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BY ELECTRONIC MAIL

June 2, 2026

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

Re: Power Expectations, LLC; Enchanted Rock; and Reyes Contractor, LLC (RFP No. 3PPO-0314-20-TPG2 – Temporary Power Generation)

Dear Mr. Rivera Medina,

On May 8, 2026, the Financial Oversight and Management Board for Puerto Rico (the "Oversight Board") approved the proposed power generation contract between the Puerto Rico Electric Power Authority ("PREPA"), as buyer, and each of Power Expectations, LLC; Enchanted Rock; and Reyes Contractor, LLC (jointly, the "Seller") (the "Proposed Contract") in accordance with the Oversight Board's Contract Review Policy established pursuant to Section 204(b)(2) of PROMESA. Pursuant to the Proposed Contract, the Seller shall deploy, install, operate, and maintain temporary power generation units at the Aguirre Power Plant with an aggregate capacity of 400 MW (the "Project").[1]

The Oversight Board's approval of the Proposed Contract was conditioned on the Government implementing certain revisions addressing three key areas: (i) project execution and deployment, (ii) performance guarantees, and (iii) fuel structure and fixed price assurances. Specifically, the Oversight Board required revisions establishing enforceable project milestones and reporting obligations, liquidated damages and termination remedies associated with failure to achieve commercial operation, alignment of Force Majeure provisions with performance obligations, a defined payment and performance bond structure, and provisions establishing liquefied natural gas

[1] Request for Proposals No. 3PPO-0314-20-TPG2 was issued by the Third-Party Procurement Office ("3PPO") on July 15, 2025 in response to the Puerto Rico Energy Bureau's ("PREB") directive to address the emergency related to an anticipated generation shortfall of approximately 700 to 850 MW and stabilize system reliability. *See* PREB's Resolution and Order dated March 19, 2025 in case no. NEPR-MI-2024-0005.

("LNG") as the primary fuel while appropriately allocating risks and costs associated with diesel operation.

On May 29, 2026, at 5:29 p.m. AST, the 3PPO submitted to the Oversight Board, on behalf of PREPA, the final execution version of the Proposed Contract, incorporating the revisions required by the Oversight Board's May 8, 2026 conditional approval letter. After reviewing the revised Proposed Contract, the Oversight Board concludes that **the conditions for approval of the Proposed Contract have been satisfied.**

The Oversight Board's review of the Proposed Contract focused on ensuring that the Project is supported by appropriate contractual safeguards and accountability mechanisms intended to protect the interests of PREPA, ratepayers, and the people of Puerto Rico. Through multiple requests for information and detailed engagement with PREPA, the 3PPO, and the Energy Czar, the Oversight Board identified important risks and concerns and determined that additional contractual protections were necessary before the Proposed Contract could be executed.[2] The revised Proposed Contract includes stronger safeguards, clearer accountability measures, and enhanced protections designed to mitigate risks and better ensure that the Project delivers its intended benefits to the people of Puerto Rico. It demonstrates how rigorous review and constructive engagement among the parties can produce stronger agreements, while promoting transparency and increasing the public's faith in the government contracting process.

1. **Project Schedule and Performance Enforcement**

The revised Proposed Contract assumes an accelerated deployment timeline. It incorporates a detailed project schedule and performance enforcement framework, including a defined deployment period of 90 to 150 days, specific deployment milestones, milestone reporting requirements, bi-weekly and weekly compliance reporting through achievement of the Commercial Operation Date ("COD"), deployment delay liquidated damages, termination rights associated with failure to achieve COD, and procedures governing schedule relief.

These revisions provide PREPA with both visibility into the Seller's progress and the contractual tools necessary to monitor and enforce achievement of COD, thereby helping to ensure the timely delivery of the additional energy supply contemplated by the Project.

Furthermore, the revised Proposed Contract aligns Force Majeure provisions with milestone obligations, liquidated damages, and termination remedies through defined notice, mitigation, and schedule-relief procedures, thereby supporting enforceability of the Seller's deployment and performance obligations.

2. **Payment and Performance Guarantees**

The revised Proposed Contract incorporates a defined Performance Bond structure and related enforcement mechanisms, including specified bonding requirements applicable during the pre-

[2] *See* the Oversight Board's letters dated February 13, 2026 and March 26, 2026.

COD and operational phases of the Project, Performance Bond triggering events, and remedies available to PREPA in the event of Seller non-performance. It further links the Performance Bond and related performance security mechanisms to deployment obligations, operational performance requirements, liquidated damages provisions, and termination remedies established under the Proposed Contract.

3. Fuel Structure and Fixed Price Assurances

The revised Proposed Contract establishes LNG as the primary fuel source and requires the Seller, as a condition precedent to COD, to demonstrate that LNG procurement, transportation, storage, regasification infrastructure, binding LNG supply arrangements, and required operational permits are fully in place and operational. Further, diesel-based operation is limited to specifically defined contingency scenarios, including Seller Fuel Default, Force Majeure events affecting LNG supply, or declared grid emergencies. The revised Proposed Contract further defines the allocation of diesel-related costs and responsibilities and establishes a framework intended to reduce uncertainty regarding fuel-related cost allocation and risk responsibility.

In addition, the revised Proposed Contract establishes a defined Operational Rate of $0.160 per kWh for energy generated and delivered, exclusive of fuel costs, fuel reimbursements, fuel adjustments, pass-through fuel charges, taxes, penalties, liquidated damages, and other separate charges, thereby providing additional safeguards regarding compensation and fuel-related cost allocation.

Finally, we note that during the Oversight Board's review of the Proposed Contract PREPA indicated that federal funding is not contemplated for the Project. However, the revised Proposed Contract contains a provision indicating that FEMA funding may be sought for interconnection-related costs. Accordingly, should PREPA seek federal funding in connection with the Proposed Contract, PREPA must ensure compliance with all applicable federal laws, regulations, guidance, and grant requirements, including the requirements set forth in 2 C.F.R. Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

The Oversight Board understands that the revisions incorporated into the Proposed Contract address the conditions set forth in its May 8, 2026 conditional approval letter and strengthen the contractual framework governing project execution, performance security, and fuel-related risk allocation. Collectively, these revisions facilitate achievement of COD, strengthen the Government's ability to enforce the Seller's contractual obligations, and support efforts to address Puerto Rico's energy emergency and near-term generation needs.

Accordingly, **the parties may proceed with the execution of the Proposed Contract.**

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.

Sincerely,



Jaime A. El Koury
General Counsel