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GeneraPR

October 1, 2024

VIA ELECTRONIC EMAIL

Puerto Rico Public-Private Partnerships Authority
PO BOX 42001
San Juan, Puerto Rico 00940-2001
Attention: Executive Director - Fermín E. Fontanés Gómez
Telephone: (787) 722-2525 Ext. 15330
Email: Fermin.Fontanes@p3.pr.gov and Administrator@p3.pr.gov

Re: Annual Report of Operational Performance and Expectations – Section 21.19(e) of the OMA

Dear Administrator:

We refer to the Puerto Rico Thermal Generation Facilities Operations and Maintenance Agreement ("OMA") dated as of January 24, 2023, by and among the Puerto Rico Electric Power Authority ("Owner"), the Puerto Rico Public-Private Partnership Authority ("Administrator") and Genera PR LLC ("Genera" / "Operator"). Capitalized terms not defined in this letter shall have the meanings ascribed to them in the OMA.

Pursuant to Section 21.19(e) of the OMA, Genera shall provide to Administrator an annual report that shall include a summary of the Operator's operational performance for the first Contract Year (July 1st, 2023 – June 30th, 2024) and expectations for the upcoming Contract Year. *See Annex A.*

We are available to further discuss or clarify any questions that Administrator may have regarding this topic. Should the need arise, please contact Mr. Kevin D. Futch, General Counsel, at kevin.futch@genera-pr.com.

[Signature Page to Follow]

American International Plaza
250 Av. Luis Muñoz Rivera, Suite 1200
San Juan, PR 00918

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October 1, 2024

Cordially,

Genera PR LLC

Kevin D. Futch

Kevin D. Futch
General Counsel

American International Plaza
250 Av. Luis Muñoz Rivera, Suite 1200
San Juan, PR 00918

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Annex A

American International Plaza
250 Av. Luis Muñoz Rivera, Suite 1200
San Juan, PR 00918

Annual Report of Operational Performance and Expectations

September 30, 2024

GeneraPR



Executive Summary

Section 21.19(e) of the Puerto Rico Thermal Generation Facilities Operations and Maintenance Agreement ("OMA") dated as of January 24, 2023, by and among the Puerto Rico Electric Power Authority ("PREPA"), the Puerto Rico Public-Private Partnership Authority ("P3A") and Genera PR LLC ("Genera"), requires Genera to provide to the Administrator an annual report that includes a summary of Genera's operational performance for the first Contract Year (July 1st, 2023 – June 30th, 2024) and expectations for the upcoming Contract Year (July 1st, 2024 – June 30th, 2025).

The following is a summary breakdown of Genera's operational performance for the first Contract Year and expectations for the second Contract Year.

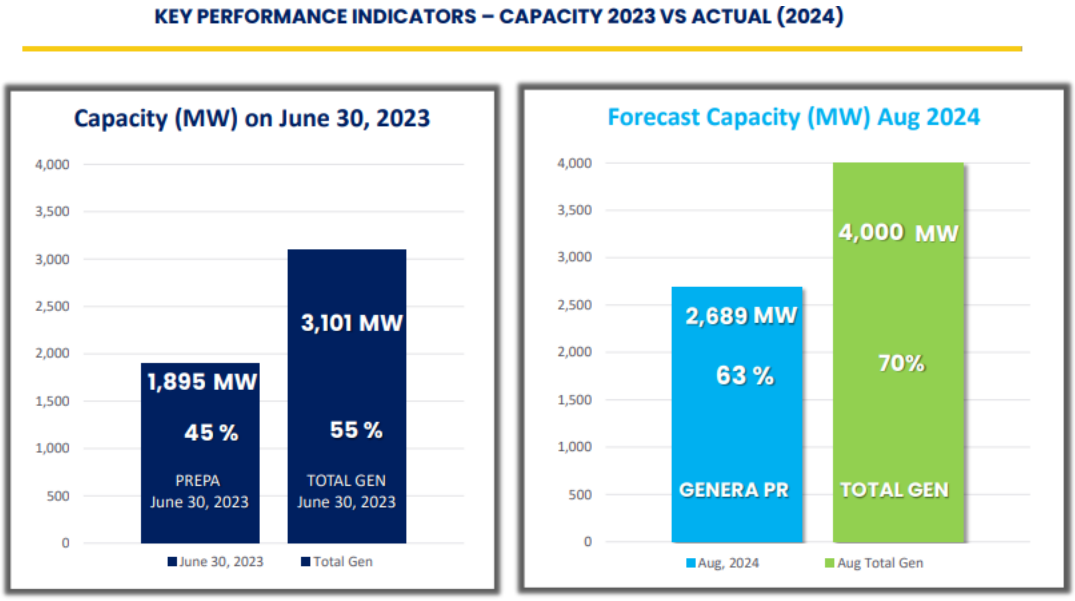
I. Genera's Operational Performance for July 1st, 2023 – June 30th, 2024

Genera began operating the Legacy Generation Assets on July 1st, 2023, with the goal of facilitating Puerto Rico's transition to a sustainable, cost-efficient, and stable energy system. Genera understands the energy challenges faced by the people of Puerto Rico, including the unavailability and high cost of generation. It is of the utmost importance to deliver cost-effective energy solutions to the island and the ratepayers as soon as possible. Increasing the available generation capacity, stabilizing the generation fleet, and mitigating fuel costs were key goals for our first year.

Genera has made significant progress toward these goals. While not without challenges, Genera's workplan resulted in a step-up in available generation capacity and a reduction in the forced outages.

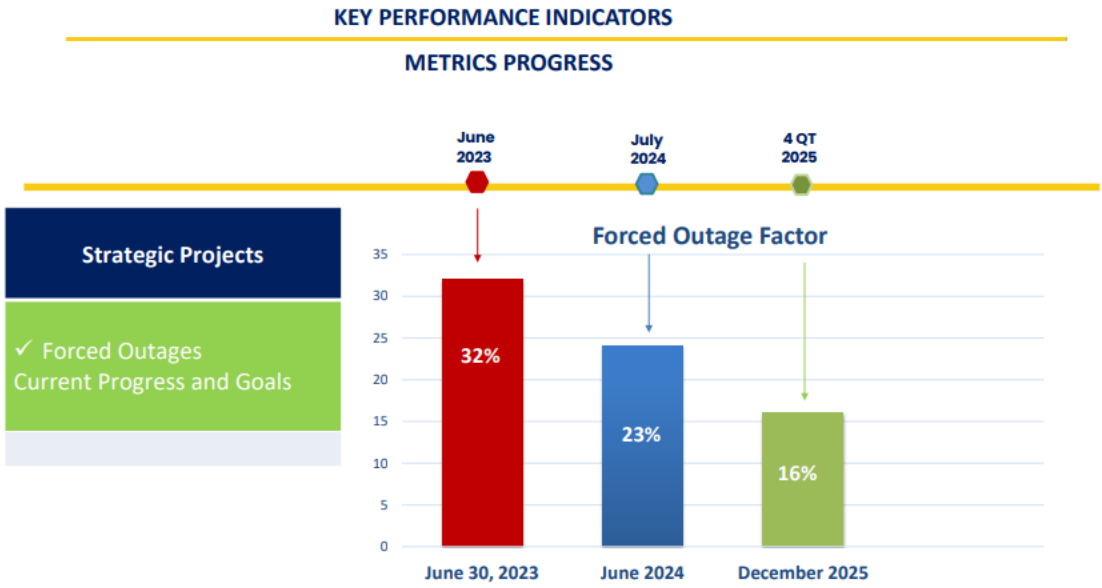
Available Capacity

For context, the generation capacity by PREPA as of June 30th, 2023, was 1,895 MW, and considering private power generators operated by third parties, the total generation was 3,101 MW. During the First Contract Year, Genera achieved an increase of 794MW of capacity for a total of 2,689 MW. If we include the private generators, the total generation capacity exceeded 4,000 MW at its highest point. The following figure summarizes the increase in capacity.



Forced Outage

When Genera took over the operation of PEPA's generation fleet in June 2023, the percentage of Forced Outages was 32%. During the First Contract Year, Genera reduced the Forced Outages to 23%, a 9% percent improvement. For FY 25, Genera has the goal to reduce the Forced Outages to 16%. The following figure summarizes the reduction in forced outages, alongside Genera's goal for 2025.



Maintenance

During the year, Genera worked with short-term repairs in San Juan Units 5 & 6 Condenser Sea Water Pipeline, Palo Seco 3 Water Wall & Economizer Elements and Raw Water Tank Costa Sur, among others. See pictures below:

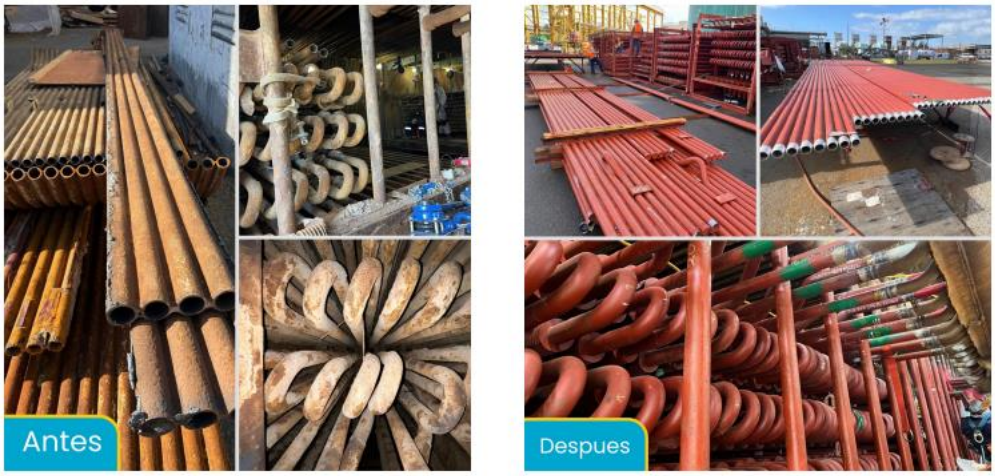
Short-Term Repairs

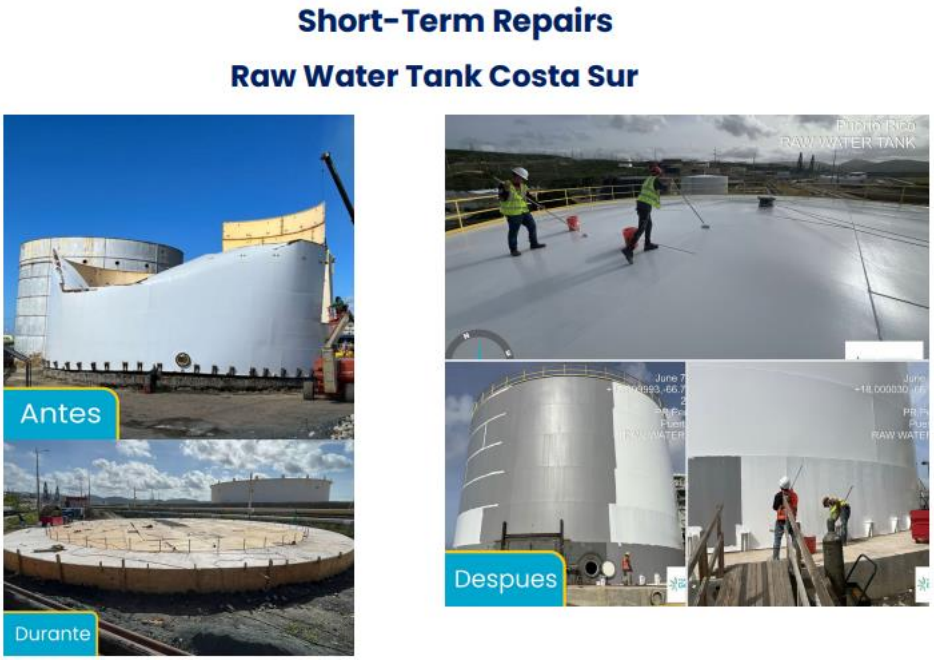
San Juan Units 5 & 6 Condenser Sea Water Pipeline



Short-Term Repairs

Palo Seco 3 Water Wall & Economizer Elements

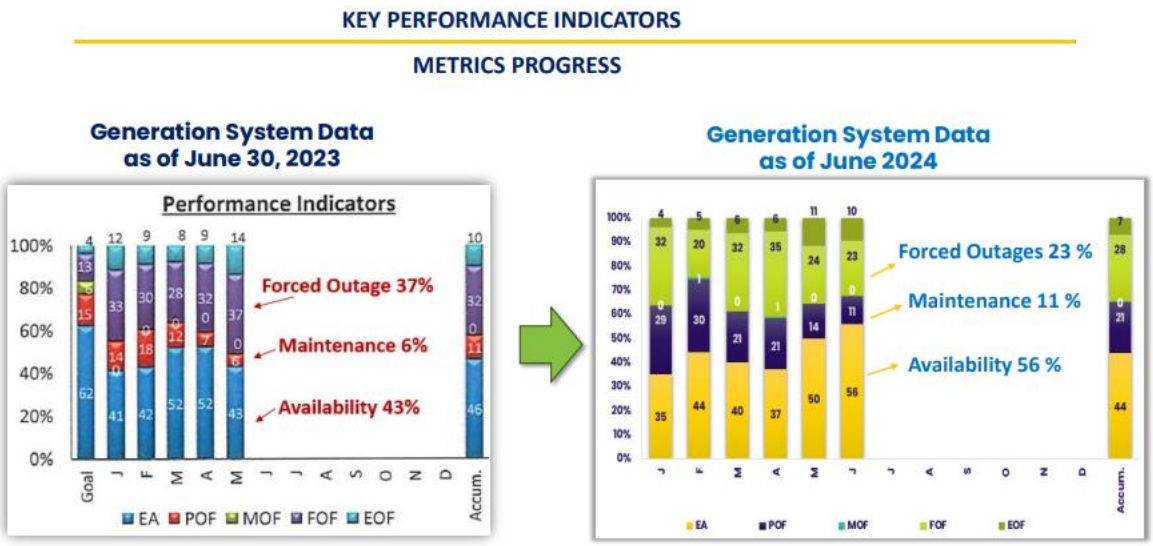




These repairs and general increases in maintenance efforts have helped Genera achieve an increase in capacity and a reduction in Forced Outages in the short term. Genera recognizes that it has a long road ahead, and even one shortfall is too many. But, by continuing with the maintenance repairs, major inspections and repairs, the purchase and installation of critical components, among other initiatives, we will continue to improve the system, increase available capacity and reduce the Forced Outages.

Capacity and Maintenance increase and reduction of Forced Outage Summary

The following figures show the increase in available capacity, the reduction in Forced Outage Factor as of July 2024, alongside Genera's goal for 2025 and the increase of the planned Maintenance.



II. Genera's Expectations for Second Contract Year (July 1st, 2024 – June 30th, 2025)

Genera has developed a Grid Stabilization Plan ("Plan") with a comprehensive short- and long-term strategy that seeks to address reliable generation issues and fluctuations in power supply, minimizing the impact of unexpected outages. In the short-term, the plan focuses on key repairs to existing facilities. In parallel, the plan contemplates transforming existing power plants into multi-purpose grid support centers equipped with generation and energy storage systems at key locations across the island. It also includes provisions for future equipment expansion to enhance efficiency, reduce production costs, and accommodate the island's growing energy needs.

The plan anticipates employing operational capabilities essential for flexibility, responsiveness, and advanced control systems to manage and integrate the anticipated surge in renewable generation and energy storage projects. By utilizing these innovations, Genera expects to quickly address fluctuations in power supply or demand, minimize the impact of unexpected outages, and bolster the grid's resilience to natural and unforeseen disruptions.

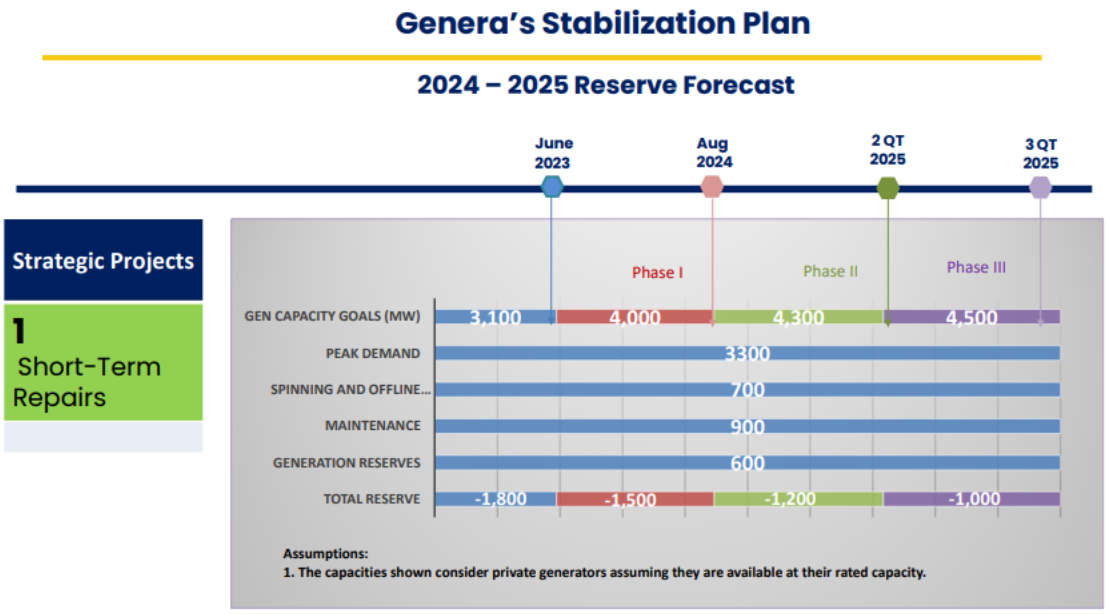
Additionally, the plan includes projects to replace critical components that are the most common cause of forced outages and aims not only to add generation capacity but to integrate energy storage solutions to promote a more adaptable, robust, and

efficient energy generation system. For the second Contract Year, Genera will continue with repairs, replacement of critical components, and the process to add energy storage resources.

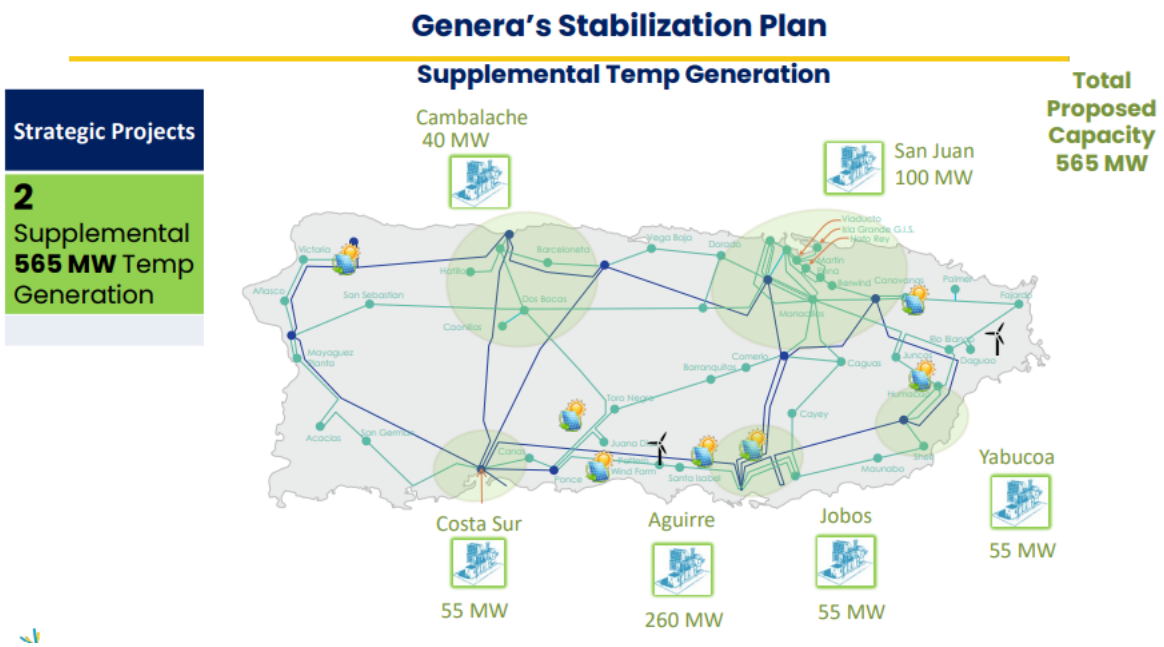
Current generation capacity is limited due to old and decaying generation assets most of which are past their useful life and require major repairs and maintenance — more specifically planned outage work— which has been a constant challenge.

Genera has also developed a comprehensive Plan for the next two years to repair certain LGA units and replace the critical components with new ones. The main purpose of this initiative is to improve reliability by reducing the forced outage factor rate. The repairs to be conducted in FY2025 and in FY2026 will be part of the process to stabilize the generation supply, allowing the grid to meet the T&D System Operator required reserves. Also, this, coupled with other initiatives, will aid in having enough generation in the system to allow generators (Genera and third-party providers) to perform regular maintenance outages and implement repair programs.

The following figure includes the reserve forecast for 2024 and 2025:



The following figure summarizes the addition of approximately 565 MW of temporary generation on existing location during the next two years.



Finally, the Plan integrates BESS equipment in certain facilities to provide instantaneous support, among other grid services to provide stability, as required, by the power system.

The following figure summarizes Genera's goals and expectations for this Contract Year and outlines commencement of the next Contract Year:

