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BY ELECTRONIC MAIL

May 7, 2025

Mr. Ricardo Pallens Cruz
Vice President of EEHS & Regulatory
Genera PR, LLC

Re: RG Engineering, Inc. (Gas Turbines)

Dear Mr. Pallens Cruz:

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 contract between Genera PR, LLC (“Genera”), as agent to the Puerto Rico Electric Power Authority, and RG Engineering, Inc. (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: 5/7/2025

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Recipient: Mr. Pallens Cruz

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 Genera and solely with respect to the Proposed Contract.

Sincerely,



Jaime A. El Koury
General Counsel

APPENDIX A

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GENERA – RG ENGINEERING, INC.

Fiscal Plan Alignment

This review covers the Proposed Contract between Genera and RG Engineering, Inc. (the “Contractor”), which stems from a competitive procurement process (RFP 205317) issued on November 10, 2023 to purchase power generation equipment, including six 25000 gas turbines, and to provide maintenance and support services in connection with existing power plants throughout Puerto Rico.

The Proposed Contract has a maximum payable amount of **\$311,196,864.73**, which shall be distributed across a termination and payment schedule until **January 29, 2027**,¹ with allowable extensions. We remind Genera that any extensions to the Proposed Contract must be submitted to the Oversight Board for review and approval prior to execution in accordance with the Policy.

Genera has certified that the Proposed Contract shall be covered entirely with Federal Funds allocated in **Account No. 01-1071-31101-555-683-100FG0109057**. As such, the Oversight Board’s review indicates that Genera has sufficient budgeted funds in Fiscal Year 2025 to cover the cost of the Proposed Contract as of the date of this letter.

This determination does not consider the extent to which total available funds will be subsequently encumbered by Genera throughout the Proposed Contract’s term. Consequently, we rely on Genera’s budget certification for purposes of this review.

Genera 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.

Finally, the following observations are based on 2 CFR 200 “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” and other relevant federal funding requirements.

Observation	Suggested Action
1. Although an award analysis documenting the history of the procurement, evaluation scores and the rationale for award was provided, the cost reasonableness analysis conducted lacks a detailed analysis.	Genera should update the cost reasonableness analysis to include further rationale regarding the price comparison prior to the execution of the Proposed Contract and maintain the documentation in the procurement file.
2. The following documents were not provided in the initial procurement file but were subsequently provided as part of a response to a request for information (RFI): a. All exhibits and attachments referenced in solicitation.	Genera should maintain all the documentation provided in the RFI response in the procurement file.

¹ See Attachment 7 of the Proposed Contract.

APPENDIX A

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Observation	Suggested Action
<ul style="list-style-type: none">b. Cost proposal submitted by the Contractor.c. Clarifications and responses to the clarification requests sent to the respondents on February 11, 2025.d. LCOE Summary that was used to evaluate proposal prices.	
<ul style="list-style-type: none">3. The following documentation has not been provided for review:<ul style="list-style-type: none">e. The cost proposal submitted by Solar Turbines.f. “Exhibit E – Price Proposal CTG” and “Exhibit F – Price Proposal RICE” submitted by Mitsubishi Power or Wartsila.	Genera should maintain the documentation in the procurement file.

This review was conducted on the basis of information submitted by Genera. 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.