

**GOVERNMENT OF PUERTO RICO
PUERTO RICO PUBLIC SERVICE REGULATORY BOARD
PUERTO RICO ENERGY BUREAU**

IN RE: ACCELERATED EVALUATION OF RENEWABLE ENERGY AND ENERGY STORAGE PROJECT PROPOSALS TO SECURE FEDERAL INVESTMENT TAX CREDITS (ITCs)

CASE NO.: NEPR-MI-2025-0005

SUBJECT: Resolution and Order approving Proponent No. 3 PPOAs and ESSAs Contracts

RESOLUTION AND ORDER

On June 25, 2026, the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") issued a Resolution and Order ("June 25 Resolution") determining that the revised Power Purchase and Operating Agreements ("PPOAs") filed by the Puerto Rico Electric Power Authority ("PREPA") and Proponent No. 3 on June 24, 2026 did not comply with the Resolution and Order issued by the Energy Bureau on June 17, 2026 ("June 17 Resolution"). Specifically, the Energy Bureau concluded that the revised PPOAs included material revisions to the Portfolio Pricing Adjustment provision beyond those authorized. As a result, the Energy Bureau ordered the parties to submit revised PPOAs conforming to the second alternative approved in the June 17 Resolution and clarified the applicable Target Portfolio Weighted Average Levelized Cost of Energy for purposes of implementing that alternative.

On June 26, 2026, PREPA and Proponent No. 3 filed a document titled *Joint Motion in Compliance with Resolution and Order* ("June 26 Motion") submitting, among others, the revised PPOAs corresponding to Proponent No. 3's eleven (11) projects, in accordance with the June 25 Resolution (the "Revised PPOAs").

Upon review of the revisions reflected in the Revised PPOAs submitted by PREPA and Proponent No. 3 through the June 26 Motion, the Energy Bureau finds that they comply with the directives set forth in the June 17 Resolution and the June 25 Resolution. Accordingly, the Energy Bureau hereby **APPROVES** the **eleventh (11) Revised PPOAs** submitted through the June 26 Motion, together with the **eleven (11) Energy Storage Service Agreements ("ESSAs")** submitted by PREPA and Proponent No. 3 on May 29, 2026.¹

The Energy Bureau clarifies that its approval of the Revised PPOA's does not reflect a departure from its established practice of evaluating renewable energy power purchase agreements on a project-by-project basis. Each proposed agreement is independently reviewed to determine whether the individual project satisfies all applicable statutory and regulatory requirements. Accordingly, each project approved herein was independently evaluated and found to satisfy all applicable legal and regulatory requirements. The only aspect of the Energy Bureau's review that departed from its ordinary analytical framework relates to the methodology used to evaluate the reasonableness of the proposed compensation.

The present proceeding arises under a unique and compelling set of circumstances. The accelerated procurement process originated from an Executive Order issued by the Governor of Puerto Rico following a coordinated effort among multiple governmental entities, including the Financial Oversight and Management Board, in response to significant changes in federal law affecting the availability of Investment Tax Credits ("ITCs"). The initiative sought not only to preserve the economic benefits associated with those federal incentives, but also to expedite the deployment of renewable energy resources needed to address Puerto Rico's urgent generation needs, accelerate the integration of additional generation capacity into the electric system, advance the Puerto Rico's renewable energy

¹ See *Motion in Compliance with Resolution and Order* filed by PREPA on May 29, 2026.



policy objectives, and secure competitively priced renewable energy for the benefit of Puerto Rico's ratepayers.

Under these unique circumstances, the Energy Bureau concluded that, solely for purposes of evaluating the reasonableness of the proposed compensation, it was appropriate to employ a portfolio-based pricing framework. The portfolio analysis was used exclusively to determine whether the proposed compensation, when evaluated on a portfolio-wide weighted average basis, remained within the pricing parameters previously authorized by the Energy Bureau. Accordingly, although certain individual projects within the portfolio may reflect Levelized Costs of Energy ("LCOEs") that exceed those approved for other standalone projects, those projects are offset by lower-cost projects within the same portfolio, thereby ensuring that the Target Portfolio Weighted Average LCOE does not exceed the maximum weighted average compensation authorized by the Energy Bureau.

To ensure that the pricing framework approved herein continues to operate as intended throughout the term of the Revised PPOAs, the Energy Bureau also required the inclusion of a contractual Portfolio Pricing Adjustment provision. That provision establishes a mechanism under which any future change in the composition of the portfolio that could otherwise cause the Target Portfolio Weighted Average LCOE to exceed the pricing parameters approved by the Energy Bureau must be addressed through appropriate downward adjustments to the applicable First-Year Base Rates. Accordingly, the contractual pricing mechanism ensures that the portfolio remains in continuous compliance with the pricing limitations established by the Energy Bureau and that Puerto Rico's ratepayers will not bear costs in excess of those authorized herein.

The Energy Bureau emphasizes that the pricing methodology adopted herein **is expressly limited to the unique and compelling circumstances presented in this proceeding**. Nothing in this Resolution shall be construed as establishing a general policy or precedent that portfolio-based pricing analyses will be employed in future renewable energy procurements in future. While the Energy Bureau retains the discretion to adopt alternative analytical methodologies were warranted by the particular facts and circumstances of a future proceeding, portfolio-based pricing analyses necessarily introduce additional regulatory, contractual, administrative, and oversight complexities in the implementation and ongoing administration of approved projects. Accordingly, absent similarly compelling circumstances, the Energy Bureau anticipates that future renewable energy procurements will continue to be evaluated under its traditional project-specific pricing framework.

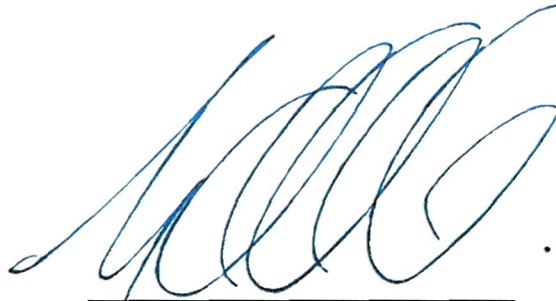
In light of the unique and compelling circumstances underlying the approval of the Revised Agreements, and to ensure continued compliance with the pricing framework approved herein, the Energy Bureau finds it appropriate to require ongoing regulatory oversight of the approved portfolio. Accordingly, PREPA **SHALL FILE** with the Energy Bureau, on a semiannual basis, commencing on January 20, 2027, a status report describing the progress of each of the projects approved herein. At a minimum, each report shall: (i) identify the current development status of each project; (ii) disclose any changes to the composition of the portfolio, including the removal or termination of any project; (iii) identify and describe any adjustments implemented pursuant to the Portfolio Pricing Adjustment provision, if any; (iv) provide the resulting Target Portfolio Weighted Average LCOE, together with a brief explanation of any changes from the previously reported value; and (v) certify that the portfolio continues to comply with the pricing limitations approved by the Energy Bureau. The Energy Bureau reserves the right to require such additional information as it deems necessary to verify continued compliance with this Resolution and the pricing framework approved herein.

The Energy Bureau **WARNS** PREPA that failure to comply with this Resolution and Order will result in the imposition of fines under Section 6.36 of Act 57-2014.²

Be it notified and published.

² Known as the *Puerto Rico Energy Transformation and RELIEF Act*, as amended ("Act 57-2014").

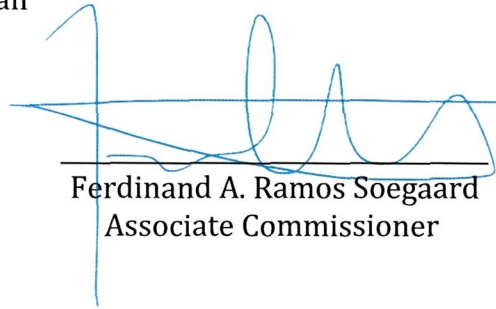




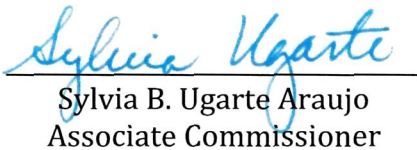
Edison Avilés Deliz
Chairman



Lillian Mateo Santos
Associate Commissioner



Ferdinand A. Ramos Soegaard
Associate Commissioner



Sylvia B. Ugarte Araujo
Associate Commissioner

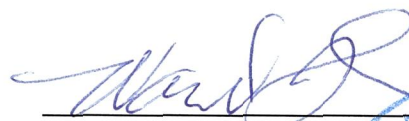


Antonio Torres Miranda
Associate Commissioner

CERTIFICATION

I hereby certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on June 24, 2026. I also certify that on June 24, 2026 a copy of this Resolution and Order was notified by electronic mail to the following: alexis.rivera@prepa.pr.gov; nzayas@gmlex.net; mvalle@gmlex.net; rcruzfranqui@gmlex.net. I also certify that today, June 25 2026, I have proceeded with the filing of the Resolution and Order issued by the Puerto Rico Energy Bureau.

For the record, I sign this in San Juan, Puerto Rico, today June 26, 2026.



Wanda I. Cordero Morales
Interim Clerk

