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BY ELECTRONIC MAIL

March 26, 2026

Mr. Alexis G. Rivera Medina
General Counsel
Puerto Rico Electric Power Authority

Re: Pattern Santa Isabel Storage, LLC and Pattern Barceloneta Storage, LLC (Battery Energy Storage and Service Agreements)

Dear Mr. Rivera Medina,

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 amendments to the Battery Energy Storage and Service ("BESS") Agreements between the Puerto Rico Electric Power Authority ("PREPA") and each of (i) Pattern Santa Isabel Storage, LLC and (ii) Pattern Barceloneta Storage, LLC (each, a "Proposed Amendment," and jointly, the "Proposed Amendments").

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

Our review is solely limited to compliance of the Proposed Amendments 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 Amendments or the original contracts must be submitted to the Oversight Board for review and approval **prior to execution**.

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 Amendments.

Sincerely,

Jaime A. El Koury
General Counsel

PREPA – PATTERN SANTA ISABEL STORAGE, LLC AND PATTERN BARCELONETA STORAGE, LLC

Fiscal Plan Alignment

This review covers the Proposed Amendments to the BESS Agreements between PREPA and each of (i) Pattern Santa Isabel Storage, LLC and (ii) Pattern Barceloneta Storage, LLC for the development and operation of two 50 MW battery energy storage facilities in the Municipalities of Santa Isabel and Arecibo.

The BESS Agreements were approved with conditions by the Oversight Board on March 27, 2025. They stem from the Tranche 1 competitive procurement process No. 112648 issued on February 22, 2021 in accordance with Regulation No. 8815 of October 11, 2016, known as the *Joint Regulation for the Procurement, Evaluation, Selection, Negotiation, and Award of Contracts for the Purchase of Energy and for the Procurement, Evaluation, Selection, Negotiation, and Award Process for the Modernization of the Generation Fleet*.

Each of the BESS Agreements has a **20-year term** from its date of execution of July 25, 2025, with two allowable five-year extensions upon written agreement between the parties and the approval of the Puerto Rico Energy Bureau ("PREB"). We remind PREPA that any extensions or amendments to the BESS Agreements must be submitted to the Oversight Board for review and approval prior to execution in accordance with the Policy.

The Proposed Amendments, which constitute the first amendment to each BESS Agreement,[1] represent savings due to (i) economies of scale from increased battery capacity, (ii) more favorable financing terms from the US Department of Energy's Loan Programs Office, and (iii) lower interconnection-related costs.

Pattern Santa Isabel Storage, LLC

The original BESS Agreement (2026-P00013) has a base rate of $26,000/MW per month for project costs, $673/MW per month for interconnection work, and an annual escalator of 2%, resulting in an estimated cost of **$394,200,528**.

The Proposed Amendment increases the BESS capacity from 50 MW to **100 MW** and extends the term to **25 years**. It also modifies the base rate to $24,500/MW per month for project costs with an annual escalator of 2% until the 15th year, and $146/MW per month for interconnection work,[2] resulting in a new estimated cost of **$889,229,611**.[3]

[1] The Proposed Amendments were reviewed and approved by PREB pursuant to its Resolution and Order dated February 20, 2026 in Docket No. NEPR-MI-2020-0012.
[2] Pursuant to the Proposed Amendment, the interconnection recovery component of the monthly payment will continue to be based on the project's original capacity of 50 MW.
[3] According to the submitted documentation, the monthly cost decreased by $2.10/kW per month, equivalent to a 7.9% decrease in Year 1 and an 11.8% decrease over the proposed 25-year contract term.

APPENDIX A
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Pattern Barceloneta Storage, LLC

The original BESS Agreement (2026-P00012) has a base rate of $25,000/MW per month for project costs, $854/MW per month for interconnection work, and an annual escalator of 2%, resulting in an estimated cost of **$379,330,537**.

The Proposed Amendment increases BESS capacity from 50 MW to **120 MW** and extends the term to **25 years**. It also modifies the base rate to $23,500/MW per month for project costs with an annual escalator of 2% until the 15th year, and $46/MW per month for interconnection work,[4] resulting in a new estimated cost of **$1,021,111,200**.[5]

PREPA has certified that (i) the Proposed Amendments constitute a pass-through expenditure with no budgetary impact and (ii) the funds to pay for the Proposed Amendments are unrestricted, unobligated and available without future encumbrances or restrictions, and will be obligated for payment of the Proposed Amendments. According to the information submitted by PREPA, the Proposed Amendments shall be covered entirely with funds allocated in **Account No. 01-4042-54710-050-668-0000**.

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 Amendments 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.

[4] Pursuant to the Proposed Amendment, the interconnection recovery component of the monthly payment will continue to be based on the project's original capacity of 50 MW.
[5] According to the submitted documentation, the monthly cost decreased by $2.33/kW per month, equivalent to a 9% decrease in Year 1 and a 12.7% decrease over the proposed 25-year contract term.