Annual Report of Operational Performance and Expectations

September 29, 2025

GeneraPR



Executive Summary

Section 21.19(e) of the Puerto Rico Thermal Generation Facilities Operations and Maintenance Agreement ("OMA"), dated January 24, 2023, among the Puerto Rico Electric Power Authority ("PREPA"), the Puerto Rico Public-Private Partnership Authority ("P3A"), and Genera PR LLC ("Genera"), requires Genera to submit to the Administrator an annual report summarizing operational performance for the relevant Contract Year (July 1, 2024 – June 30, 2025) and presenting expectations for the upcoming Contract Year (July 1, 2025 – June 30, 2026).

This report provides a comprehensive overview of Genera's operational performance during the second Contract Year and outlines key maintenance, modernization, and reliability initiatives planned for the third Contract Year.

I. Genera's Operational Performance for July 1st, 2024 – June 30th, 2025

During the second year of operations under the OMA, Genera PR made measurable progress in stabilizing and strengthening Puerto Rico's electrical generation system. Through a coordinated program of critical maintenance, modernization projects, and operational improvements across all legacy generation sites, Genera enhanced available capacity, reduced forced outages, and improved the overall reliability of the power system.

These initiatives also contributed to a more cost-effective generation fleet, by optimizing fuel use, improving plant efficiency, and lowering operational costs—resulting in tangible savings for ratepayers.

Despite facing significant external pressures, including volatile fuel markets and financial constraints, Genera maintained full compliance with its contractual and regulatory obligations. Our teams balanced short-term operational reliability with long-term strategic investments, laying the foundation for continued grid resilience.

By the close of FY25, these coordinated efforts translated into:

- Increased and more stable generation capacity,
- Reduced frequency of load-shedding events, and

- A stronger platform for future modernization and decarbonization initiatives.

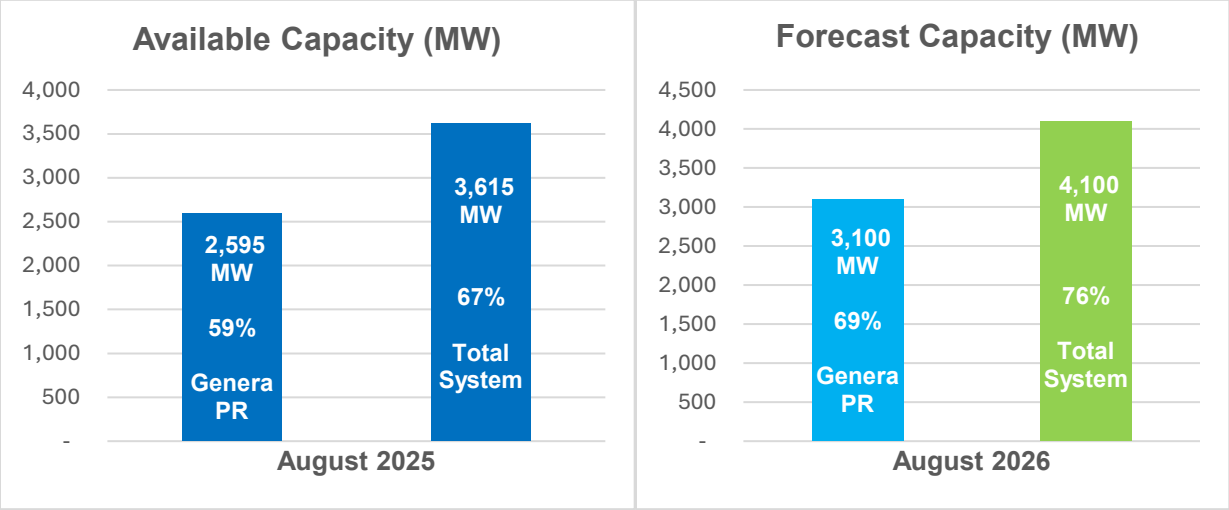
Available Capacity

At the beginning of the second Contract Year of operations (August 30, 2024), available generation capacity was 2,386 MW from PREPA-owned units, with an additional 801 MW from privately owned units, for a total system capacity of 3,187 MW.

By the end of the second Contract Year, Genera achieved a net increase of 209 MW, reaching a total of 2,595 MW from PREPA assets. When combined with private generation, total system capacity exceeded 3,615 MW at peak, representing a significant milestone toward grid stabilization.

Key achievement: The single largest contributor to this capacity increase was the Major Inspection at Costa Sur Unit 5, which involved the replacement of critical components and restored the unit to its original nameplate capacity.

CAPACITY INDICATOR



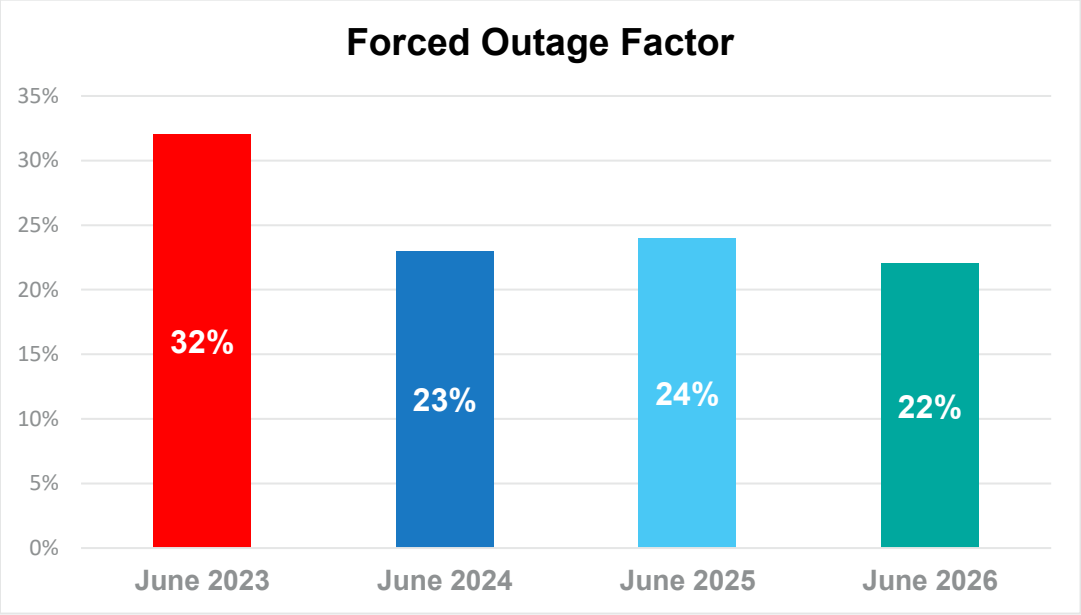
Forced Outage

Genera achieved a 23% cumulative reduction in forced outages during the first Contract Year and maintained this improved level during FY25. Importantly, the Equivalent Availability Factor ("EAF") improved by:

- +9.1% for baseload units
- +3.9% for peaking units

This improvement resulted in fewer load-shedding events, directly benefiting residential and commercial customers by enhancing service continuity and grid resilience.

For FY26, Genera has set a target to further reduce the Forced Outage Factor to 22%, supported by a strategic maintenance and inspection program.



Maintenance Program and Major Unit Rehabilitation

Fiscal Year 2025

Throughout FY25, Genera executed a targeted maintenance and rehabilitation program across critical generating units, in close coordination with the Transmission

and Distribution ("T&D") System Operator and relevant regulatory bodies. These activities were strategically prioritized to increase available capacity, improve unit efficiency, and extend the operational life of legacy assets.

The following are key highlights of the maintenance and rehabilitation efforts completed during the year:

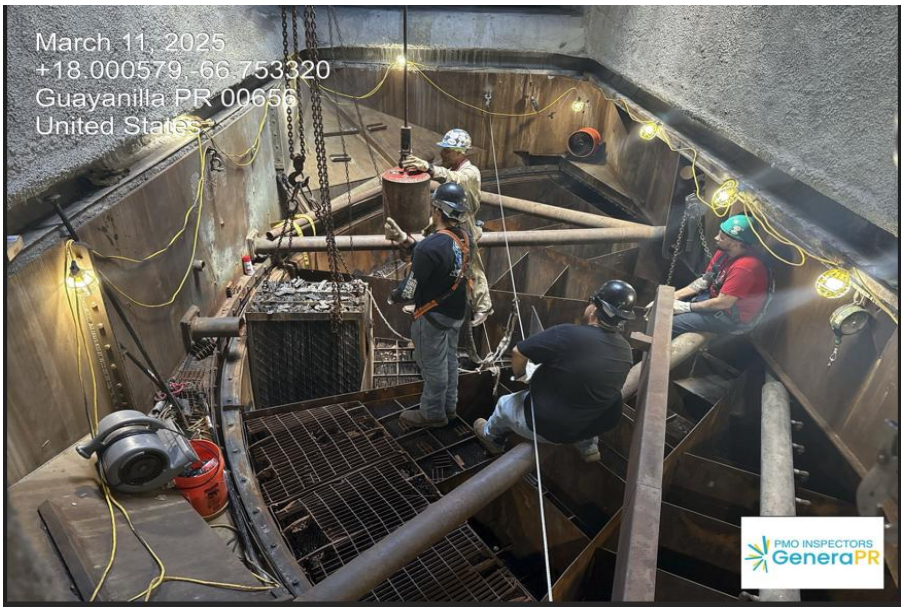
Costa Sur Unit 5 – Full Capacity Restoration

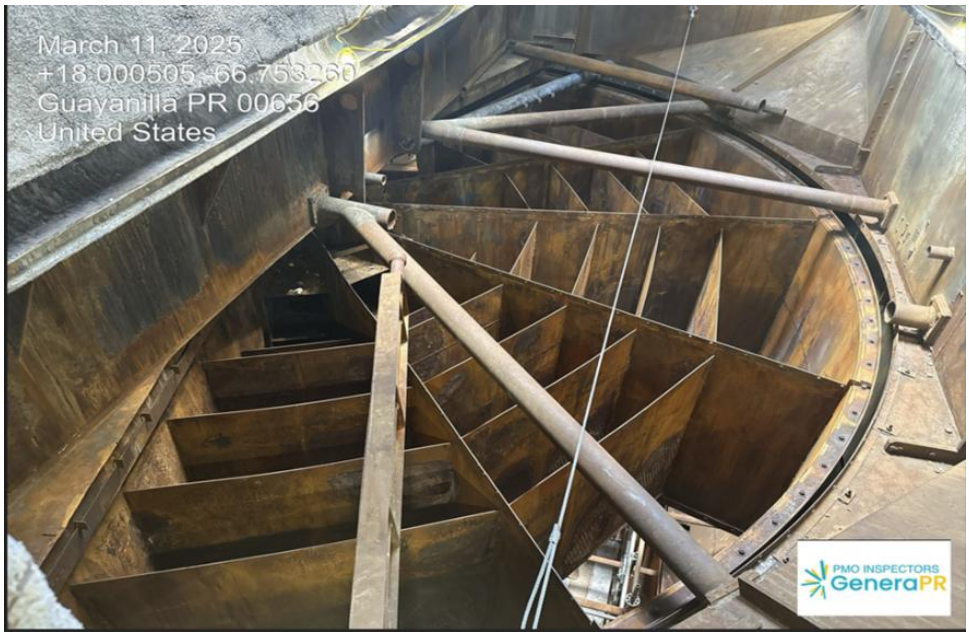
Before Genera assumed operational control, Costa Sur Unit 5 had been operating with significant limitations, producing only around 220 MW due to long-standing mechanical deficiencies. Genera conducted a Major Inspection and component replacement program, which included the installation of new air preheater baskets as part of a broader critical component's initiative.

Once completed, these works successfully restored the unit to its original nameplate capacity of 410 MW, representing a 190 MW increase in reliable capacity. This project was one of the single most impactful reliability improvements completed to date.

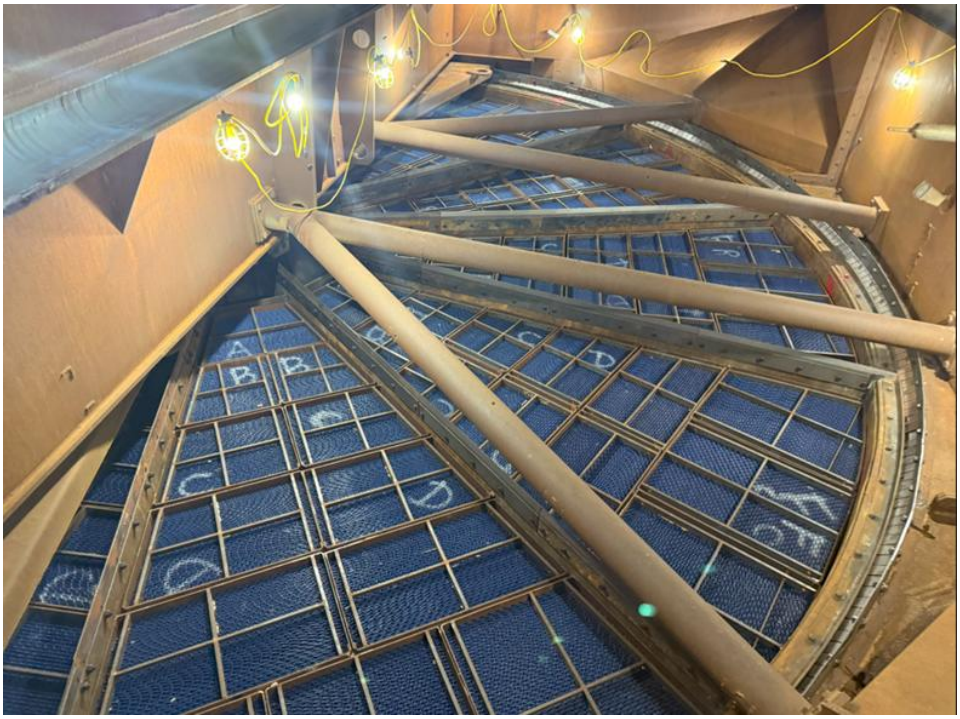
Key Impact: Increased system capacity and reduced forced outages during peak demand periods.

Before Repairs





After Repairs



San Juan Unit 6 – Targeted Rotor and Generator Rehabilitation

Genera performed comprehensive repair works on the combustion turbine generator rotor and concurrently took the opportunity to implement additional maintenance on the Heat Recovery Steam Generator ("HRSG"). These combined efforts led to an immediate increase in available capacity during the summer and hurricane peak seasons.

Further, Genera initiated repairs on the steam turbine generator condenser and addressed damage caused by a T&D system fault. These activities are scheduled for completion by Q3 FY26 and are expected to yield improvements in both unit reliability and fuel efficiency, directly lowering generation costs for consumers.

Before Repairs



After Repairs





Palo Seco Unit 4 – Comprehensive Generator Rewinding

During FY25, Genera undertook the rehabilitation and rewinding of the generator stator at Palo Seco Unit 4, alongside critical repairs to the boiler, auxiliary systems, and rotor.

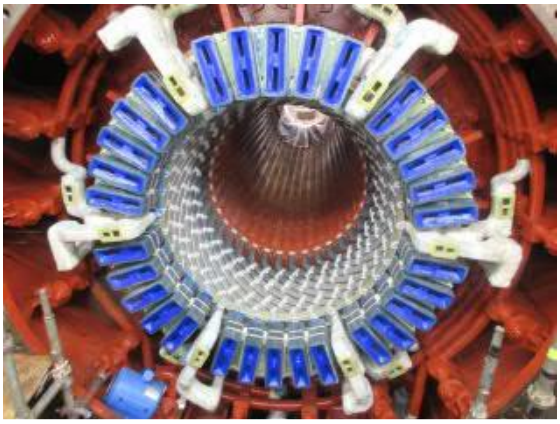
The unit is in service but is scheduled to return its full nameplate capacity of 216 MW by Q2 FY26, significantly strengthening the generation portfolio serving the metropolitan area.

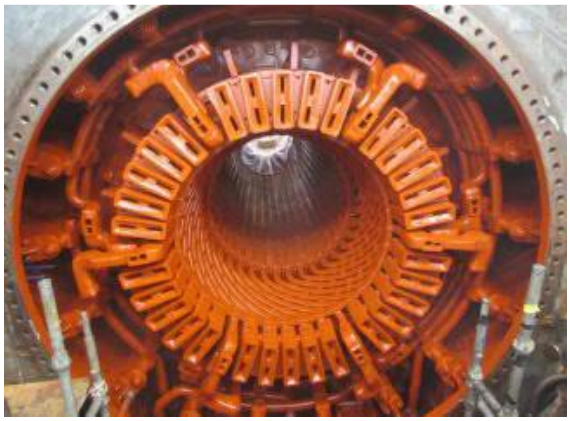
Before Repairs





After Repairs

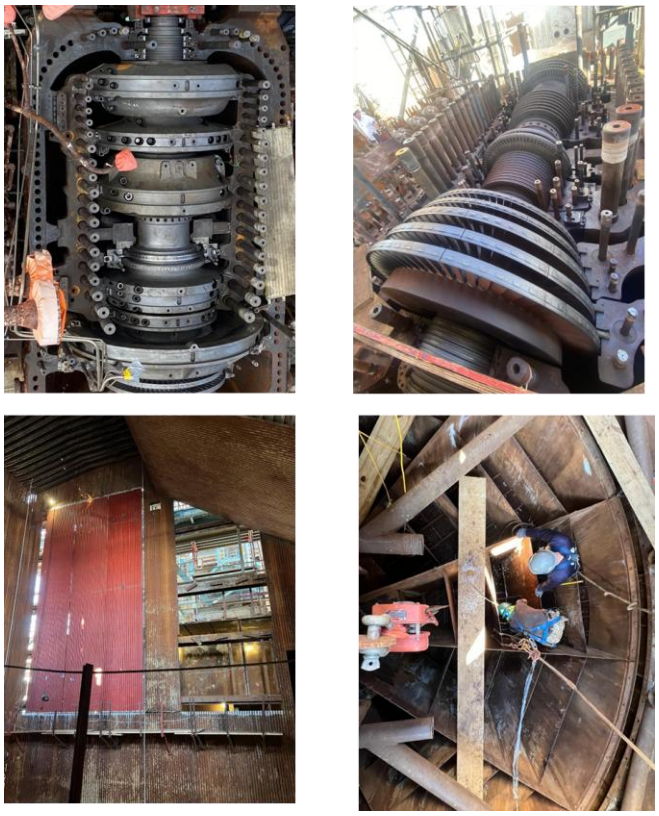




Palo Seco Unit 3 – Major Turbine Overhaul

Palo Seco Unit 3 underwent a major overhaul of the turbine rotor, auxiliary equipment, and boiler components. This unit was successfully returned to service during Q1 FY25, fully restored to its 216 MW nameplate capacity, thereby improving local system resilience and operational flexibility.

Unit Rehabilitation



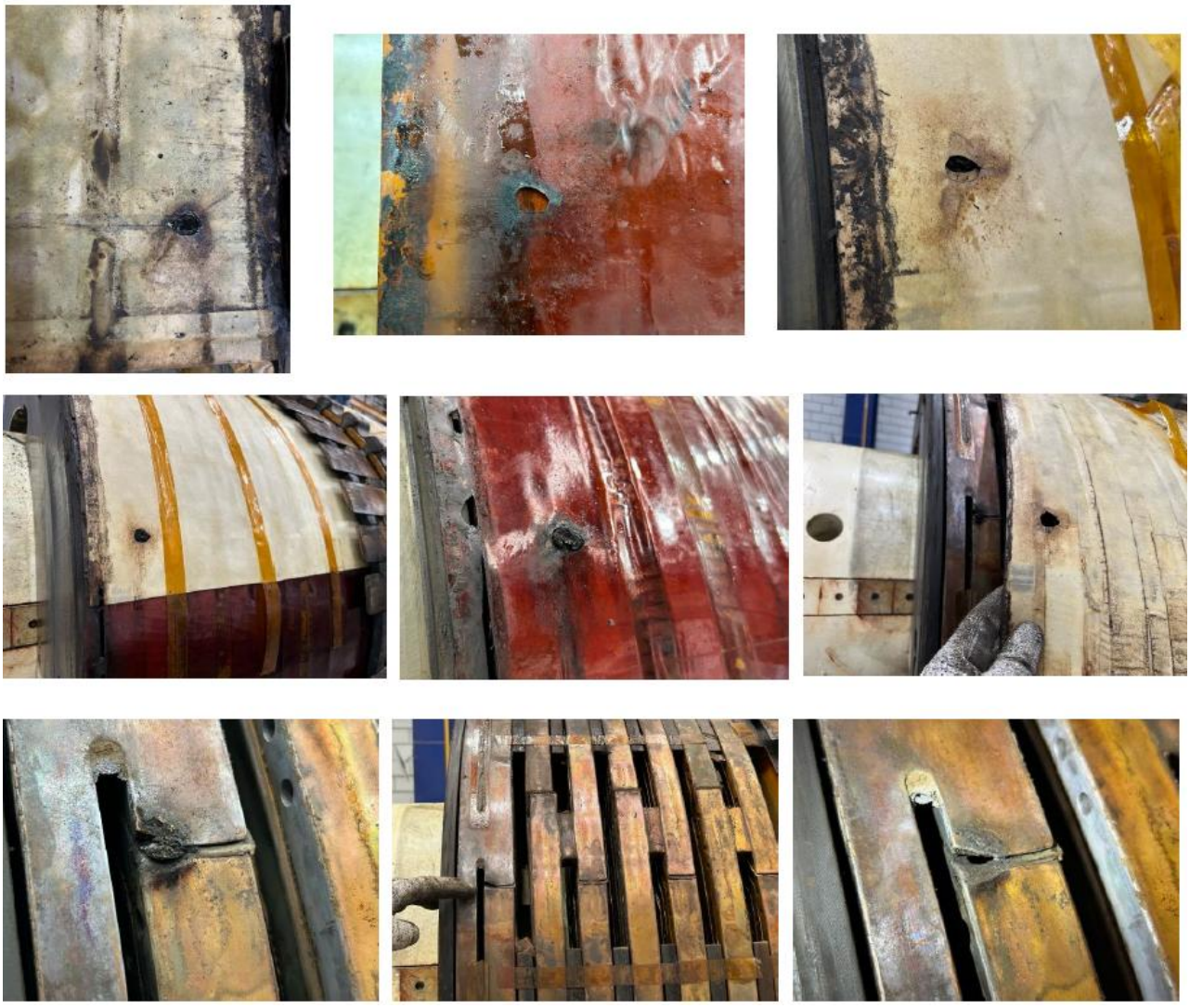
Aguirre Unit 2 – Generator Catastrophic Failure Recovery

Aguirre Unit 2 experienced a catastrophic generator rotor failure caused by coil contamination and insulation degradation, which rendered the unit unavailable. Genera shipped the generator to the OEM facility in Mexico for a complete inspection and rewinding.

The repairs were completed successfully, allowing Genera to return approximately 350 MW of capacity to the system, a major milestone in grid stabilization efforts.

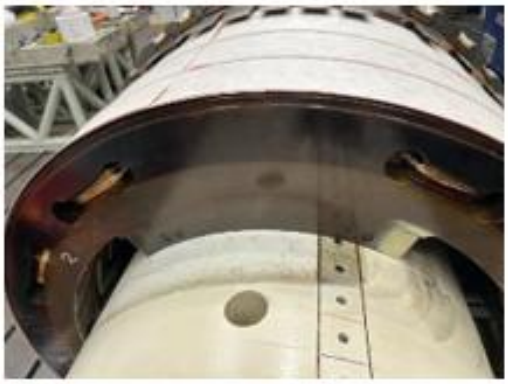
Key Impact: Rapid recovery from a high-impact outage through proactive planning and OEM partnerships.

Before Repairs

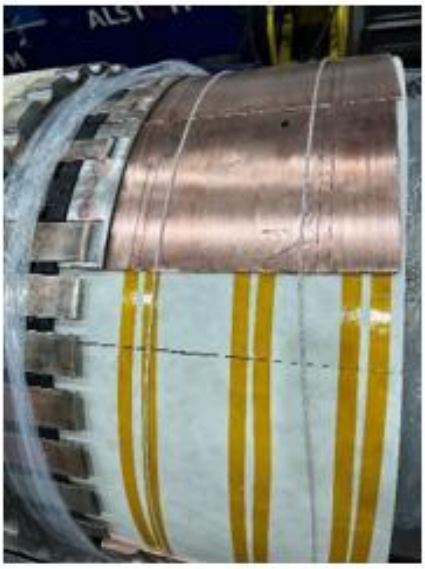


After Repairs

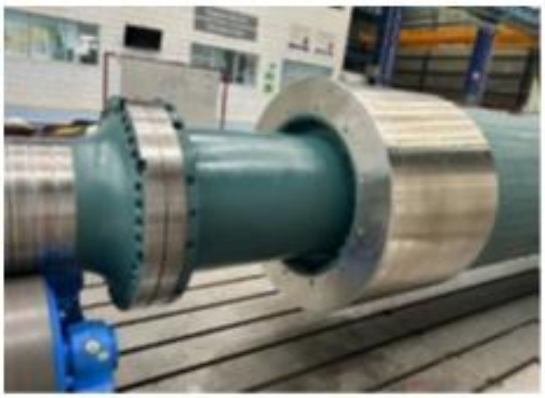












Battery Energy Storage System and New Peaking Units Integration

As part of Genera's long-term strategy to modernize Puerto Rico's generation fleet and enhance system reliability, Genera is advancing the integration of Battery Energy Storage Systems ("BESS") and new Peaking Units across key generation sites. Together, these assets form a strategic operational layer that supports system flexibility, stabilizes frequency, and provides rapid response capability during grid contingencies.

The addition of BESS and new Peakers marks a critical evolution of the island's legacy thermal generation fleet. While traditional baseload units remain essential for sustained generation, BESS and Peakers provide the operational agility and fast-start capacity needed to stabilize an increasingly dynamic grid environment.

These assets play complementary roles:

- BESS delivers instantaneous frequency and voltage support, mitigates generation fluctuations, displaces spinning reserves, and improves overall grid stability.
- Peaking Units provide fast-ramping generation capacity that can be dispatched quickly to meet sudden increases in demand or offset generation shortfalls.

Together, these technologies enhance the resilience, flexibility, and efficiency of Puerto Rico's power system—particularly during peak demand periods, unplanned unit outages, or during high renewable generation variability.

During FY25, Genera advanced multiple initiatives to deploy and operationalize BESS installations and integrate new Peaking Units at strategic locations. For both initiatives, Genera has completed:

Work Performed for BESS and New Peaker Units in FY25
Contract signed with equipment manufacturer
Geotechnical and Geophysical Surveys

Procurement - Construction Design Drawings
Pre-Construction Federal Permitting

Strategic Outcomes

Despite facing financial constraints, delays in equipment lead times, and legacy system challenges, Genera demonstrated that strategic planning, technical expertise, and disciplined execution can yield significant improvements in system reliability and capacity.

Through major inspections, targeted rehabilitation, and critical component replacements, Genera achieved:

- A measurable increase in available generation capacity across the fleet,
- A reduction in forced outage factors, and
- A clearer path toward long-term system resilience.

II. Genera's Expectations for the third Contract Year (July 1st, 2025 – June 30th, 2026)

Operational Expectations and Planned Maintenance

Fiscal Year 26

Looking ahead, Genera's FY26 Maintenance and Operations Program focuses on maximizing generation availability, continuing critical equipment rehabilitation, and supporting system stability through strategic investments. The program covers key baseload and peaking units and includes both scheduled overhauls and targeted component replacements.

San Juan Generating Station

- CT Unit 5 – Scheduled maintenance includes hot gas path inspection and repair of auxiliary components and systems to increase unit reliability and improve operating efficiency.
- Steam Turbine Unit 6 – Ongoing repairs to the Steam Turbine rotor and auxiliary equipment are expected to be completed by Q3 FY26, delivering an additional 60 MW of capacity and lower generation costs through the unit's non-fossil-fuel operation.
- Steam Turbine Unit 7 – Major rotor repairs, boiler tube panel replacements, and condenser rehabilitation are underway, with completion expected by Q3 FY26. Once back online, this unit will add approximately 100 MW of capacity.
- Steam Turbine Unit 9 – Similar major repairs are planned, including rotor and boiler system work. The unit is scheduled for completion by Q4 FY26, adding another 100 MW to the system.

Palo Seco Power Plant

- Unit 4 – Major repairs were completed in Q1 FY26, including generator rehabilitation and boiler system upgrades. The unit is currently being normalized and is expected to return to service by early Q2 FY26, restoring approximately 200 MW of capacity.
- Unit 3 – Scheduled Outage for Q3 FY26, including air preheater basket replacement and required environmental inspections. These repairs will increase the unit's output by 50 MW, reaching 200 MW total capacity.

Costa Sur Power Plant

- Unit 6 – Currently operating with capacity limitations, this unit is scheduled for major repairs in Q2 FY26, including air preheater replacement and environmental compliance work. Once completed, output is expected to increase by 60 MW, reaching 410 MW total capacity.

Cambalache Power Plant

- CT Unit 3 – Repairs to the rotor and hot gas casing are scheduled for completion by Q2 FY26, enabling the unit's return to service with 77 MW of capacity.
- CT Unit 2 – A major overhaul is planned for late Q3 FY26, with completion targeted for early Q1 FY27. The work will include combustion component inspections and auxiliary repairs.

Aguirre Power Plant

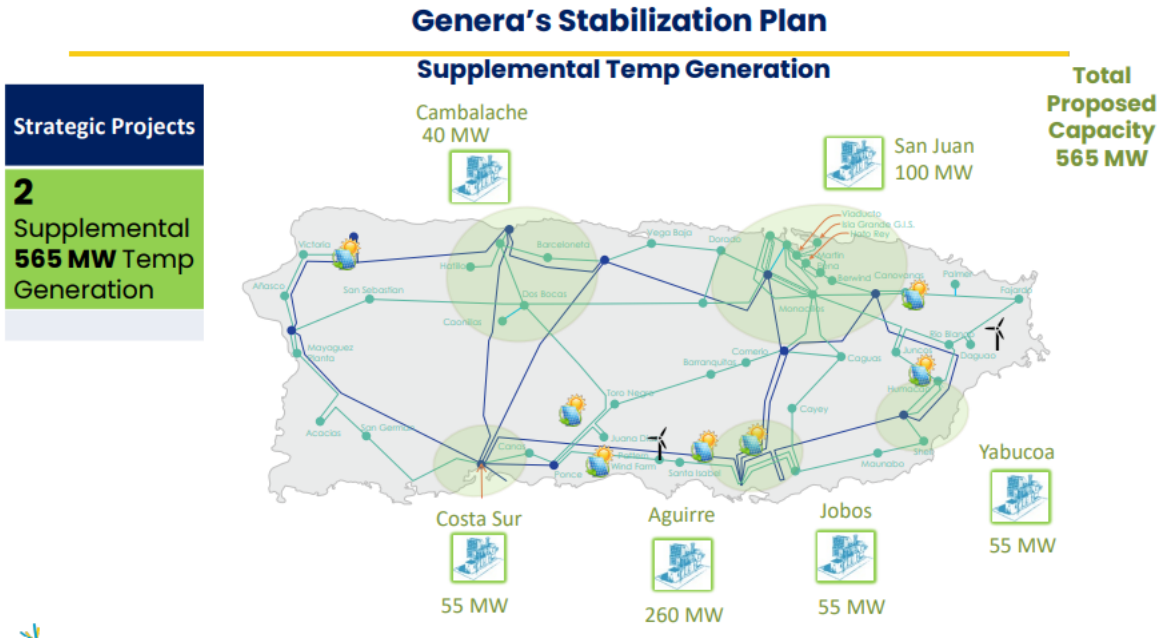
- Steam Turbine Unit 2 – Scheduled Outage for Q3 FY26, this project includes replacement of air preheater baskets, environmental inspections, and low-pressure turbine joint repairs. Completion will restore 75 MW of additional capacity, bringing the unit to 425 MW total.

Program Execution Status

As of the publication of this report, approximately 50% of FY26 scheduled maintenance activities are already underway, reflecting Genera's proactive planning and execution discipline.

Battery Energy Storage System and Peaking Unit Integration

In parallel with generation asset rehabilitation, Genera has begun work for the integration of Battery Energy Storage Systems at select facilities. These systems will provide instantaneous grid support, frequency regulation, and other ancillary services essential for stabilizing the grid during contingencies.



Looking ahead to FY26, Genera will continue to expand deployment and operational integration of these assets, focusing on:

Battery Energy Storage System	Peakers
Construction Permitting	Procurement - Construction Drawings
Interconnection Facility Study	Federal Permitting
Procurement - Construction Design Drawings	Decommissioning Plan and Demolition Works
Procurement - Civil and Structural Construction Works	Procurement – EPC Contractor
Procurement - Contractor for Installation Works	Fabrication and Delivery of Equipment

The key benefits of integrating BESS and New Peakers to the existing generation fleet include:

- Improved frequency response and system stability during disturbances;
- Faster recovery times following unexpected outages;
- Reduced dependence on aging baseload units during critical ramp periods;

- Lower operational costs through reduced spinning reserve requirements and improved dispatch efficiency;
- Support for renewable energy integration by balancing variability and enhancing grid flexibility.

The combined deployment of BESS and new Peaking Units represents a major step toward creating a resilient, efficient, and future-ready power system for Puerto Rico—bridging the island's legacy generation fleet with its long-term energy transition goals.

Conclusion and Strategic Outlook

During the second Contract Year under the Operation and Maintenance Agreement, Genera delivered measurable progress in stabilizing, rehabilitating, and modernizing Puerto Rico's thermal generation fleet. Through disciplined execution of critical maintenance programs, targeted capacity recovery projects, and operational efficiency initiatives, Genera strengthened the island's electrical grid and enhanced service reliability for residents and businesses alike.

These efforts were achieved despite persistent challenges, including fuel price volatility, aging infrastructure, and financial constraints caused by PREPA's liquidity. Genera's teams responded to these challenges with technical expertise, strategic planning, and close coordination with the T&D Operator and government agencies.

Looking forward to FY26, Genera is committed to building on this momentum through:

- Continued execution of an ambitious maintenance and overhaul schedule across major units,
- Further reductions in forced outages and improvements in unit availability,
- Expansion of cost-effective and efficiency-enhancing initiatives, and
- Strengthening the foundation for Puerto Rico's long-term energy transition.

Genera recognizes the critical responsibility entrusted to it under the OMA: ensuring that Puerto Rico's legacy generation assets provide stable, efficient, and reliable

service during this pivotal transition period. This responsibility is both operational and strategic, requiring a balance of short-term performance and long-term resilience.

By continuing to apply engineering discipline, transparent reporting, and collaborative problem-solving, Genera is confident that Puerto Rico's generation fleet can be transformed into a more stable, efficient, and modernized system—serving as a bridge toward a cleaner and more sustainable energy future.