NEPR

Received:

Oct 30, 2026

5:15 PM

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

IN RE: REVIEW OF THE PUERTO RICO ELECTRIC POWER AUTHORITY´S 10-YEAR INFRASTRUCTURE PLAN – DECEMBER 2020	**CASE NO.:** NEPR-MI-2021-0002 **SUBJECT:** Motion Requesting Authorization for the Rehabilitation of Cambalache Unit 1

MOTION REQUESTING AUTHORIZATION FOR THE REHABILITATION OF CAMBALACHE UNIT 1

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 submits this Motion Requesting Authorization for the Rehabilitation of Cambalache Unit 1. In support thereof, Genera respectfully states as follows:

1. Since July 1, 2023, Genera has been responsible for the operation and maintenance of the Puerto Rico Electric Power Authority's ("PREPA") Legacy Generation Assets pursuant to the Puerto Rico Legacy Generation Assets Operation and Maintenance Agreement ("OMA").

2. Puerto Rico's electrical system continues to face significant reliability challenges due to its aging generation fleet, limited reserve capacity, and unexpected forced outages of critical generating units. These conditions underscore the urgent need to restore additional dependable generation capacity to strengthen system reliability and reduce the risk of generation shortfalls.

[1] Pursuant to the *Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement* ("LGA OMA"), dated January 24, 2023, executed by and among PREPA, the Puerto Rico Public-Private Partnerships Authority and Genera, Genera is the sole operator and administrator of the Legacy Generation Assets (as defined in the LGA OMA) and is 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 (as defined in the LGA OMA) provided by Genera under the LGA OMA.

3. In response to these challenges, Genera has identified the rehabilitation of Cambalache Unit 1 as a cost-effective and timely opportunity to restore approximately eighty megawatts (80 MW) of generation capacity to Puerto Rico's electrical system. Manufactured around 1994, Cambalache Unit 1 is among the more recently manufactured units within PREPA's legacy generation fleet, making its rehabilitation an alternative worth pursuing.

4. Genera obtained a budgetary proposal from HTS LATAM LLC ("HTS LATAM"), dated June 17, 2026, for the comprehensive rehabilitation of Cambalache Unit 1. The proposed scope includes a mechanical rebuild of the gas turbine, replacement of critical turbine and compressor components, generator inspections, structural repairs, and modernization of the unit's control and protection systems. A copy of the proposal is submitted as **Exhibit A**.

5. According to HTS LATAM's preliminary proposal, the estimated rehabilitation cost amounts to $32,395,660, including $7,075,560 for rehabilitation and associated services, $22,742,100 for replacement parts and control system upgrades, and $2,578,000 for structural repairs. These estimates remain subject to further technical assessment, applicable exclusions, and final scope determination.

6. The proposed rehabilitation is expected to require approximately eighteen (18) to twenty-four (24) months, compared with an estimated forty-eight (48) months' lead time for the purchase of brand-new gas turbines of comparable capacity. Consequently, rehabilitating Cambalache Unit 1 could restore approximately 80 MW of generation capacity at least two years earlier than the estimated procurement lead time for new equipment, without accounting for the additional installation and commissioning activities that a new installation may require.

7. Furthermore, the estimated cost of acquiring new generation equipment is approximately $1.5 million per MW, representing an estimated investment of $120 million for 80

MW. By comparison, the proposed rehabilitation represents a preliminary cost of approximately $405,000 per MW, or approximately 73% less than the estimated new-equipment benchmark. Although these figures do not constitute a comprehensive lifecycle cost comparison, they demonstrate the significant potential economic advantages of rehabilitating the existing unit.

8. Genera considers that the rehabilitation of Cambalache Unit 1 represents a prudent and urgently needed measure to address Puerto Rico's generation challenges. Restoring approximately 80 MW within a substantially shorter timeframe and at a significantly lower preliminary cost than acquiring new generating equipment would strengthen system reliability, improve operational flexibility, and support the continuity of electric service to Puerto Rico's customers.

9. The proposed rehabilitation is contemplated to be funded through resources made available by the United States Department of Energy ("DOE"), subject to applicable funding approvals and requirements. The potential availability of federal funding further supports the project's economic justification and provides an opportunity to restore substantial generation capacity without necessarily requiring the full investment to be recovered through electricity rates.

10. In addition to the DOE-funded rehabilitation, Genera coordinated with the Federal Emergency Management Agency ("FEMA") for a separate hazard mitigation project intended to increase the height of the existing floodwall at the Cambalache Power Plant. The proposed floodwall improvements will be allocated through FEMA's Section 406 Hazard Mitigation Program and are intended to strengthen the facility's protection against future flooding events and reduce the risk of damage to critical generation infrastructure.

11. Importantly, FEMA has linked the eligibility of the proposed floodwall mitigation project to the rehabilitation of Cambalache Unit 1. Specifically, FEMA has identified the

rehabilitation of Cambalache Unit 1 as the underlying permanent repair work to which the proposed floodwall improvements would be applied as a Section 406 hazard mitigation measure. Consequently, if Cambalache Unit 1 is not rehabilitated, the floodwall mitigation project would no longer be eligible for the contemplated FEMA Section 406 funding.

12. Accordingly, the rehabilitation of Cambalache Unit 1 serves two critical purposes: (i) restoring approximately 80 MW of critically needed generation capacity to Puerto Rico's electrical system; and (ii) preserving the eligibility of a separate federally funded mitigation project designed to protect 160MW of thermal generation and 52MW of BESS capacity at the Cambalache facility from future flooding. Failure to proceed with the rehabilitation would therefore not only delay the restoration of urgently needed generation capacity but also jeopardize the availability of FEMA mitigation funds for improvements that would enhance the long-term resilience of the facility.

13. Considering the fragile condition of Puerto Rico's electrical system, the time required to complete the proposed rehabilitation, and the direct relationship between the rehabilitation of Cambalache Unit 1 and the eligibility of the FEMA-funded floodwall mitigation project, Genera respectfully requests the Energy Bureau's expedited authorization to proceed with the project. Any unnecessary delay could further postpone the restoration of approximately 80 MW of generation capacity and jeopardize the implementation of critical flood mitigation improvements at the Cambalache facility.

14. Genera submits the budgetary proposal as Exhibit A, marked as confidential, and respectfully requests that the Energy Bureau designate and keep it as confidential pursuant to its Policy on Management of Confidential Information, CEPR-MI-2016-0009 ("PREB's Policy on Confidential Information"), as amended. Lastly, Genera respectfully informs that it will submit a

Memorandum of Law supporting its request for confidentiality regarding the budgetary proposal submitted as Exhibit A within the next ten (10) days.

WHEREFORE, Genera respectfully requests that the Energy Bureau take notice of the above for all purposes; **authorize** the proposed rehabilitation of Cambalache Unit 1, which will be funded through DOE resources and is necessary to preserve the eligibility of the related FEMA Section 406 floodwall hazard mitigation project; **grant** expedited consideration of this Motion in view of the urgent need to restore approximately 80 MW of generation capacity and protect the availability of federal mitigation funding intended to strengthen the resilience of the Cambalache Power Plant; and **designate** and maintain Exhibit A as confidential pursuant to PREB's Policy on Confidential Information.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 30th day of October 2026.

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CERTIFICATE OF SERVICE

We hereby certify that a true and accurate copy of this motion was filed with the Office of the Clerk of the Energy Bureau using its Electronic Filing System and that we will send an electronic copy of this motion to alexis.rivera@prepa.pr.gov; nzayas@gmlex.net; rcruzfranqui@gmlex.net; mvalle@gmlex.net; margarita.mercado@us.dlapiper.com; yahaira.delarosa@us.dlapiper.com; emmanuel.porrogonzalez@us.dlapiper.com.

In San Juan, Puerto Rico, this 30th day of October 2026.

/s/ Jorge Fernández-Reboredo
Jorge Fernández-Reboredo

/s/ José Javier Díaz Alonso
José Javier Díaz Alonso

/s/ Ernesto Raúl Ramos Maldonado
Ernesto Raúl Ramos Maldonado

Exhibit A - CONFIDENTIAL

Budgetary Proposal - Cambalache Power Plant