PUBLIC-PRIVATE PARTNERSHIPS
AUTHORITY
GOVERNMENT OF PUERTO RICO
Eng. Josué A. Colón Ortiz I Executive Director

August 21, 2026

BY ELECTRONIC MAIL
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Mr. Robert F. Mujica Jr.
Executive Director
Financial Oversight and Management
Board for Puerto Rico
PO Box 192018
San Juan, Puerto Rico 00919-2018

Dear Mr. Mujica:

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Re.: P3A Response to the Oversight Board's July 1, 2026 Inquiry Concerning Generation Procurement, Resource Adequacy, and Integrated Resource Planning

The Puerto Rico Public-Private Partnerships Authority (the "Authority" or "P3A") writes in response to the July 1, July 17 and August 20, 2026 correspondence of the Financial Oversight and Management Board for Puerto Rico (the "Oversight Board") (the "Inquiry"), addressed jointly to the Puerto Rico Electric Power Authority ("PREPA") and P3A. PREPA responded on July 9, 2026 to the matters within its responsibility, including Appendices A and C. This letter addresses the matters directed to P3A.

P3A shares the objectives the Inquiry identifies: resource adequacy, affordability, meaningful competition, and the orderly replacement of an aging generation fleet. Those objectives are not in dispute. Indeed, they are among the principal objectives presently guiding P3A's actions, in coordination with PREPA, the Office of the Energy Czar, the Puerto Rico Energy Bureau ("PREB"), and the other entities responsible for Puerto Rico's electric system.

The Inquiry does, however, proceed from three premises that require correction. The first is that the Oversight Board has had limited visibility into these procurements and the conditions surrounding them. The second is that the composition and pace of Puerto Rico's generation pipeline originated with PREPA and P3A. The third is that approximately 5,500 MW of announced resources can be assessed as a single aggregate against Puerto Rico's resource-adequacy requirements.

PART I

A. The Oversight Board has always had visibility.

The Inquiry states that the Oversight Board "became increasingly aware" of the technical complexities and logistical challenges affecting Puerto Rico's generation infrastructure during the first half of Fiscal Year 2026. Those complexities are not, however, a recent development. The Inquiry itself attributes them to "decades of deferred maintenance" and describes PREPA as continuing to face reliability, resource adequacy, and affordability challenges. Those are the same conditions the Oversight Board's certified fiscal plans for PREPA have diagnosed since 2017. The Oversight Board certified each of those plans, approved PREPA's budgets, and reviewed the generation contracts now identified in Appendix A to the Inquiry — which, as the Inquiry describes it, is the Oversight Board's own tracker of the approximately 5,500 MW of renewable photovoltaic, battery storage, and liquefied natural gas–based generation projects it has approved, or currently has under review, since calendar year 2021. The conditions the Inquiry describes have been documented in the Oversight Board's own instruments for nearly a decade.

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The Oversight Board's visibility into the two procurements is likewise greater than the Inquiry suggests. Representatives of the Oversight Board have been granted access to the Virtual Data Rooms (VDR) established for both procurements and have had continuing access to the procurement documentation generated by P3A and to materials submitted by participants. As an example, in one of said procurements three officials from the Oversight Board were granted access to the RFP VDR. Interestingly, since March 12, 2026 to date, one member has never accessed the VDR, another has entered 36 times, and the remaining team member has entered 223 times. For a combined 259 inquiries in said Virtual Data Rooms.

The Oversight Board was also invited to and attended the proponents' presentations following bid submission in each procurement, as the Inquiry acknowledges. Moreover, P3A granted the opportunity for those who attended to formulate questions during the presentations and in writing at a later time. Also, P3A and its advisors have participated in a number of meetings and briefings with the Oversight Board and its advisors. P3A offers this record not to dispute the Oversight Board's interest in these procurements, but because a shared understanding of what has been made available, and when, is the necessary starting point for the coordination the Inquiry seeks. If the Oversight Board considers the information provided to date insufficient in any respect, P3A asks that it identify the specific materials required.

Nor is the Oversight Board external to the pace of the pipeline it describes as advancing concurrently and without adequate coordination. Approximately 1,481 MW of the Appendix A portfolio is still awaiting Oversight Board action.[1] The record also reflects instances in which Oversight Board review has itself extended project timelines: PREPA's Appendix A submission reports that, for one storage project, nearly a year elapsed between PREB approval and execution of the operative agreement, attributed principally to the time required for PREPA execution and Oversight Board approval.[2] That the Oversight Board is a participant in this pipeline rather than an observer of it leads to the Inquiry's second premise.

B. Who Established the Pipeline and Its Pace.

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The determinations the Inquiry examines were not undertaken by PREPA and P3A on their own initiative. They originated in PREB directives, were contemplated by certified fiscal plans, and, in the case of executed contracts, were reviewed and approved by the Oversight Board.

1. ***Ordered by PREB.*** PREB has primary and exclusive jurisdiction over the energy-regulatory matters assigned to it by Act 57-2014, as amended, including substantial statutory authority over integrated resource planning. The procurements referenced in the Inquiry were initiated and sequenced pursuant to PREB orders in Case No. NEPR-MI-2020-0012. PREB's Final Integrated Resource Plan, approved August 24, 2020,[3] required competitive procurement for renewable and storage resources and established the tranche schedule the Inquiry now examines. The ~3,000 MW procurement was likewise initiated at PREB's direction: by Resolution and Order dated March 19, 2025 in Case No. NEPR-MI-2025-0001, PREB directed PREPA to notify P3A to initiate an RFP for approximately 2,500 to 3,000 MW of new

[1] The seven projects identified in Appendix A as "Under review" (approximately 1,357 MW) and the conditionally approved Gothams units (124 MW). See Inquiry, Appendix A, and the Oversight Board's conditional approval letter dated May 8, 2026. Derived solely from the Oversight Board's Appendix A.
[2] See PREPA's July 9, 2026 Appendix A submission, Polaris Power entry (reporting that the approval process for the operative agreement took nearly one year from PREB approval on August 8, 2025 to execution on June 5, 2026, "primarily due to the time required for PREPA execution and FOMB approval"). P3A cites this as reported in the record and not as its own certification of PREPA's project-level data.
[3] CEPR-AP-2018-0001, Final Resolution and Order on the Puerto Rico Electric Power Authority's Integrated Resource Plan (Aug. 24, 2020).

capacity, as the Inquiry acknowledges. The Puerto Rico Oversight, Management, and Economic Stability Act ("PROMESA") confers fiscal oversight; it does not confer energy-regulatory authority, and it does not displace PREB as the arbiter of resource-adequacy and integrated-resource-planning determinations. P3A notes as well that, under the Transmission and Distribution System Operation and Maintenance Agreement, responsibility for stewarding the Integrated Resource Plan ("IRP") process before PREB rests with LUMA Energy, LLC ("LUMA").

2. ***Contemplated by certified fiscal plans.*** The certified fiscal plans for PREPA have contemplated and established the fiscal framework for the transformation of PREPA, the retirement and substitution of its legacy generation assets, the addition of renewable and battery-storage capacity, and the procurement program now at issue. Under 48 U.S.C. §§ 2141–2142, certified fiscal plans and budgets are binding, and PREPA and P3A were obligated to implement and support them.

3. ***Reviewed and approved by the Oversight Board.*** Under 48 U.S.C. § 2144(b)(2), the Oversight Board reviews covered-instrumentality contracts to ensure they promote market competition and are not inconsistent with the applicable fiscal plan. The executed agreements identified in Appendix A were approved under that authority, applying the same market-competition and fiscal-plan-consistency criteria prescribed by PROMESA the Inquiry now invokes. The Oversight Board has also declined generation contracts under that authority: on August 17, 2020, it declined sixteen renegotiated PPOAs representing approximately 593 MW that had been sanctioned by the Governor, PREPA's Governing Board, and PREB.[4] The Oversight Board is accordingly not a recent observer of the portfolio's composition.

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4. ***The pending IRP did not permit deferral.*** Because PREB established the operative timelines, PREPA and P3A were not at liberty to defer binding, deadline-bearing mandates pending completion of a proceeding that PREB commenced and has not closed. Deferral would also not have been consistent with the reliability conditions the Inquiry itself describes. The Oversight Board's own certified record reflects the difficulty of this environment: the 2023 certified fiscal plan for PREPA documented that the renewable procurement was running substantially behind PREB's timelines, that no Tranche 1 project had reached financial close by mid-2023,

[4] Letter from the Oversight Board to PREPA dated August 17, 2020, Re: 16 Renegotiated Renewable PPOAs.

and that PREB had opened a formal investigation into the Tranche 1 delays[5] and installed an independent coordinator for the later tranches. That record attributes the slippage to interconnection, permitting, and financing conditions — the same conditions the Inquiry now identifies as concerns.

P3A raises these points in a spirit of shared institutional responsibility rather than as a jurisdictional objection.[6] If the Oversight Board has concluded that some element of this shared record is inconsistent with resource-adequacy or planning requirements, P3A asks that the element be identified with specificity so it may be addressed by the entities with authority to do so. What that record cannot support, however, is the Inquiry's third premise: that the resources it describes may be assessed as a single aggregate.

C. What the Pipeline Actually Comprises.

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The Inquiry aggregates approximately 5,500 MW of resources that differ materially in technology, operational function, development stage, and replacement purpose, and then asks whether that aggregate is coordinated with resource-adequacy requirements. Of that total, approximately 2,815 MW is battery energy storage, approximately 1,608 MW is photovoltaic solar, 528 MW is the Energiza combined-cycle project, and 524 MW is temporary generation.[7] Storage is energy-limited: it shifts energy and supports operating reserves but does not produce energy and is not firm capacity on a nameplate basis. Photovoltaic generation is intermittent. Temporary generation is by definition transitional. Approximately 1,052 MW of the Appendix A total is dispatchable, and roughly half of that is temporary.

That figure must be read against the dependable capacity the system expects to lose. Costa Sur Units 5 and 6 alone represent approximately 820 MW of nameplate capacity to be replaced,[8] and the AES arrangement of approximately 510 MW. Puerto Rico's 2024 peak load of approximately 3,184 MW[9] must be served by dependable capacity with an appropriate reserve

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[5]Resolution and Order, In Re: Tranche 1 Investigations of Renewable Energy and Storage Projects, Case No. NEPR-IN-2023-0002.

[6]Congress created the Oversight Board "as an entity within the territorial government for which it is established." 48 U.S.C. § 2121(c)(1)–(2); see Fin. Oversight & Mgmt. Bd. for P.R. v. Aurelius Inv., LLC, 590 U.S. 448 (2020).

[7]P3A's tabulation of the Oversight Board's Appendix A, which totals approximately 5,500 MW across 54 line items. PREPA and LUMA maintain the authoritative resource-adequacy analysis. Moreover, as of Monday, August 17, 2026, these numbers are more uncertain, due to the Oversight Board's order terminating the Power Expectations contract which would have added 400MW of generation with LNG to the system.

[8]Inquiry at 3.

[9]Appendix C, question 3, citing LUMA's Resource Adequacy Report dated December 5, 2025, at 48.

margin at all hours and under contingency. The analytical question is therefore not the sum of nameplate megawatts, but whether the portfolio of new resources, evaluated against expected retirements and the operational characteristics of each technology, satisfies Puerto Rico's resource-adequacy requirements while preserving affordability. PREPA's July 9, 2026 response addresses that question.

D. Section 104 and the Confidentiality of Ongoing Procurements.

Having addressed the Inquiry's premises, P3A turns to the mechanism through which the remaining information may be provided. P3A will provide the Oversight Board with the information it requires to discharge its responsibilities under PROMESA. The question presented by certain requests is not whether that information will be provided, but how.

Both procurements remain ongoing. As the entity charged with implementing the public policy established by Act 29-2009, P3A must preserve the statutory confidentiality and integrity of the procurement while satisfying applicable PROMESA information obligations through an appropriate protected mechanism. Act 29-2009 and its implementing regulation restrict the disclosure of proposals, evaluations, discussions, and negotiations until a Partnership Contract is signed.[10] Those protections preserve competition among proponents and the Authority's ability, prior to execution of the Partnership Contract, to discontinue negotiations with an initially selected proponent and pursue negotiations with another qualified proponent.[11] The protection is temporary rather than permanent, and it is strictest precisely at the stage these procurements have reached. A second limitation is institutional: certain requests seek information concerning evaluations and deliberations, which are confidential and also outside the scope of the Authority's operational personnel.

P3A has responded to each question to the fullest extent presently appropriate. For information that cannot presently be disclosed in this form, P3A proposes that the Oversight Board and P3A promptly agree upon a confidentiality protocol — through the existing Virtual Data Rooms, a supplemental

[10] See Articles 9(i) and 9(j) of Act 29-2009, 27 P.R. Laws Ann. §§ 2608(i), (j); Regulation for the Procurement, Evaluation, Selection, Negotiation, and Award of Participatory Public-Private Partnership Contracts under Act 29-2009, Rule 6.1.

[11] See Puerto Rico Fast Ferries v. Autoridad de Alianzas Público-Privadas, KLAN202000716 (P.R. Ct. App. Oct. 28, 2020) (unpublished). (recognizing that, prior to execution of a Partnership Contract, the PPP procurement process remains active, negotiations may be discontinued with the initially selected proponent and commenced with another proponent, and confidentiality serves the substantial governmental interest of preserving fair competition among proponents).

non-disclosure arrangement, or a briefing to designated Board representatives. P3A is prepared to begin that discussion immediately and does not regard its obligations under PROMESA and under Acts 29-2009 and 120-2018 as being in conflict.

For the avoidance of doubt, with respect to any information concerning an ongoing procurement that has been or may be shared with the Oversight Board, P3A requests that it be maintained and reviewed under protections preserving its confidentiality and any applicable privileges, including the deliberative process privilege, and that the Oversight Board refrain from any disclosure that could affect a pending selection process. P3A makes this request in reliance upon the Oversight Board's own designation of the Inquiry as confidential and not for public disclosure.

E. Requested Path Forward.

Consistent with the foregoing, and having acted or supported PREPA in accordance with PREB's orders, the certified fiscal plans, and the Oversight Board's contract approvals, P3A respectfully requests that the Oversight Board:

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1. Identify with specificity any certified fiscal-plan provision, PREB order, or approved agreement that the Oversight Board understands to be inconsistent with resource-adequacy or IRP requirements;
2. Direct any revised procurement expectations, pace, or criteria to PREPA and P3A in writing and through the certified-fiscal-plan process, which is the instrument PROMESA provides for such direction;
3. Engage with PREB in support of the prompt conclusion of the pending IRP;
4. Agree with P3A upon a confidentiality protocol permitting the exchange of competitively sensitive procurement information during the pendency of these processes; and
5. Convene a coordination session among the Oversight Board, PREB, PREPA, P3A, and the Office of the Energy Czar to align the record.

PART II

Within the framework described above, P3A's response is limited to the matters within its statutory responsibility under Acts 29-2009 and 120-2018, namely the two procurement processes addressed in Appendix B. That allocation is consistent with PREPA's July 9, 2026 letter, which states PREPA's understanding that P3A, as the entity responsible for conducting those competitive procurement processes, would provide the responses to Appendix B. Appendices A and C concern project-level contract data, system planning, and resource adequacy — matters resting with PREPA and, as applicable, LUMA and Genera PR, LLC ("Genera"). P3A does not, however, adopt, verify, or certify as its own the project-level information reported in PREPA's Appendix A, which derives from records maintained by PREPA and the respective Resource Providers.

P3A welcomes continued coordination with the Oversight Board and remains available to meet with the Board, PREPA and the PREB.

Cordially,

Signed by:

Josué A. Colón Ortiz

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Josué A. Colón Ortiz
Executive Director

c The Honorable Jenniffer A. González Colón
The Honorable Thomas Rivera Schatz
The Honorable Carlos J. Méndez Núñez
Chairman Edison Avilés Deliz
Ms. Mary C. Zapata Acosta