

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

NEPR

Received:

May 9, 2025

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IN RE:

REVIEW OF GENERA PR, LLC
REQUEST TO OPERATE PALO SECO MP
AND MAYAGÜEZ CT WITH NATURAL
GAS AS PRIMARY FUEL

CASE NO.: NEPR-MI-2024-0004

SUBJECT: Motion Informing Compliance and
Requesting Reconsideration of May 8, 2025
Resolution, Cease and Desist Order, and Order
to Show Cause

**MOTION INFORMING COMPLIANCE AND REQUESTING RECONSIDERATION OF
MAY 8, 2025 RESOLUTION, CEASE AND DESIST ORDER, AND ORDER TO SHOW
CAUSE**

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 counsel, and respectfully submits and prays as follows:

1. On January 31, 2025, the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") issued a Resolution and Order titled *Resolution and Order for Request for Leave to Operate Palo Seco MP with Natural Gas as Primary Fuel* ("January 31st Resolution for Palo Seco MPs"), finding that Genera's response did not satisfy the conditions outlined in the October 11, 2024 Resolution and Order. Consequently, and based on additional reasoning set forth in the January 31st Resolution concerning the Mayagüez CTs, the Energy Bureau—while ostensibly reaffirming the conditional approval of the Palo Seco MPs conversion—

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 (defined in the LGA OMA) 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.

declared null and void the October 11, 2024, Resolution and Order and imposed additional conditions that Genera was to satisfy to secure final approval of the Palo Seco MPs conversion.

2. On that same date, the Energy Bureau issued a Resolution and Order titled *Resolution and Order for Request for Leave to Operate Mayagüez CTs with Natural Gas as Primary Fuel* (“January 31st Resolution for the Mayagüez CTs”), which, among other things, conditionally approved the fuel swap for the Mayagüez CTs subject to the same conditions set for the Palo Seco MPs conversion.

3. On February 20, 2025, Genera filed a *Motion for Reconsideration of Resolution and Order Dated January 31, 2025* (“Motion for Reconsideration”), respectfully requesting that this Honorable Energy Bureau to reconsider both the January 31st Resolution for Palo Seco MPs and the January 31st Resolution for the Mayagüez CTs, vacate the directives contained therein, and reinstate the terms previously approved—subject to any fair and lawful requirements—so as to (i) afford Genera a meaningful opportunity to address any valid concerns about ownership documentation, (ii) safeguard the contractual framework of the Legacy Generation Assets Operation and Maintenance Agreement (“LGA OMA”), and (iii) preserve Genera’s ability to earn incentives for legitimate fuel cost savings initiatives, consistent with statutory authority and established contractual provisions.

4. On May 6, 2025, Genera filed a *Motion to Inform Commencement of Testing and Commissioning Procedures for Fuel Swapping Conversion at Palo Seco Pending Energy Bureau’s Final Ruling on Genera’s Reconsideration*, noting that Genera was initiating a testing and commissioning process, reiterating that these steps were not a challenge to the ongoing administrative procedures, and making clear that these steps economically benefit the people of Puerto Rico.

5. On May 8, 2025, the Energy Bureau issued a Resolution, Cease and Desist Order, and Order to Show Cause (the “May 8 Order”) ordering, among other things, that Genera cease and desist from initiating any testing, commissioning, or other activities related to the Palo Seco MPs (and Mayaguez CTs) to natural gas.

6. Genera will comply with the May 8 Order and adds that no expenses were incurred this week on the Palo Seco MP or works made regarding the commissioning and testing.

7. To ensure the record is clear, the activities undertaken by Genera were not challenging the Bureau’s prior Order or actively “converting” the units in question. Genera was simply preparing the units with the minor adjustments needed to be *prepared* to run on gas. The units arrived from the manufacturer “gas ready” and with all components necessary for gas operations. In sum, the activity is expected maintenance for the units.

8. Our estimate is that the cost of preparing these units to be gas ready is less than \$150,000 and the gas needed for commissioning is approximately three ISO containers, costing approximately \$24,000.

9. Genera believes that having these units run on diesel (and other gas ready plants in Puerto Rico that continue to burn diesel) unequivocally is not in the best interests of the people of Puerto Rico.

10. Allowing gas ready plants to continue to burn diesel is the equivalent of burning money. It is more costly; it generates greater emissions and leads to increased maintenance costs. All for no reason.

11. There is an island-wide gas contract that exists today as a result of a public, competitive RFP. The natural gas under this contract is priced at 73 percent of diesel. So, by its

very definition, every molecule of gas supplied and burned under this contract versus diesel saves money.

12. The Palo Seco MP units at full dispatch would burn approximately 8 TBtu annually. The dispatch in the future will be determined by the needs of the system so it is unclear exactly what the volumes consumed will be. But what is crystal clear is that every gallon of diesel consumed versus gas is a waste of money.

13. The difference in price between the gas and diesel varies over time but on average gas has been approximately \$5 dollars/MMBtu cheaper. Annually, the cost of fuel difference is simply the amount consumed times the cost differential. In this example, 8 TBtu at full dispatch times 5 dollars/MMBtu savings for gas versus diesel results in \$40 million a year of savings. Again, our estimate to finalize the preparation of these units to consume gas and the commissioning volumes are less than \$175,000.

14. As a point of reference, the fuel savings realized by of the conversion of San Juan units five-sixth (5/6) (operating on gas since 2020) and the use of the island wide contract for the FEMA plants (operating on gas since 2024) demonstrate the immediate savings provided by natural gas versus diesel. A summary of these savings is attached hereto as Exhibit A. The fuel savings in total for these plants is estimated to be over \$900 million over the last 5 years. In simple terms, it created \$900 million in savings by using natural gas to fuel these power plants versus continuing to burn diesel.

15. Today there are still over 900mw of power plants in Puerto Rico that consume diesel and could be readily converted to consume natural gas. The plants that are easiest and fastest to convert are the Palo Seco MPs. Our estimate is that they could be burning gas rather than diesel in a matter of days at virtually no cost to PREPA.

16. Time is of the essence- every day that PREPA's legacy generation plants continue to burn dirty expensive diesel rather than cleaner cost-efficient gas costs Puerto Ricans significant amounts of money. Millions and millions of dollars that can be better used to lower costs and create a more stable, clean and reliable energy system.

WHEREFORE, for the foregoing reasons, Genera respectfully request that this Energy Bureau **reconsider** its **May 8, 2025 Resolution, Cease and Desist Order, and Order to Show Cause**, and **permit** Genera to continue the commissioning of the Palo Seco MP units, including preparing the units to be gas ready **to benefit PREPA and the Puerto Rican People**.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 9th day of May 2025.

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/s/ Jorge Fernández-Reboredo

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TSPR 9,669

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.

In San Juan, Puerto Rico, this 9th day of May 2025.

/s/ Jorge Fernández-Reboredo
Jorge Fernández-Reboredo

NEPR-MI-2024-0004**EXHIBIT A****Demonstrated Gas Savings and SJ 5&6 and FEMA Plants**

	2020	2021	2022	2023	2024	1/'25-6/'25	Total
SJ 5 & 6 (TBtu)	10.7	14.4	12.8	20.7	15.7	4.6	79
SJ 5 & 6 (gas cost)	\$96mm	\$157mm	\$184mm	\$193mm	\$142mm	\$50mm	\$726mm
SJ 5 & 6 (diesel)	\$104mm	\$225mm	\$358mm	\$434mm	\$295mm	\$77mm	\$1,389mm
SJ 5 & 6 (\$ savings)	\$8mm	\$68mm	\$174mm	\$241mm	\$153mm	\$27mm	\$671mm
FEMA (TBtu)				13.3	27.7	9.7	51
FEMA (gas cost)				\$207mm	\$374mm	\$115mm	\$696mm
FEMA (diesel cost)				\$283mm	\$513mm	\$162mm	\$958mm
FEMA (\$ savings)				\$76mm	\$139mm	\$47mm	\$262mm
Total savings	\$8mm	\$68mm	\$174mm	\$317mm	\$292mm	\$74mm	\$933mm