[2] See *Motion in Compliance with the Resolutions and Orders of May 6 and May 7, 2026, and Memorandum of Law in Support of Request for Confidential Treatment*, filed by PREPA on May 13, 2026, Confidential Exhibit 1.

[3] See Motion Requesting Extension of Time to File Joint Status Submission Regarding Proponent No. 7 filed by PREPA on June 1, 2026 ("June 1 Motion").

[4] *See Joint Status Submission of the Puerto Rico Electric Power Authority ("PREPA") and Proponent No. 7 pursuant to the May 20, 2026 Resolution and Order* dated June 3, 2026 ("June 3 Motion").

[5] See *Motion in Compliance with the June 12, 2026 Resolution and Order* filed by PREPA on June 26, 2026 ("June 26 Motion").

[6] See *Motion Requesting Relief from the Puerto Rico Energy Bureau ("PREB")* filed by Proponent No. 7 on July 16, 2026 ("July 16 Motion").

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hybrid project, the Solar PV and BESS facilities were to be evaluated independently and governed by separate agreements. The Energy Bureau directed PREPA and Proponent No. 7 to continue good-faith negotiations and jointly submit either the resulting proposed agreements for review and determination or a status report identifying unresolved issues and efforts to resolve them.

Following PREPA's request for an extension to comply with the July 23 Resolution, Proponent No. 7 filed a motion reporting that no agreement had been reached and alleging that PREPA had failed to engage in substantive good-faith negotiations on the PPOA and ESSA.[7] It requested the Energy Bureau's intervention to require substantive negotiation sessions and consideration of its proposed contractual modifications.

On August 11, 2026, PREPA filed a motion disputing Proponent No. 7's allegations and asserting that it had reviewed and responded to the proposed PPOA and ESSA modifications, although certain provisions remained unresolved.[8] PREPA argued that this did not constitute noncompliance with the July 23 Resolution, which contemplated the possibility of no agreement, and requested that the Energy Bureau deem it in compliance and grant confidential treatment to the submitted draft agreements.

On August 12, 2026, Proponent No. 7 filed a motion informing the Energy Bureau that, due to an inadvertent clerical error, Exhibits 1 through 11 submitted with its August 10 Motion were incorrect or incomplete.[9] Proponent No. 7 submitted corrected versions of those exhibits and requested that the Energy Bureau substitute them for the previously filed exhibits and grant them confidential treatment.

On August 21, 2026, the Energy Bureau issued a Resolution and Order ("August 21 Resolution"), denying Proponent No. 7's request for intervention in the contractual negotiations with PREPA. The Energy Bureau clarified that PREPA was responsible for conducting the negotiations and that the Energy Bureau's role was to review and approve or reject the agreements reached by the parties. It further established a final term of ten (10) days from notice of the August 21 Resolution to submit proposed agreements approved by PREPA, warning that, absent such submission, it would deem the parties unable to reach an agreement and determine that Proponent No. 7's proposed projects would not proceed. The Energy Bureau also granted confidential treatment to the documents submitted by the parties and warned PREPA that noncompliance could result in fines under Article 6.36 of Act 57-2014.

On September 10, 2026, Proponent No. 7 filed an urgent motion requesting that the Energy Bureau clarify and expressly authorize an 80 MW BESS with a five (5)-hour storage duration under the proposed ESSA.[10] Proponent No. 7 argued that this capacity had been included in its February 9, 2026 BAFO and subsequently confirmed during negotiations with PREPA, notwithstanding the June 12 Resolution's reference to a BESS capacity of approximately 40 MW. Proponent No. 7 further asserted that the proposed 80 MW configuration would maximize the available transmission capacity, reduce solar curtailment, and provide operational, financial, and ratepayer benefits.

On September 17, 2026, the Energy Bureau issued a *Resolution and Order* ("September 17 Resolution"), clarifying that its June 12 Resolution had authorized continued negotiations with Proponent No. 7 but had not approved its BAFO or any specific project configuration. The Energy Bureau determined that PREPA and Proponent No. 7 must first agree on the final project configuration, without precluding an 80 MW Solar PV project and an 80 MW BESS

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[7] See *Informative Motion and Request for Relief from the Puerto Rico Energy Bureau* ("PREB") filed by Proponent No. 7 on August 10, 2026 ("August 10 Motion").

[8] See *PREPA's Motion in Compliance with the July 23, 2026 Resolution and Order and Response to Proponent No 7's Informative Motion and Request for Relief* filed by PREPA on August 11, 2026 ("August 11 Motion").

[9] See *Informative Motion* filed by Proponent No. 7 on August 123, 2026 ("August 12 Motion").

[10] See *Urgent Motion for Clarification and Authorization of 80 MW BESS Capacity in the Energy Storage Services Agreement (ESSA)* filed by Proponent No. 7 on September 10, 2016 ("September 10 Motion").

project, subject to applicable procurement requirements and subsequent regulatory review. It was further found that the proposed PPOA and ESSA were incomplete and contained significant departures from the Tranche 4 RFP contractual framework. Accordingly, the Energy Bureau ordered the parties to submit, within ten (10) days of notice, definitive, mutually agreed-upon, complete, and execution-ready versions of both agreements, together with redlines against the corresponding approved Tranche 4 RFP agreements, in both Microsoft Word and PDF formats. The Energy Bureau also granted confidential treatment to the documents submitted with the parties' joint motion of August 31, 2026, and warned both parties that noncompliance could result in fines under Article 6.36 of Act 57-2014.

On October 5, 2026, PREPA and Proponent No. 7 filed a motion informing the Energy Bureau that they had completed their review and negotiations and reached agreement on definitive versions of the PPOA and ESSA.[11] The proposed agreements provide for two (2) separate projects: an 80 MW Solar PV facility under the PPOA and an 80 MW BESS facility with a five (5)-hour storage duration under the ESSA. The parties submitted each of the following documents in both Microsoft Word and PDF formats:

Exhibit I-A: PPOA [Resource Provider] Clean Final (09-27-26) ("Proposed PPOA").

Exhibit I-B: PPOA [Resource Provider] Redline vs. Base Tranche 4 Model (09-27-26).

Exhibit I-C: PPOA Redline vs PREPA Supplied Template (09-27-26).

Exhibit I-D: ESSA [Resource Provider] Clean Final (09-27-26) ("Proposed ESSA").

Exhibit I-E: ESSA [Resource Provider] Redline vs Base Tranche 4 Model (09-27-26).

Exhibit I-F: ESSA [Resource Provider] Redline vs PREPA Supplied Template (09-27-26).

Also, through the October 5 Motion, the parties requested that the Energy Bureau deem them in compliance with the September 17 Resolution and grant confidential treatment to the submitted exhibits until completion of the regulatory review and approval process.

II. Applicable Legal Framework

A. Energy Bureau's Authority

The Energy Bureau is the regulatory body responsible for overseeing and ensuring the proper execution and implementation of public policy regarding electricity service in Puerto Rico. The Energy Bureau has the authority to (i) implement regulations and regulatory actions necessary to ensure capacity, reliability, safety, efficiency, and reasonableness in rate tariffs of the Puerto Rico electrical system; and (ii) establish guidelines, standards, practices, and processes for PREPA's procurement of energy from other electric service companies and for modernizing its power plants or energy-generating facilities.[12]

The Energy Bureau has the power to establish by regulation the rules and standards for electric service companies. This includes oversight of any transaction, action, or omission that impacts the electrical grid and electrical infrastructure in Puerto Rico. The Energy Bureau will enforce public policy standards in alignment with the Energy Public Policy as declared by legislation.

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[11] See *Joint Motion in Compliance with the September 17, 2026 Resolution and Order and Request for Confidential Treatment* filed by PREPA and Proponent No. 7 on October 5, 2026 ("October 5 Motion").

[12] *See*, Section 6.3 of Act 57-2014, known as *Puerto Rico Energy Transformation and RELIEF Act*, as amended ("Act 57-2014").

B. Criteria for the Evaluation of Power Purchase Agreements

Article 1.11(b) of Act 17-2019[13] stipulates that any power purchase agreement, or any amendment to, or extension of, a power purchase agreement awarded before or after the approval of Act 57-2014 between PREPA, and any independent power producer shall be executed under Section 6.32 of Act 57-2014 and the regulations adopted by the Energy Bureau. To make sure such agreements have a proper and reasonable price, the parameters established by the Energy Bureau shall follow the ones normally used by the industry for such purposes, as well as any other parameter or method used to regulate revenues attributable to power purchase agreements. Also, Article 6.32(c) of Act 57-2014 empowers the Energy Bureau to adopt the guidelines for the evaluation and approval of energy purchase and sale contracts.

Act-17-2019 adopted as public policy the reduction in dependence on fossil fuels, aiming to eliminate energy generation based on coal, petroleum derivatives, and gas. Specifically, Act 17-2019 modified the Renewable Energy Portfolio standards established in Act 82-2010[14]. This amendment increased the requirement for energy generation from renewable sources to one hundred percent (100%) by 2050.[15] Power Purchase Agreements shall be awarded considering the goals and mandates established in the Renewable Portfolio Standards, which compel the transition from energy generation from fossil fuels to aggressively integrating renewable energy as provided in Act 82-2010.

Article 6.32 of Act 57-2014 provides a comprehensive statutory framework for the evaluation and approval of power purchase agreements, as well as other transactions involving electric power services companies. It reiterates the Energy Bureau's authority to adopt regulations and regulatory actions that govern the process of evaluation and approval of power purchase agreements and other transactions involving electric power services companies. Article 6.32 (a) states that the Energy Bureau will evaluate and approve all contracts between electric service companies, including independent power producers, before they are executed. This will include, but is not limited to, contracts through which an independent power producer agrees to supply energy to PREPA or the electric service company responsible for operating the T&D System. It also covers any amendments, modifications, or extensions to existing contracts.

Consistent with the foregoing, Article 6.32 empowers the Energy Bureau to adopt and issue regulations that provide: (i) the standards and requirements with which the Power Purchase Agreements must comply; (ii) the terms and conditions to be included in any power purchase agreement and interconnection agreement, including reasonable costs per kilowatt hour (kWh) per type of generation technology; (iii) the guidelines and standards established by the Energy Bureau through such regulations shall be intended to ensure compliance with the principles of Act 57-2014, Act 83-2010[16], and Act 17-2019.

When evaluating a power purchase agreement or proposal thereto, each contract proposal between electric utility companies, the Energy Bureau must make sure it follows the public energy policy established in Act 17-2019 and with the Approved IRP.[17] The Energy Bureau

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[13] Known as *Puerto Rico Energy Public Policy Act*, as amended ("Act 17-2019").

[14] Known as *Public Policy on Energy Diversification by Means of Sustainable and Alternative Renewable Energy in Puerto Rico Act,* as amended ("Act 82-2010").

[15] Act 1 of March 12, 2025 ("Act 1-2025") amended the Renewable Energy Portfolio Standard established under Act 82-2010 by eliminating the previously applicable interim renewable energy targets. Notwithstanding the removal of those intermediate targets, the statute expressly preserved the ultimate policy mandate that electricity generation in Puerto Rico be supplied from renewable sources by 2050. Thus, while the amendment modified the compliance trajectory, it left intact, and effectively reaffirmed, the binding requirement that renewable energy sources account for 100% of energy generation by the year 2050.

[16] Known as *Green Energy Incentive Act of Puerto Rico*, as amended ("Act 83-2010").

[17] *See 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"). Note that minor modifications and/or clarifications to the Approved IRP

shall approve no contract that is inconsistent with the Approved IRP, especially regarding the renewable energy, distributed generation, conservation, and efficiency goals established in both the Approved IRP and the public energy policy.

The Energy Bureau shall make sure the interconnection of any proposed project does not threaten the reliability and safety of the electric grid and shall require the removal of any terms or conditions in the Proposed PPOA and Proposed ESSA that are contrary to or threaten the safe and reliable operation of the electric grid. The Energy Bureau shall not approve a contract when technical evidence demonstrates that this project or the contractual conditions of a project would undermine the reliability and security of Puerto Rico's electric grid.

The Energy Bureau shall also make sure tariffs, duties, rents, or charges paid to independent power producers are fair and reasonable and protect the public interest and the treasury. Likewise, the transmission and distribution grid interconnection tariff, including construction charges, transshipment tariffs, as well as any other requirements applicable to independent power producers or other electric utilities wishing to interconnect to the transmission and distribution system, are also fair and reasonable. In this process, the Energy Bureau must make sure the rates allow for an interconnection that does not affect the reliability of the electric service and promotes environmental protection, compliance with legal mandates, and does not adversely impact customers.

Likewise, the Energy Bureau will require the electric utility company responsible for the operation of the Electric System to submit a "Supplementary Study" for the Proponent No. 7 Projects that are the subject of the Proposed PPOA and Proposed ESSA or the corresponding technical analysis that supports those agreements. If a project does not require a "Supplementary Study" to be carried out, the electric utility company responsible for the operation of the Electric System shall issue to the Energy Bureau a certification to that effect, in which it shall state the reasons the circumstances and characteristics of the project make a "Supplementary Study" or a technical evaluation unnecessary.

Therefore, in evaluating the proposed amendments, the Energy Bureau must primarily determine: (i) whether the proposal is consistent with the Approved IRP; (ii) whether the proposal follows Puerto Rico's energy public policy; (iii) whether the proposed fee structure is fair, reasonable, and protects the public interest and the treasury; (iv) if the interconnection of the proposed project jeopardizes the reliability and stability of the system; and (v) whether the profit parameters and price escalators are based on parameters normally used by the industry.

In this case, the Energy Bureau is considering a petition for the evaluation and approval of a new PPOA for a Solar PV project and a new ESSA for a BESS. Both agreements are subject to review under Article 6.32 of Act 57-2014, to the extent applicable.

III. Discussion and Analysis

A. Proponent No. 7 Projects

i. Proponent No. 7 BESS Project

The Proponent No. 7 BESS Project consists of an 80 MW BESS facility with a five (5)-hour storage duration, to be located in the Municipality of Guánica, Puerto Rico. The project would provide energy storage services to PREPA under the Proposed ESSA for a term of twenty (20) years and would be evaluated independently from the Proponent No. 7 Solar PV Project.

ii. Proponent No. 7 Solar PV Project

The Proponent No. 7 Solar PV Project consists of an 80 MW Solar PV generation facility, to be located in the Municipality of Guánica, Puerto Rico. The project would supply solar-

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were introduced through a *Resolution and Order on Reconsiderations, In re: Review of the Puerto Rico Electric Power Authority Integrated Resource Plan,* Case No. CEPR-AP-2018-0001, December 2, 2020.

generated electricity to PREPA under the Proposed PPOA for a term of twenty (20) years and would be evaluated independently from Proponent No. 7 BESS Project.

B. Compliance with Approved IRP

As part of its March 26, 2026 Resolution and Order issued in this case ("March 26 Resolution"), the Energy Bureau evaluated whether certain renewable energy and battery energy storage projects proposed through the Accelerated Procurement Process were consistent with the resource planning framework established under the Approved IRP. In doing so, the Energy Bureau considered the extent to which the proposed resources remained aligned with Puerto Rico's long-term energy planning objectives, while taking into account subsequent legislative developments, current system conditions, and the practical realities affecting the implementation of the Approved IRP. The Energy Bureau hereby incorporates by reference the analysis and findings set forth in Section III(B) (Compliance with Approved IRP) of the March 26 Resolution, which are applicable to the evaluation of the Proposed PPOA and Proposed ESSA and are adopted herein as if fully set forth.

Consistent with the analysis contained in the March 26 Resolution, the Energy Bureau evaluates Proposed PPOA and Proposed ESSA to ensure that the proposed resources remain consistent with the Approved IRP, as informed by Puerto Rico's current public energy policy and the operational needs of the electric system. In conducting this evaluation, the Energy Bureau considers, among other factors, the Approved IRP, the legislative changes introduced through Act 1-2025, the current condition of Puerto Rico's generation fleet, the implementation status of previously approved renewable energy and battery energy storage projects, and the continuing need to strengthen system reliability and resiliency while advancing Puerto Rico's long-term renewable energy objectives.

As discussed in the March 26 Resolution, the Energy Bureau previously determined that, notwithstanding certain deviations from the original implementation schedule contemplated in the Approved IRP, the renewable energy and battery storage resources approved therein were not inconsistent with the Approved IRP when evaluated in light of current system conditions, implementation delays, the evolution of Puerto Rico's public energy policy, and the need to ensure adequate and reliable electric service.[18] The Energy Bureau further determined that the overall portfolio remained within a reasonable range of the planning assumptions reflected in the Approved IRP when viewed in the context of the system's long-term development objectives.[19]

The additional resources contemplated under the Proposed PPOA (80 MW Solar PV) and Proposed ESSA (80 MW BESS) represent only a limited incremental increase beyond the portfolio evaluated in the March 26 Resolution and do not materially alter the conclusions reached therein. Rather, they continue to support the orderly deployment of renewable generation and battery energy storage resources necessary to improve system reliability, facilitate the ongoing energy transition, and address the implementation realities that have affected the execution of previously approved projects.

Accordingly, for the reasons set forth in Section III(B) of the March 26 Resolution, as supplemented herein, the Energy Bureau finds that the resources contemplated under the Proposed PPOA and Proposed ESSA are **NOT INCONSISTENT** with the Approved IRP.

C. Contract Price

The price proposed by Proponent No. 7 for its projects is reasonable, as it is consistent with prevailing market conditions, reflects the scope and technical requirements of Proponent No. 7 Projects, and is supported by the underlying cost structures and assumptions presented. Moreover, when considering prevailing inflationary pressures, together with the respective implementation timelines for the projects approved under Tranches 1 through 4 RFPs, the Accelerated Procurement Process, and the project subject to this Resolution and

[18] *See* March 26 Resolution, pp. 7-9.

[19] *Id.*, p. 9.

Order, the proposed price falls within the range of prices previously approved by the Energy Bureau. Indeed, the proposed prices are lower than those approved for the majority of those projects.

D. Project Interconnection

(1) Interconnection Reliability

To evaluate the aspects related to the interconnection of Proponent No. 7 Projects to the electric system, a series of interconnection studies are typically conducted in accordance with applicable interconnection procedures and technical standards. A system impact study ("System Impact Study") evaluates the technical effects of integrating a proposed project's net capacity into the transmission and distribution grid, including an assessment of system performance, reliability, and compliance with applicable minimum technical requirements ("MTR"s). As part of this process, the study identifies the potential need for network upgrades or reinforcements necessary to accommodate the injection of energy and power from the project into the system and may preliminarily outline the scope of such upgrades and their potential cost implications. Subsequently, a network upgrade facility study ("Network Upgrade Facility Study") is typically conducted to further define the specific transmission and distribution improvements required outside the point of interconnection, including the scope of work, cost estimates, and implementation schedule. In parallel, a Point of Interconnection Facility Study ("POI Facility Study") focuses on the upgrades and expansions required at the interconnection point itself to ensure a safe and reliable physical interconnection, as well as the associated scope of work, cost estimates, and construction timeline, which together support determining the interconnection facility costs (including PREPA interconnection costs, where applicable).

Both the Executive Order and the September 26 Resolution establish that one of the criteria to be evaluated by PREPA for the proposed projects is that they have interconnection studies completed, under review, or in process, sufficient to enable the start of construction within the applicable ITCs timelines.[20] As part of this process, in both the Evaluation Report and the individual evaluations submitted for each of the twenty-four projects under consideration (Evaluation Summaries), PREPA represented that the proponents satisfied this requirement.[21]

Notwithstanding the foregoing, the final interconnection studies necessary for the Energy Bureau to independently evaluate the technical effects of integrating the Proponent No. 7 Projects into the transmission and distribution system, including its impact on system performance, reliability, compliance with applicable technical requirements, and the need for any related interconnection facilities or network upgrades, have not been formally submitted into the administrative record. Accordingly, based on the record before it, the Energy Bureau is not in a position to independently verify that the proposed energy and capacity injections can be accommodated without adversely affecting the reliability and stability of the electric system.

Nevertheless, under the particular circumstances of this proceeding, the Energy Bureau finds it reasonable, as an exception, to rely on PREPA's representations regarding the interconnection process and Proponent No. 7 Projects' ability to interconnect to the electric system. In reaching this determination, the Energy Bureau has considered, among other factors, the importance of facilitating the timely development of the Proponent No. 7 Projects so that it may qualify for the applicable ITCs, which are subject to limited availability and accelerated expiration under recently enacted federal legislation, together with the public

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[20] *See* Executive Order, Section 2a(2), p. 3. and September 26 Resolution, Section II, Article 3(d), p.2.

[21] *See* generally, *Evaluation Report – Request for Proposal (RFP) Power Advocate Event 237366* *("Evaluation Report"), containing PREPA's analysis and recommendations regarding the proposals received, and Attachments A–G thereto ("Evaluation Summaries"), containing PREPA's individual evaluations of each proposal with the proponents' names redacted pursuant to the Energy Bureau's directives, submitted by PREPA through its filing titled *Moción en Cumplimiento de Resolución y Orden de 26 de septiembre de 2025 y Memorando en Apoyo a Solicitud de Confidencialidad* filed by PREPA on November 13, 2025.

interest in promptly advancing additional renewable generation and energy storage resources to improve the reliability and resiliency of Puerto Rico's electric system. The Energy Bureau emphasizes, however, that this determination is based on the unique circumstances of this proceeding and should not be construed as establishing a general precedent for future cases.

PREPA and Proponent No. 7 **SHALL FILE** with the Energy Bureau the final interconnection studies issued or prepared by LUMA upon their completion. Such studies shall demonstrate that the proposed Proponent No. 7 Projects comply with the applicable technical requirements and that its interconnection can be accommodated without causing voltage violations or otherwise adversely affecting the reliability and stability of Puerto Rico's electric system. To the extent the final interconnection studies identify any deficiencies or additional measures necessary to achieve compliance with the applicable technical requirements or to preserve system reliability and stability, PREPA and Proponent No. 7 shall take the appropriate actions to address such matters in accordance with the applicable interconnection requirements; provided, however, that the cost of any such corrective measures shall not be borne by PREPA's customers (ratepayers).

(2) Interconnection Cost

Consistent with the framework established under the Tranche 4 RFP, the Accelerated Process RFP requires that the prices proposed by bidders in the PPOAs and ESSAs reflect the cost of constructing the PREPA Interconnection Facilities.[22] Specifically, the Accelerated Process RFP envisioned that proposals assume a PREPA Interconnection Facilities cost of $20 million. In line with this requirement, the model contract provides that, if the actual PREPA Interconnection Facilities cost exceeds $20 million, the resource provider may terminate the contract without further obligation. Conversely, if the actual PREPA Interconnection Facilities cost is less than $20 million, the contract requires that the contract price for the resource be adjusted downward by an amount equal to the difference between $20 million and the actual PREPA Interconnection Facilities cost, such that the resource provider's total payments over the term of the contract are reduced by that same equivalent amount.

The Proposed PPOA and Proposed ESSA are structured in a manner consistent with the pricing framework described above, reflecting the assumption of a $20 million PREPA Interconnection Facilities cost and incorporating the corresponding contractual adjustment mechanism.

E. Contractual Provisions Compliance

The Energy Bureau has conducted a comprehensive review of the Proposed PPOA and Proposed ESSA with particular attention was given to the reasonableness of the proposed prices to ensure they are competitive and aligned with industry standards. Moreover, the terms and conditions outlined in the Proposed PPOA and Proposed ESSA have been scrutinized and found to be consistent with the Puerto Rico Electric Public Policy. This alignment ensures that the Proposed PPOA and Proposed ESSA not only contribute to the island's energy needs but also support the broader goals of sustainability, resilience, and affordability. Based on these findings, the Energy Bureau **APPROVES** the Proposed PPOA and Proposed ESSA, finding that it represents an important step toward the continued modernization and strengthening of Puerto Rico's electric system while helping address the Island's urgent need for additional reliable generation capacity.

Notwithstanding the foregoing, the Energy Bureau has identified a matter that warrants clarification regarding the Proposed ESSA. Accordingly, the Energy Bureau provides the following clarification. As reflected in the record, the Proposed ESSA contemplates an eighty (80) MW energy storage facility with a five-hour duration and a contracted energy capacity of 400 MWh. In particular, the recitals of the Proposed ESSA expressly reference the incorporation of design and operating margins to offset degradation

[22] *See* Accelerated Process RFP, pp. 9-10.

and maintain reliability. Similarly, the Operating Characteristics (Appendix J) establishes an Annual Storage Degradation Rate of 2.1%, while providing for an Annual Duration Energy Degradation Rate of 0.0%, expressly stating that the contracted 400 MWh capability shall be maintained through installed margins and periodic augmentation, as required. Accordingly, the Energy Bureau clarifies that the 2.1% Annual Storage Degradation Rate reflects the anticipated physical degradation of the battery system and shall not be construed as authorizing any reduction in the contracted energy storage capacity or Proponents #7's obligation to maintain the full 400 MWh capability throughout the term of the Proposed ESSA. Any degradation must be offset through the necessary augmentation or other appropriate measures, at the Proponent #7's sole cost and expense, without imposing any additional costs on PREPA. Although the Energy Bureau understands that this obligation is already contemplated in the Proposed ESSA, it considers it appropriate to expressly clarify this matter as part of its approval to avoid any uncertainty regarding the parties' respective rights and obligations.

IV. Confidential Designation and Treatment

Act 57-2014 establishes that any person having the obligation to submit information to the Energy Bureau, can request privilege or confidential treatment to any information that the party submitting understands deserves such protection.[23] Specifically, Act 57-2014 requires the Energy Bureau to treat as confidential the submitted information provided that "the Energy Bureau, after the appropriate evaluation, believes such information should be protected".[24] In such case, the Energy Bureau "shall grant such protection in a manner that least affects the public interest, transparency, and the rights of the parties involved in the administrative procedure in which the allegedly confidential document is submitted."[25]

Upon review of PREPA's arguments and the applicable law, the Energy Bureau **GRANTS** confidential designation and treatment to Exhibit included as part of the October 5 Motion.

V. Conclusion

For all the above, the Energy Bureau **APPROVES** the Proposed PPOA and the Proposed ESSA, recognizing its contribution to the Island's sustainability, resilience, and affordability objectives. The parties shall have a period of ten (10) days from the execution of the agreements to submit to the Energy Bureau copies of the fully executed agreements. **Any subsequent amendment or modification to either agreement, including its appendices, shall be submitted to the Energy Bureau for review and prior approval before execution or implementation.**

The Energy Bureau **WARNS** PREPA that, in accordance with Art. 6.36 of Act 57-2014, 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

Antonio Torres Miranda
Associate Commissioner

Omar M. Rodríguez González
Associate Commissioner

[23] Section 6.15 of Act 57-2014.

[24] *Id.*

[25] *Id.* (Emphasis added).

CERTIFICATION

I certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on October 30, 2026. Associate Commissioner Sylvia B. Ugarte Araujo did not intervene. I also certify that on October30, 2026 I have proceeded with the filing of the Resolution and Order issued by the Puerto Rico Energy Bureau and a copy was notified by electronic mail to the following: alexis.rivera@prepa.pr.gov; nzayas@gmlex.net; mvalle@gmlex.net; rcruzfranqui@gmlex.net; eirizarry@ccdlawpr.com.

I sign this in San Juan, Puerto Rico, today October 30, 2026.

Sonia Seda Gaztambide
Clerk