Questions for the Record from the Rep. Bruce Westerman, Chairman, Committee on Natural Resources
Questions for Brannen McElmurray, President & CEO, Genera PR LLC

1. **From your perspective, what are the key reasons for the continued blackouts in Puerto Rico and what is your recommendation for addressing these challenges and for ensuring that Puerto Rico has access to reliable and resilient energy?**

   Genera PR LLC ("Genera") took over the operation and management of the Puerto Rico Electric Power Authority's ("PREPA") fossil-fueled generation assets on July 1, 2023, with the goal of improving their capacity and resiliency while delivering cost savings to the people of Puerto Rico. This fleet produces approximately 60% of the generating capacity connected to the Puerto Rico grid. Other public and private generation assets connected to the grid also supply generation. The PREPA fleet administered by Genera is roughly 30 years older than the electric power industry average in the United States, and issues related to the age and obsolescence persist today. Genera has a clear mandate: Genera is committed to improving the reliability of power availability through continuous upgrades to the current fleet. Over the last year, Genera has worked to provide electric generation service with fewer interruptions, which is the critical first step to ensuring that the people of Puerto Rico have access to reliable power.

   Genera has developed and implemented a two-year Electric System Stabilization Plan to ensure the continuous, reliable generation of energy on the island. Genera is solely responsible for the operation and maintenance of the PREPA fossil-fueled generation assets. This means that Genera manages electricity generation, which is the process of creating energy. Energy transmission and distribution is distinct from generation. The transmission and distribution of energy are managed by LUMA Energy LLC ("LUMA"). From a generation standpoint, in addition to critically needed repairs to the fleet, the most important means of ensuring reliable electricity generation is to expand the island's temporary supplemental generation reserves. This key step will provide additional capacity to the system.

   One means of achieving such temporary supplemental generation is via the use of federal funds that have already been allocated to the Federal Emergency Management Agency ("FEMA"), U.S. Department of Energy ("DOE"), and the U.S. Army Corps of Engineers ("USACE") for this purpose. With assistance from FEMA and the USACE to add at least 565 megawatts ("MW") in temporary supplemental generation, Genera can improve the resiliency and redundancy of Puerto Rico's electric grid and bridge the gap between the current fleet and the future of reliable, affordable, and clean energy generation resources that Genera is working towards.

2. **Of the $1.4 billion capital budget spent by LUMA in 2021, $1.1 billion was federal funding while only $300 million was from non-federal funding. While the federal government has made commitments to assist with the recovery of Puerto Rico's infrastructure after it experienced a devastating series of hurricanes, we can all agree that the ultimate goal is**

to have a reliable and resilient electrical grid operated by private utilities for the long-term.

a. How does Genera PR plan to decrease their reliance on federal funds to operate and maintain Puerto Rico's electrical grid? Do you see a day when Genera PR can perform their operations without injections of taxpayer dollars, and what needs to be done to achieve that goal?

First, it is important to understand that Genera operates with a budget that is established and approved by the Puerto Rico Energy Bureau ("PREB").

As the generation operator of PREPA's fleet, Genera provides monthly and annual operations and budget updates showing its progress to the Puerto Rico Public-Private Partnerships Authority ("P3A") and quarterly metrics reports to PREB alongside LUMA that track spending against the budget, fuel costs, forced outages, plant availability, and safety compliance performance metrics. Moreover, a key component of Genera's O&M Agreement is its commitment to lower costs for ratepayers. Genera's contract ensures that its priorities are aligned with the people of Puerto Rico because its fee structure largely relies on a 50/50 share with the Government of Puerto Rico in savings and cost efficiencies generated. Genera agreed to this because it is comfortable with a contract that is predominantly based on performance.

Genera's commitment to achieving significant cost-savings for the benefit of Puerto Rico's ratepayers will be achieved through its plan to: (i) streamline fuel management and operations, (ii) improve reliability and efficiency of its generation fleet, and (iii) focus on local hiring, training, and retention. To achieve these goals, Genera is working to maximize the use of federal funds to mitigate reliance on ratepayers in the future.

3. Puerto Rico currently pays among the highest electricity rates in the nation. Genera says it is committed to reducing electricity generation costs in Puerto Rico. What is Genera currently doing, and what actions is it planning to take in the future, to lower generation costs in Puerto Rico?

Genera's immediate objective in serving the people of Puerto Rico is twofold: first, to increase the available capacity of the inherited generation assets, a critical first step to increasing the available generation capacity and reliability of the fleet, and second, to improve the cost efficiency of the fleet. As explained above, Genera's contract is structured to incentivize cost savings for the people of Puerto Rico.

Genera is committed to lowering electricity generation costs in Puerto Rico. Since undertaking the management of PREPA's fleet just over a year ago, Genera has reduced costs through (i) internal budget controls, (ii) implementation of a spot fuel purchase program, (iii) reduction of fuel costs on a per barrel basis, and (iv) facilitating, together with its affiliate, the operation of temporary generation units on natural gas in place of more costly diesel-fired generation.

Genera has also presented to PREB an initiative to achieve additional diesel cost reductions by substituting diesel with liquified natural gas ("LNG"), which is both a cheaper and cleaner option, at three generation sites around the island. PREB has conditionally approved one of

these fuel swaps at Palo Seco. This one fuel swap is expected to produce roughly $18 million in savings in the first year. If PREB approves the remaining two (2) projects that Genera has presented as well, a switch from diesel to natural gas of approximately 463 MW of energy production in the aggregate, that would result in fuel cost savings of up to approximately $72 million in the first year.

Genera also currently has several projects underway that are designed to both increase cost savings and improve the resiliency and redundancy of Puerto Rico's electric grid. In just a year of Genera's management of the PREPA fleet, the performance of the generation fleet is improving. As of June 2024, forced outages are down from 37% to 23%. Available capacity is up from 46% to 60%. This will result in less service interruptions in the system and cost savings from operational efficiencies to the ratepayer. One of these projects, Genera's Battery Energy Storage System ("BESS") project, aims to reduce load shedding by 90%, by adding 430MW of battery energy storage to the Puerto Rico electric grid. This is a federally funded project in which Genera is investing approximately $800 million of the federal grants allocated to improve Puerto Rico's electric grid. Batteries require less investment for operation and maintenance, and further stabilize the grid. Genera projects its first BESS system will be in operation by Q4 2025.

4. **Electrical generation redundancy ensures that if its own power source fails, then there will be a backup to ensure that there are no disruptions in power. It is therefore important for an electric utility to create redundancies in order to reduce the risk of outages.**

   a. **How redundant is Puerto Rico's electrical generation system? And is it up to industry standard?**

      Genera is committed to ensuring that the redundancy and resiliency of Puerto Rico's electric generation system meets industry standards. However, Genera is not solely responsible for the island's generation system. As the operators of PREPA's fossil-fueled generation assets, Genera is responsible for 60% of the island's electricity production. Genera is working closely with the System Operator to ensure that it is aligned to have the available generation capacity needed for the entire system to function at industry standard.

   b. **What is Genera doing to increase redundancy for the short and long term? And how will it impact the frequency of outages?**

      Genera developed a work plan to improve the reliability and stability of the generation system. This plan is based on four strategic projects which are (i) Short-Term Repairs, (ii) Replacement of Critical Components, (iii) Replacement of Peaker Units and (iv) Battery Energy Storage Systems. These projects were approved by both the Puerto Rico Energy Bureau and FEMA and are in execution or under competitive bidding processes.

      First, the aim of Genera's short term repair plan is to increase the system's generation capacity from 45% (capacity as of June 30, 2023) to 65% by the end of this year. As of July 2024, Genera had increased the system's available generation capacity to 60%.

      Second, Genera is also working towards replacing critical components of the PREPA fleet. Genera has analyzed the types of breakdowns that frequently affect the operation of the

units, causing outages and load shedding. Genera has submitted a list of critical components for replacement to the PREB and FEMA, and this list was approved. The execution of the replacement of components should take two years after contracts are approved by the Financial Oversight and Management Board for Puerto Rico ("FOMB") and the P3A. The aim of the project is to reduce the percentage of forced outages by 50%, that is, from 32% (as of June 30, 2023) to 16%.

Third, Genera also has a Peakers project underway to procure emergency peaker generation systems at Jobos, Daguao, Yabucoa, Costa Sur, and Palo Seco that will provide ancillary services with flexible and reliable generation. Genera projected that project completion would be achieved across the first and fourth quarters of 2027.

Further, Genera has also successfully submitted to FEMA and the PREB a project for the installation of 430 MW with a four (4) hour duration in battery energy storage systems ("BESS"). The purpose of the BESS project is to provide an instant response to sudden loss of generation. The technology will add 430 MW of available generation capacity. This ultra-fast response will dramatically minimize the frequency of load shedding due to lack of generation. Genera is working to ensure that more than 90% of the load shedding due to lack of generation will disappear once the batteries are installed and in commercial operation.

Questions for the Record from Rep. Raúl Grijalva, Member, Committee on Natural Resources
Questions for Brannen McElmurray, President & CEO, Genera PR LLC

1. **At an investors meeting held earlier this year, you stated that Puerto Rico's energy future will be "powered by natural gas supplemented by solar and batteries." This is in direct opposition to Puerto Rico's policy to rapidly phase out fossil fuels and reach 100% generation from renewables by 2050. Why would Genera tell its investors one thing and its customers the opposite?**

   Genera appreciates and supports Puerto Rico's transition to renewable energy. In support of this essential transition, Genera views the task of retiring and decommissioning antiquated power plants as they are replaced by renewables as a key component of its responsibility under its contract and its PREB-approved Integrated Resource Plan.

   Genera's Electric System Stabilization Plan considers that in the *near* future—within the next 26 years—Puerto Rico must bridge the gap between the island's current electric generation system and the energy future Puerto Rico has committed to attaining by 2050.

   Bridging the gap means increasing the resiliency of Puerto Rico's electric grid via the use of LNG over diesel, and increasing the redundancy of the grid by increasing the number of batteries and other renewables that can be employed for energy storage. Not only is LNG a cleaner source of energy than diesel, but Puerto Rico's use of LNG has resulted in clear cost savings for ratepayers. Moreover, Genera is also focused on increasing battery energy storage systems and supporting solar. Through Genera's BESS project, Genera's aim is to reduce 90% of load shedding events due to lack of generation by installing additional batteries that will add to the fleet's available generation capacity.

   In a situation in which all relevant entities are aligned and working together, Genera estimates that within a four-year period, Puerto Rico could entirely eradicate its reliance on heavy oil and diesel and could power the dispatchable generation assets on LNG thereby achieving both cost-savings to ratepayers and helping to transition Puerto Rico's electric grid to renewables.

2. **In the hearing you indicated you do not think Puerto Rico will be able to meet its next interim renewable energy goal of 60% by 2040. Please explain why in detail, including why you think the Department of Energy PR100 study, which concluded that Puerto Rico can reach its renewable energy goals with appropriate investments and system upgrades, is wrong.**

   In response to a question from Rep. Gonzalez-Colon asking whether Puerto Rico will meet its next interim energy goal, I referenced LUMA's July 2024 report concerning the percentage of renewable energy used on the island which is attached here as Exhibit 1. My answer was limited to a factual recitation of the island's current renewable sources of generation, as is appropriate in my role as a generation operator.

3. **According to generation indicators from June 2024, a quarter of the Puerto Rico's generation fleet is offline. Timelines provided to the Committee last year projected repairs to units at the Palo Seco, Aguirre, Costa Sur, and San Juan plants would be**

completed by May of this year. This maintenance plan was expected to increase generation capacity to over 2800 MW. The Aguirre plant alone should be 900 MW of power at a time, which would be enough to cover the generation shortfall.

a. What is the status of these repairs?

The generation fleet status as of October 15, 2024, is as follows:

i. Palo Seco 3 – In service
ii. Palo Seco 4 – Under generator forced outage repair.
    a. Expected completion timeline: 3QT 2025
iii. Aguirre 1 – Not in service.
    a. Expected return October 16, 2024.
iv. Aguirre 2 -Under Boiler Feed Pump motors critical component replacement.
    a. Expected completion timeline: November 2024.
v. Costa Sur 5 – In service.
vi. Costa Sur 6 – In service.
vii. San Juan 5 – In service.
viii. San Juan 6 – Under generator forced outage repair.
    a. Expected completion timeline: 1QT 2025

b. Why is Genera asking taxpayers or ratepayers to pay for new temporary fossil fuel infrastructure instead of completing its contractual obligations to repair these facilities?

The proposed temporary generation projects will serve as a transitional measure until the Battery Energy Storage System ("BESS") and Peaker projects are completed and the critical components are replaced. Genera's aim with these projects is to minimize service interruptions caused by generation issues, repairs, and maintenance.

This temporary generation will provide ancillary services to stabilize the grid, including functionalities such as peak shaving, load balancing, emergency generation, black start capability, and additional services as needed. The installation strategy will utilize existing Points of Interconnection ("POI") to expedite the integration of these generators with current PREPA facilities, under the oversight of Genera. The goal is to have these temporary facilities operational by Q1 2025 and to maintain their service until the Battery and Peaker projects are able to provide these functions.

4. FEMA has obligated $745 million for Genera to install Battery Energy Storage Systems (BESS) and Peaking Units in Cambalache, Vega Baja, Palo Seco, San Juan, Yabucoa, Aguirre, and Costa Sur. When will these systems be fully implemented?

Per the most recent Genera BESS Schedule, attached as Exhibit 2, the projects will be fully implemented as follows:

a. Cambalache: September 2025
b. Vega Baja: December 2025
c. Palo Seco: October 2026

d. Yabucoa: February 2026
e. Aguirre: January 2027
f. Costa Sur: December 2025

The San Juan power plant facility is not included in the BESS program.

5. **New Fortress Energy, Genera's parent company, provides Puerto Rico with most of its natural gas. The New Fortress LNG import terminal, which is in the heavily populated San Juan Bay, was built without FERC's prior environmental, safety, and Environmental Justice evaluation and without a FERC-approved Emergency Response Plan (ERP). This spring, the Army Corps also began a dredging project to open the San Juan Bay for larger tankers to reach the LNG terminal, despite concerns about the potential harm to wildlife and humans. Democratic Members wrote to FERC and the Army Corps to highlight these concerns and uplift requests from local stakeholders for more transparency and public engagement.**

   a. **What is the status of New Fortress's compliance with FERC's requirements for the San Juan Bay terminal?**

      Genera is not involved in this project. Given my attendance as the President and CEO of Genera, I would defer any questions concerning a project involving New Fortress Energy to be answered directly by New Fortress Energy ("NFE").

   b. **Will you commit to working with New Fortress to ensure requirements for public engagement and emergency planning are met?**

      Genera will cooperate with any entity, including with NFE, to ensure that public engagement and emergency planning requirements that affect the PREPA generational assets are met. Genera is already working to maximize fuel stores and is currently working closely with FEMA and others to improve emergency planning via several projects.

6. **The dredging of San Juan Bay to make room for larger LNG tankers, which is funded by the Army Corp of Engineers, will presumably save money on LNG shipping. When will ratepayers see that savings reflected on their bill and how much will their bill go down, on average?**

   Genera is not involved in this project. Given my attendance as the President and CEO of Genera, I would defer any questions concerning a project involving New Fortress Energy to be answered by New Fortress Energy.

7. **The new LNG terminal on San Juan Bay will presumably save money on LNG shipping and processing. When will ratepayers see that savings reflected on their bill and how much will their bill go down, on average?**

   Genera is not involved in this project. Given my attendance as the President and CEO of Genera, I would defer any questions concerning a project involving New Fortress Energy to be answered by New Fortress Energy.

Questions for the Record from Rep. Velazquez, Ranking Member, Committee on Natural Resources
Questions for Brannen McElmurray, President & CEO, Genera PR LLC

1. **According to data published on LUMA's website, as of September 26th, the Aguirre Combined Cycle Power Plant was out of service. How long has this been the case? What is the schedule for providing adequate maintenance to this plant, and have there been any issues in performing such maintenance?**

   The Aguirre Combined Cycle Power Plant is currently in service with a capacity of 262 MW, which includes units 1-1, 1-2, 1-4, ST1, 2-1, and 2-4. Units 1-3, 2-2, and 2-3 are under repair. As of July 1, 2023, when Genera began operations, the total capacity of Aguirre CC was 197 MW, representing an increase of 65 MW. An additional 100 MW is expected to be brought online through repairs by 2025.

2. **When asked about Aguirre's status, you mentioned that Genera's Projects to Replace Critical Components and Improve Fuel Efficiency would address the issue. Can you provide information on the progress of these projects, and how do you plan to keep Congress and the public informed?**

   Genera's Projects to Replace Critical Components and Improve Fuel Efficiency are in various stages of procurement (bidding, evaluation, negotiation or award), regulatory approvals (FOMB and P3), and execution. Timelines vary by component, but in general, once approved, Genera anticipates that the project will take up to two years to be completed. Genera provides information concerning current projects to PREB under Genera's O&M Agreement, which is available to the public.

3. **In an environment with a significant generation deficiency, how do you plan to responsibly decommission power plants? How are you balancing the legal requirement to decommission plants with the current need for generation?**

   Under the terms of Genera's O&M Agreement, Genera submits any requests to decommission plants to LUMA who, with PREB's permission, ultimately decides whether to approve the request. Genera is not responsible and does not have authority to make and implement decisions to decommission plants.

4. **In July 2024, Genera PR delivered a "Stabilization Plan for the Electricity System" to the Puerto Rico Energy Bureau (NEPR), which included a project to install supplementary generating units adding 565 megawatts (MW) to the fleet. How has this project progressed, and how does it represent savings for the people of Puerto Rico?**

   Genera submitted the proposal in the Stabilization Plan which, as of today, has not been approved by PREB. As I stated in the hearing in response to a question from Rep. Torres, Genera is committed to adding 565 MW of supplemental generation to the electric grid, which would reduce the load loss days to industry standards. There is an available U.S. Army Corps of Engineers contract that could be used to cover expenses associated with the units needed. In Genera's view, this would be the best way to efficiently ensure that the project can begin operation. Genera hopes to continue to work with the Members of this Committee towards

securing the additional temporary supplemental generation needed to improve the efficiency of Puerto Rico's electric grid.