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**Executive Director**

## **BY ELECTRONIC MAIL**

July 22, 2025

Mr. Josué A. Colón Ortiz  
Energy Czar  
Executive Director  
Puerto Rico Public-Private Partnership Authority

Mr. Osvaldo Carlo Linares  
Third-Party Procurement Office

## **Re: NF Energía, LLC – Supply of Liquefied Natural Gas (Request for Information)**

Dear Messrs. Colón Ortiz and Carlo Linares,

The Financial Oversight and Management Board for Puerto Rico (“Oversight Board”) has been diligently evaluating for the past 25 days the proposed contract between Genera PR, LLC (“Genera”), as agent to the Puerto Rico Electric Power Authority (“PREPA”), and NF Energía, LLC<sup>1</sup> (“NFE”) (the “Proposed Contract”) for the provision of liquefied natural gas (“LNG”). As part of our comprehensive review, we have thoroughly analyzed the contract terms, met with the parties involved in the contract negotiations, and held numerous meetings to gain a deeper understanding of the agreement.

Our analysis has deepened concerns regarding the terms of the Proposed Contract, market competition, inconsistencies with the Request for Proposal (“RFP”) and other documentation, and inconsistencies with the PREPA Fiscal Plan. These discussions have generated more questions than answers.

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<sup>1</sup> NF Energía, LLC and Genera PR, LLC are both subsidiaries of New Fortress Energy, Inc.

Notably, we have yet to find any party on the Government side who can provide a compelling rationale for the terms of the Proposed Contract or advocate for its approval. This lack of defense raises serious questions about the soundness of the agreement and the need for further scrutiny.

We are sending this Request for Information (“RFI”) as part of our review of the Proposed Contract submitted to the Oversight Board for review and approval by the Third-Party Procurement Office (“3PPO”) on June 26, 2025, in accordance with the Oversight Board’s Contract Review Policy, established pursuant to Section 204(b)(2) of PROMESA (the “Policy”).

Part of the Oversight Board’s mandate under PROMESA is to ensure that proposed contracts and amendments promote market competition and are not inconsistent with the applicable certified fiscal plans. In our July 9, 2025 letter, we outlined substantial concerns about the Proposed Contract, particularly its exclusivity provisions, the volumes of LNG that PREPA would be required to purchase, and the price of the LNG.

We have since continued our review and received correspondence from NFE in connection with the Proposed Contract.<sup>2</sup> The Oversight Board requests further information regarding our initial concerns outlined in the July 9, 2025 letter, the inconsistencies between the RFP and other documentation and the resulting Proposed Contract, the conflicting information the Oversight Board received regarding the negotiations that led to the Proposed Contract, and NFE’s LNG shipment deviation. Further, the Oversight Board is asking for clarification about statements it received from relevant parties concerning the submission of the Proposed Contract.

Given that the Proposed Contract represents a long-term and extraordinary financial commitment with a single supplier, adequate market competition is paramount. Further, close attention to the management of fuel supply, logistic operations, and contracts is critical, such that the generation system can ensure a continued and uninterrupted supply of fuel. The recent LNG shortage, as well as other management and logistical issues identified over time highlights the need to review and assess internal management processes and contracting practices.

## **I. Inconsistencies**

In our review of the Proposed Contract, we have identified certain inconsistencies between the unsolicited proposal submitted by NFE on April 4, 2025 (“April 4<sup>th</sup> Proposal”) to the Puerto Rico Public-Private Partnerships Authority (“P3A”) (*see attached*) prior to the issuance of an RFP, the specifications requested as part of the RFP issued by 3PPO on April 11, 2025, and the resulting terms set forth in the Proposed Contract. For example, we note that the RFP requested bids with a stipulated term of five (5) years, with a five (5) extension option, or alternatively, a term of ten (10) years, with a five (5) year extension option. However, the Proposed Contract contemplates a fixed 15-year term.<sup>3</sup>

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<sup>2</sup> See letter from New Fortress Energy to the Oversight Board on July 17, 2025; *see also* letter from New Fortress Energy to the Puerto Rico Public-Private Partnerships Authority on April 4, 2025, which was provided to the Oversight Board by New Fortress Energy on April 5, 2025. Both letters are attached.

<sup>3</sup> Notably, the April 4<sup>th</sup> Proposal contemplated the provision of services for 20 years.

Further, the Proposed Contract presents a cardinal change when it eliminates a service procured under the RFP that required bidders to “[p]rocure, permit, install, and operate liquefied natural gas regasification facilities (“Regasification Equipment”)”. Similarly, the RFP requested a payment bond of \$100,000,000 while the Proposed Contract requires one of only \$10,000,000. The Proposed Contract also contrasts with the April 4<sup>th</sup> Proposal and the RFP in that the Proposed Contract contemplates a “take-or-pay” structure,<sup>4</sup> includes expanded exclusivity provisions, and does not contemplate an option for the supplier to install and PREPA to acquire the terminals and the Regasification Equipment and associated infrastructure.

Lastly, in our July 9, 2025 letter, we expressed our concerns with the Proposed Contract’s volume commitments, among other concerns. Importantly, the April 4<sup>th</sup> Proposal commits up to 150TBtu annually while the Proposed Contract provides that the annual contracted capacity will be 100 TBtu annually. The strict timing of the volume commitments in the Proposed Contract fail to provide optionality over the assumed conversion timelines as contemplated in the RFP. Additionally, the conversions for the units included as Category II and III<sup>5</sup> in the RFP were subject to Genera’s ability to present a plan approved by the Puerto Rico Energy Bureau (“PREB”), which has not yet occurred, and for the Regasification Equipment to be in place, which was ultimately excluded from this RFP and has not yet been procured or secured through any other means. The risks associated with the committed to these volumes, including capping NFE’s responsibility at 40% for any excess costs when it fails to deliver the agreed amount of LNG in any given month are also troubling. Accordingly, the Oversight Board requests the following information to understand how the final figures came to be and the rationale behind the proposed commitments. Therefore, the Oversight Board requests the following information:

1. Explain why the terms from the April 4<sup>th</sup> Proposal, the RFP, and the Proposed Contract differ with regards to:
  - a. Scope of services
  - b. Term of the contract
  - c. Volume commitments
  - d. Timing of the volume commitments
  - e. Take-or-pay agreement structure
  - f. Exclusivity
  - g. Infrastructure installation and ownership after the Proposed Contract’s term
  - h. Payment guarantee
2. Explain which terms should prevail in the Proposed Contract and why.
3. Explain how the terms procured under the RFP were developed.
4. Identify and explain the rationale for any deviation(s) from the terms included in the RFP to the ones contemplated under the Proposed Contract. Additionally, identify which statute, agreement, regulation and/or procurement manual permits such changes and deviations.

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<sup>4</sup> In a “take or pay” agreement structure, PREPA pays for a fixed amount of natural gas every year, whether it is used or not.

<sup>5</sup> Per RFP No. 3PPO-1125-17-MSIN, Category II “conditionally approved by PREB for Conversion to Natural Gas” includes Mayagüez; Category III “Not yet approved by PREB for Conversion to Natural Gas” include Cambalache, Aguirre, San Juan 7-10, Palo Seco 3 and 4, and the Peakers.

## **II. Negotiations**

The Oversight Board received conflicting information regarding the negotiations that led to the Proposed Contract. P3A expressed to the Oversight Board on multiple occasions that 3PPO negotiated the Proposed Contract. During a meeting held on July 14, 2025, 3PPO told the Oversight Board that they don't establish the terms and conditions of contracts but limits itself to evaluating and issuing a recommendation regarding its approval. On July 17, 2025, NFE sent the Oversight Board a letter indicating that "[t]he negotiation process spanned several weeks and involved direct participation from both 3PPO and Puerto Rico's Energy Czar" (*see attached*).

Considering the inconsistencies in the parties' statements, the government's statements indicating their opposition to the contract terms, and the fact that Genera, the only party supporting the terms of the Proposed Contract, shares the same parent company as NFE, the Oversight Board requests clarification on these matters:

1. Who led the negotiation that resulted in the Proposed Contract?
2. Were there limitations to each party's involvement and/or faculties during the negotiation? If so, please explain.
3. What is the basis for the final approval for the Proposed Contract prior to its submission to the Oversight Board for review and approval?

There appears to be no entity that is accountable to explain the negotiations or the rationale behind the proposed terms and conditions, its impact on ratepayers, and the future of Puerto Rico's energy system.

## **III. NFE's Unilateral Shipment Deviation**

The Oversight Board is aware that NFE deviated the shipment of LNG destined for Puerto Rico. The shipment contained LNG to supply LNG to San Juan Power Units 5 and 6, which operates under an active contract that expires on July 31, 2026, and for the Palo Seco and San Juan Temporary Generators, under a contract that was active until July 11, 2025. On July 14, 2025, 3PPO told the Oversight Board that NFE threatened it would not allow this vessel to supply LNG to Puerto Rico as planned unless the Proposed Contract was signed. Given these alarming statements, the Oversight Board requests answers to the following questions:

1. Is 3PPO or P3A aware of the reasons for the deviation of the shipment of LNG? If so, please explain in detail.
2. Is 3PPO or P3A aware of conversations between NFE and the U.S. Coast Guard of San Juan and/or any San Juan port authorized representative? If so, please provide the details.
3. Was the submission of the Proposed Contract to the Oversight Board for review and approval motivated by 3PPO's or P3A's belief that NFE would otherwise cut off supply of LNG? If so, please explain in detail.

#### IV. Multiplicity of Submissions

In a meeting with NFE on July 9, 2025, the Oversight Board expressed concerns with the Proposed Contract. After the meeting NFE submitted to the Oversight Board a unilateral revised version of the Proposed Contract removing the exclusivity of the delivery points established in the Proposed Contract.<sup>6</sup> On July 10, 2025, 3PPO submitted to the Oversight Board another distinct, unilaterally revised version of the Proposed Contract, indicating that it had sent it to NFE for its review and continued negotiation. But NFE indicated to the Oversight Board that the version submitted by 3PPO was not agreed upon by NFE. Please clarify the following so the Oversight Board can be sure it is evaluating the final contract agreed to by all parties:

1. Is P3A aware of the revised versions of the Proposed Contract submitted to the Oversight Board?
2. Were any of the revised versions consulted with/to P3A or 3PPO?
3. Did P3A approve any of the revised versions?
4. Do any of the revised versions substitute the Proposed Contract submitted to the Oversight Board on June 26, 2025? If so, please identify the single document that the Oversight Board must review, and submit all necessary documents required under the Policy.

Given the magnitude of the Proposed Contract and its direct impact on the people and business of Puerto Rico who ultimately pay the electricity rate resulting from the terms of this Proposed Contracts, these questions, and future ones that might arise are fundamental to the Oversight Board's review. Accordingly, the Oversight Board requests that P3A and 3PPO submit their responses on or before **July 24, 2025**.

Sincerely,



Robert F. Mujica, Jr.  
Executive Director

Attachments

CC: Hon. Jenniffer A. González Colón  
Mr. Francisco J. Domenech Fernández  
Mr. Edison Avilés  
Mr. Winnie Irizarry

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<sup>6</sup> The Oversight Board will only review official contract submissions by the contracting government entity and will not issue determinations based on third-party contractor submissions.

April 4, 2025

Executive Director Josué Colón  
Puerto Rico Public-Private Partnerships Authority ("P3A")  
PO BOX 42001  
San Juan, Puerto Rico 00940-2001  
Email: [josue.colon@p3.pr.gov](mailto:josue.colon@p3.pr.gov); [Administrator@p3.pr.gov](mailto:Administrator@p3.pr.gov)

Re: First Amendment to the Natural Gas Sale and Purchase Agreement dated March 25, 2025

Dear Josué:

We are extremely mindful of the importance of affordable clean energy and long-term energy security to the people of Puerto Rico and its need for a long-term secure supply of natural gas. There are two key elements to ensure long-term LNG supply at the most competitive prices possible to Puerto Rico, and NFE possesses both:

**First**, LNG terminals that can logistically process the large amount of gas that PREPA needs both today and in the future. Most importantly, we own the only LNG terminal in San Juan, where the bulk of Puerto Rico's population and energy demand resides.

**Second**, NFE has a large portfolio of LNG available for the next 20 years that can be delivered into Puerto Rico at competitive market prices.

On March 14, 2025, NFE extended the original island-wide gas supply contract for 100 days at your request. As an organization, we are very focused on matching our long-term supply of gas with long-term downstream demand and believe that consistent with that, we can save PREPA hundreds of millions of dollars annually while also greatly enhancing Puerto Rico's energy security by providing base-load supply for many years.

We are happy to participate in an RFP but due to our existing infrastructure we believe we are the only viable alternative for this contract. If our terminals and supply are a good match for PREPA's needs, we are prepared to immediately begin a bilateral discussion with you and believe a long-term GSA can be concluded in very short order consistent with the attached term sheet, which was provided to Governor González-Colón on March 31. If this is not of interest to you, we will pursue downstream options in other markets where we are active and move on. In any event, time is of the essence for us to commit our portfolio long-term and, as a result, under no circumstances will NFE be able to extend the island-wide GSA beyond the current June 23 expiration date.

We look forward to continuing to work with you to provide safe, clean, and affordable energy to the people of Puerto Rico.

*< Signature Page to Follow >*

For and on behalf of  
New Fortress Energy Inc.

A handwritten signature in black ink, appearing to read 'Wes Edens', is written over a solid black horizontal line.

Name: Wes Edens  
Title: Chief Executive Officer

Attachment

cc: Hon. Jenniffer González-Colón  
Mary C. Zapata Acosta  
[Procurement@recomspr.net](mailto:Procurement@recomspr.net)



March 2025

# Puerto Rico Baseload Island-Wide Gas Contract





# We are proposing that Puerto Rico signs a baseload gas supply contract of 150 TBtu for 20 years with New Fortress Energy

## This contract enables:

- Immediate conversion of existing power plants
- Temporary power RFP to be supplied with natural gas
- Baseload gas supply for long-term power plants

This will save Puerto Rico ~\$750mm/year beginning in June 2025



**All gas terminals & infrastructure will be transferred to Puerto Rico at the end of the baseload gas contract:**

- Terminals create open access for 3rd parties to bid competitively for gas supply
- NFE will continue to operate the terminals for an access fee of \$0.50/MMBtu



# Term sheet summary

**Seller:**

New Fortress Energy Inc. or Affiliate

**Purchaser:**

PREPA or Affiliate

**Contract Term:**

20 Years

**Committed Volume:**

100 TBTU on May 1<sup>st</sup>  
125 TBTU on July 1<sup>st</sup>  
150 TBTU on August 1<sup>st</sup> for the remainder of the contract

**Mitigation:**

If Purchaser consumes less gas than the contracted volumes, NFE will repurchase volumes at the contract price

**Delivery Locations:**

Entirely flexible. Delivery to any power plant on the island of Puerto Rico

**Terminal Access:**

Open Access. To promote open competition for additional volumes during contract term, Purchaser can utilize all NFE terminals, regasification, and infrastructure for a cost of \$0.50 / MMBtu

**Infrastructure Purchase Option:**

At the end of contract term, Purchaser has the right but not the obligation to purchase The Terminals and all associated regasification and pipeline infrastructure for a price of \$1.00



July 17, 2025

**Financial Oversight & Management Board of Puerto Rico**

Mr. Robert F. Mujica Jr & Board of Directors

Dear Robert,

We appreciate your time last week and your testimony during the July 16 hearing. In response to the concerns raised—regarding LNG supply exclusivity, minimum volume commitments, and the integrity of the negotiation process—we want to clarify that these concerns are either unfounded or have been fully addressed through contract revisions provided to the FOMB. The agreement under review was shaped by a competitive RFP process, weeks of negotiation, and input from government entities. It ensures energy reliability, preserves market competition, and delivers up to \$400 million in annual savings for Puerto Rico ratepayers.

During our discussion your concerns were the following:

- Exclusivity of NFE providing LNG to Puerto Rico - specifically your concerns that NFE was a “monopoly”.
- Take or pay volumes were supported by current plant needs and not by conversions or new build projects.
- That the process was “rushed” or not competitive.

We listened to your testimony given during the ‘Puerto Rico’s Fiscal Recovery Under PROMESA and the Road Ahead’ held by the Subcommittee on Indian and Insular Affairs held on July 16, 2025. During your testimony, you raised the same three primary concerns regarding the natural gas supply agreement currently under evaluation by the FOMB: (1) the potential monopolization of LNG supply to Puerto Rico, (2) the proposed minimum volume commitments, and (3) the nature of the negotiations between 3PPO and NFE.

It was our understanding that each of your concerns had been satisfactorily addressed after extensive discussions with your group, which resulted in a revised contract delivered last week. To address each of your points specifically:

First, the concerns about the monopolization of LNG supply to Puerto Rico are objectively incorrect.

- NFE currently supplies approximately 38% of Puerto Rico’s natural gas supply.
- The RFP process in which NFE participated resulted in two awards to separate companies to supply LNG to generation sites on the island.
- If the new LNG supply contract is not approved, Puerto Rico will face an actual monopoly in that Naturgy (a Spanish LNG company) will account for more than 95% of all gas supply to Puerto Rico.

- Specifically, with respect to concerns regarding “exclusivity”, on July 9, NFE submitted a revised contract directly to the FOMB, removing any references to exclusivity for LNG supply to the proposed delivery sites—immediately following FOMB’s expression of concern about this language.

Second, any concerns about the proposed contract volumes reflect a fundamental misunderstanding of both the current fuel consumption of the generation fleet and the capacity of existing gas-ready generation sites on the island. In fact, the contract under review offers greater flexibility than other active supply agreements previously approved by the FOMB.

- For the first 2.5 years, the contract includes a minimum volume commitment of 50 TBtu annually. This volume can already be met with existing gas-ready units at San Juan Units 5/6, Palo Seco TMs, San Juan TMs, and the Palo Seco Megagen (Mobilepac) units, which together represent 55.3 TBtu annually, accounting for both planned and unplanned outages. Based on current consumption levels, these commitments are fully achievable.
- For the remainder of the contract term, the minimum volume increases to 70 TBtu annually. Projects already approved by PREB—including the Peakers, three additional TM units at Palo Seco, and the Cambalache fuel swap—will add approximately 34 TBtu of annual consumption, bringing total usage under the contract to 89.4 TBtu per year, well above the required minimum. This figure does not include additional potential conversions, such as the Aguirre Combined Cycle fuel swap, which could further increase contract utilization.
- The contract also allows for flexible use of volumes at any future PREPA generation sites, temporary power installations under consideration, or other new developments used or owned by PREPA.

Third, the concern that this contract was negotiated hastily, under time pressure, or that NFE was entirely inflexible is untrue. The negotiation process spanned several weeks and involved direct participation from both 3PPO and Josue Colón, Puerto Rico’s Energy Czar. Throughout this period, key terms—including volumes, term, and pricing—have evolved significantly from the initial discussions to the final contract now pending FOMB approval. To summarize the process,

- NFE submitted our gas contract to 3PPO on June 5th, approximately 6 weeks ago.
- NFE met in person with 3PPO in Puerto Rico three times: on June 4th, June 9th, and June 20th. During the first two meetings, Josue Colon was consulted via phone by 3PPO. At the third meeting, Josue Colon attended in person, and contract terms—including price, volumes, and other conditions—were negotiated face-to-face.
- Beyond the in-person meetings, negotiations with 3PPO continued virtually on an almost daily basis throughout the six-week period.
- Significant changes were made to the contract from NFE’s original proposal, including but not limited to: substantially reduced pricing; retention of San Juan 5/6 contract terms until August 2026; special pricing for the San Juan 5/6 units; provision of credit support from NFE; and removal of credit support requirements from PREPA. Throughout negotiations, NFE was accommodating and constructive. Ultimately, NFE and 3PPO, representing P3A and PREPA, agreed on a contract that is viable for NFE and delivers Puerto Rico a reliable and fairly priced natural gas supply.

The contract currently under FOMB review results from a multi-month RFP process and several weeks of negotiations with 3PPO and the Government of Puerto Rico. All relevant stakeholders were actively involved and kept informed throughout.

NFE stands firmly behind the agreement that resulted from a multi-month, public, and competitive RFP process, and we remain ready and willing to engage further with the FOMB at your convenience. When fully utilized, this contract is expected to generate approximately \$400 million in annual savings compared to diesel. Based on an estimated 18 billion kilowatt-hours sold annually in Puerto Rico, this equates to savings of 2.2 cents per kilowatt-hour for ratepayers. These savings could offset 27.5% of PREPA's proposed 8-cent rate increase, which is intended to repay bondholders in full with accrued interest.

NFE remains committed to being a long-term partner to Puerto Rico—delivering reliable energy, meaningful cost savings to consumers, and supporting PREPA's path out of financial distress. We would be happy to meet with you in person to address any questions you may have.

Sincerely,  
**NEW FORTRESS ENERGY**