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### **BY ELECTRONIC MAIL**

December 19, 2024

Mr. Lionel Santa Crispín  
General Counsel  
Puerto Rico Electric Power Authority

### **Re: Energiza, LLC**

Dear Mr. Santa Crispín,

In accordance with the Contract Review Policy (the “Policy”) of the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), established pursuant to Section 204(b)(2) of PROMESA, we have reviewed the proposed power purchase and operating agreement between the Puerto Rico Electric Power Authority (“PREPA”) and Energiza, LLC (the “Proposed Contract”).

After reviewing the Proposed Contract, the Oversight Board concludes “Approved with Observations.” Observations related to the Proposed Contract are set forth in Appendix A attached hereto.

Our review is solely limited to compliance of the Proposed Contract with Section 204(b)(2) of PROMESA, which seeks to ensure proposed contracts promote market competition and are not inconsistent with approved Fiscal Plans. For the avoidance of doubt, the review performed by the Oversight Board does not constitute a legal review of the contractual documentation or the contracting process, including without limitation: (i) compliance with contracting requirements under applicable laws, rules, and regulations, both federal and local; and (ii) compliance with applicable laws, rules, and regulations governing procurement activities, both federal and local.

In addition, the Oversight Board has not engaged in any due diligence or background check with respect to the contracting parties nor whether the contracting parties comply with the requirements under the applicable contract. Any material changes to the Proposed Contract must be submitted to the Oversight Board for review and approval **prior to execution**.

**Date:** 12/19/2024

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**Recipient:** Mr. Santa Crispín

This letter is delivered as of the date hereof and we reserve the right to provide additional observations and modify this letter based on information the Oversight Board was not directed to when the review was conducted. In addition, during the course of our review, we may receive information that we may refer to the relevant authorities.

This letter is issued only to PREPA and solely with respect to the Proposed Contract.

Sincerely,



Jaime A. El Koury  
General Counsel

## APPENDIX A

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### PREPA – ENERGIZA, LLC

#### Fiscal Plan Alignment

This review covers the Proposed Contract between PREPA and Energiza, LLC (the “Supplier”), which stems from a competitive procurement process (2023-01) issued on August 22, 2023 to develop, finance, engineer, procure, construct, own, commission, operate, and maintain a new combined-cycle generating facility (the “Generation Facility”) with multiple fuel capabilities, including hydrogen fuel capability.

The Proposed Contract shall replace existing generation capacity with ~478 MW of cheaper and more efficient generation. According to the Puerto Rico Energy Bureau (“PREB”) the project levelized cost of energy (“LCOE”) ranges from \$135/MWh to \$150/MWh.<sup>1</sup> It has a term lasting up to **30 years** from the commercial operation date.<sup>2</sup> The maximum payable amount shall be the sum of the Energy Payment,<sup>3</sup> the Capacity Payment,<sup>4</sup> a Start-up payment, and an Ancillary Services Payment.<sup>5</sup> Further, the Supplier shall pay for certain expenses related to the development of the Generation Facility, including developing, designing, permitting, constructing, installing testing, and commissioning of the Generation Facility, including the interconnection facility.

PREPA has certified that (i) the Proposed Contract’s cost is a **pass-through expenditure with no budgetary impact**, and (ii) the funds to pay for the Proposed Contract are unrestricted, unobligated, and available without future encumbrances or restrictions, and will not be obligated except for the payment of the Proposed Contract.

PREPA is expected to inform the Oversight Board of any budgetary differences other than those specified in Appendix A to the Policy (Contract Submission Questionnaire) and to request a re-review of the Proposed Contract should any changes occur.

*This review was conducted on the basis of information submitted by PREPA. The Oversight Board has not independently verified the information included in the submission. Should the Oversight Board become aware of any inaccuracies or misrepresentations – whether intentional or not – it would re-evaluate its assessment.*

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<sup>1</sup> PREB used a similar approach for the LCOE, but with reasonable adjustment to certain assumption used by the Puerto Rico Public Private Partnership Authority in their LCOE calculation.

<sup>2</sup> The Commercial Operation Date is defined in the Proposed Contract as the date in which the Supplier satisfies the conditions to the Commercial Operation Date stipulated in Section 6.4.

<sup>3</sup> The Net Energy Payment amounts to the Generation Facility’s net electrical output prior to and during the Commercial Operation Date.

<sup>4</sup> The Capacity Payment amounts to the Generation Facility’s dependable capacity on natural gas available at the interconnection point on a dollars/Kw basis at a monthly rate.

<sup>5</sup> The Ancillary Services Payment amounts to fuel and variable operations and maintenance costs associated with providing ancillary services.