# Annual Report of Operational Performance and Expectations

**October 1, 2026**

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, 2025 – June 30, 2026) and presenting expectations for the upcoming Contract Year (July 1, 2026 – June 30, 2027).

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

## I. Genera's Operational Performance for July 1st, 2025 – June 30th, 2026

During the third year of operations under the OMA, Genera made measurable progress through a coordinated program of critical maintenance and modernization projects across all legacy generation sites. Genera increased the available capacity, to support system wide s, and improved the overall reliability of the power system.

Rather than pursuing broad, resource intensive overhauls across the fleet, Genera concentrated on targeted repairs to restore reliability and availability quickly, with a specific goal in mind: increase the energy reserve margins ahead of hurricane season and peak summer demand, when system stress and the cost of unavailable capacity is highest.

Genera closed FY2025–26 with more than 180MW of additional available energy reserve margins as of June 30, 2026, when compared to the prior Contract Year, and with baseload units operating more reliably and efficiently than in the prior Contract Year. These additional MW of reserve margin reduced load shedding events, improve economic dispatch and support short term outages for quick repairs.

Despite significant external pressures, including budget reductions, 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 FY2026, these coordinated efforts translated into:

- Increased generation capacity,
- Reduced frequency of load-shedding events, and
- A stronger platform for future modernization and decarbonization initiatives.

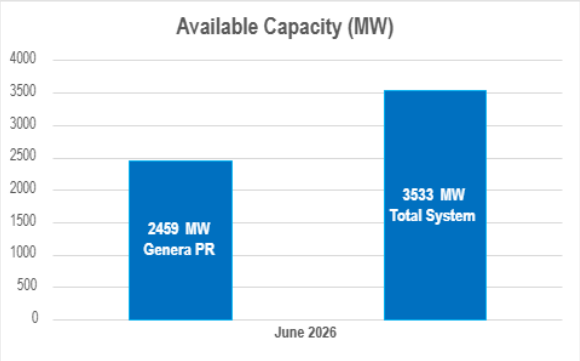
**Available Capacity**

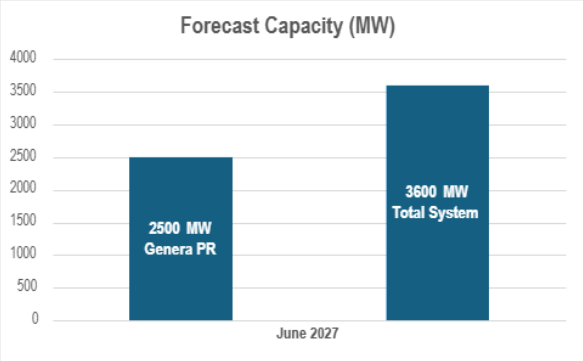
At the beginning of the third Contract Year of operations (July 1, 2025), available generation capacity was 2,335 MW from PREPA-owned units, with an additional 1,040 MW from privately owned units, for a total system capacity of 3,375 MW.

By the end of the third Contract Year, Genera achieved a net increase of 124 MW, reaching a total of 2,459 MW from PREPA assets. When combined with private generation, total system capacity exceeded 3,518 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 Palo Seco 4 and San Juan. A multimillion-dollar investment on a unit that was out of service prior to Genera's commencement date (Palo Seco 4) and a Major Inspection on one of the most fuel-efficient units (San Juan 6).

## CAPACITY INDICATOR

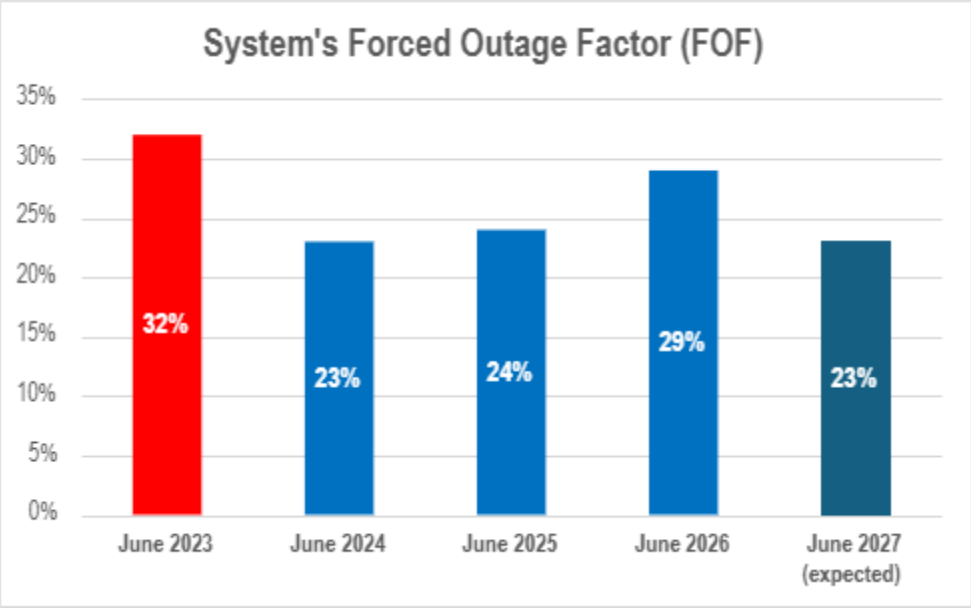



### Forced Outage

Genera achieved a 1.3% cumulative reduction in forced outages for baseload units during the third Contract Year and maintained this improved level during FY26. Importantly, the Equivalent Availability Factor ("EAF") improved by more than 10%.

For FY27, Genera has set a target to reduce the Forced Outage Factor to 23%, supported by a strategic maintenance and inspection program.



## Maintenance Program and Major Unit Rehabilitation

*Fiscal Year 26*

Throughout FY26, 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:

### Palo Seco 4 – Full Capacity Restoration

Before Genera assumed operational control, Palo Seco 4 was out of service, generating 0MW. Genera conducted a Major Inspection and component replacement program, which included the rotor repair and full stator rewind, and installation of new air preheater baskets as part of a broader critical component's initiative.

*Key Impact*: These repair works successfully restored the unit to its original nameplate capacity of 216 MW, representing a 216 MW increase in reliable capacity. Increased system capacity and reduced forced outages during peak demand periods. The unit returned to service in September 2025.

**Before Repairs**



**After Repairs**



**San Juan Unit 6 – Major Inspection**

Genera performed comprehensive repair works on both turbines (Steam and Combustion) and both generator rotors (Steam and Combustion). Genera took this opportunity to repair the cooling tower, auxiliary equipment and main condenser. These combined efforts led to an immediate increase in available capacity during the summer and hurricane peak seasons.

These repairs addressed damage caused by a T&D system fault. Genera expects to complete the repairs of the steam turbine activities by Q2 FY27.

*Key Impact*: The Combustion turbine unit returned to service in Q4 of FY26. These repairs resulted in both unit reliability and fuel efficiency, directly lowering generation costs for consumers.

**Palo Seco Unit 3 – Environmental**

During FY26, Genera performed all maintenance required under the Consent Decree to comply with the environmental outage requirements and prevent fines under the Consent Decree. Additionally, critical components were installed to improve unit

efficiency, reliability and capacity. Total cost of the inspection and repairs are around $3M divided between federal and local funds.

Key Impact: The unit returned to service in May 2026 with its full nameplate capacity of 216 MW, significantly strengthening the generation portfolio serving the metropolitan area.

**Cambalache 3 – Inspection and Repair Vane Carrier**

After performing a minor inspection of the Cambalache Unit 3, Genera identified certain critical equipment that needed repairs. The final work performed was a major repair of the turbine and auxiliary equipment. Genera was able to obtain DOE funds to complete the repairs.

Key Impact: These repairs prevented an imminent catastrophic failure of the unit. This unit was successfully returned to service in March 2026, restoring 77MW of additional capacity, thereby improving local system resilience and operational flexibility.

**Palo Seco Mobile Pacs – Conversion**

Genera executed the installation of the pipelines and required infrastructure to convert the fuel units to dual fuel (diesel and natural gas). This is a major achievement that not only allows the unit to operate more efficiently with a cleaner fuel but prolongs the useful life of the equipment and reduces maintenance.

Key Impact: Conversion of the Mobile Pacs to dual fuel results in a reduction in the reliance of diesel as primary fuel. Genera was able to quantify the savings realized around $3M for using natural gas instead of diesel.

**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.

During FY26, Genera advanced multiple initiatives to deploy and operationalize BESS installations and integrate new Peaking Units at strategic locations. For both initiatives, Genera has completed:

1) The Decommissioning of the Vega Baja site

During FY26, Genera also initiated multiple activities to deploy and operationalize BESS installations and integrate new Peaking Units at strategic locations. Ongoing activities in FY26 are:

1) BESS units started arriving at the island
2) Peaker units started arriving at the island
3) Cambalche commenced site preparation
4) Infrastructure projects and improvements at Vega Baja and Costa Sur

**Strategic Outcomes**

During the third Contract Year, Genera prioritized targeted repairs and critical component replacements that restored reliable capacity quickly ahead of hurricane season and peak summer demand. This was done despite budget constraints, volatile fuel markets, extended equipment lead times, and the condition of the legacy assets acquired from PREPA.

These efforts produced the following results:

- **Capacity**: Available capacity from PREPA-owned units rose from 2,335 MW to 2,459 MW (+124 MW), with Palo Seco 4, Palo Seco 3, Cambalache 3, and San Juan 6 making the largest contributions.

- **Reliability**: Forced outages at baseload units fell by 1.3%, and the Equivalent Availability Factor improved by more than 10%.
- **Compliance**: Genera completed the maintenance required under the Consent Decree for Palo Seco 3 and maintained compliance with its contractual and regulatory obligations.
- **Efficiency**: Dual-fuel conversion of the Palo Seco Mobile Pacs produced approximately $3 million in fuel savings.

These results reduced load-shedding exposure and improved dispatch flexibility. Genera enters FY27 with a defined program for the remaining key objectives of completing the repairs of San Juan Units 7 and 9 and Aguirre Units 1 and 2.

## II. Genera's Expectations for the fourth Contract Year (July 1st, 2026 – June 30th, 2027)

### Operational Expectations and Planned Maintenance

*Fiscal Year 27*

Looking ahead, Genera's FY27 Maintenance and Operations Program focuses on maximizing generation availability, continuing critical equipment rehabilitation, and supporting system stability through key maintenance and repairs of past due units acquired from PREPA. The program focuses on major capacity baseload and peaking units.

#### San Juan Generating Station

- Unit 6 (Steam)– the unit is currently out of service. Genera is working on the installation of the generator rotor. This repair will return the combined cycle operation of the unit while reducing fuel generation costs. The unit is expected to return in Q2 of FY27.
- Unit 7 – the unit is out of service due to a major failure. Genera will perform turbine repairs and expects to return the unit to service around Q3 of FY27.

- Unit 9 – the unit is out of service for a programmed major overhaul. This unit was 40,000 hours past due its maintenance schedule when acquired from PREPA. This is the last past due baseload unit that required a major overhaul, which will be completed by Genera on Q3 of FY27.

**Palo Seco Power Plant**

- Unit 4 – the unit is currently in service and scheduled for an environmental inspection in Q3 of FY27 which is already due. Genera requested the necessary amounts to perform the environmental outage but funds were not approved under the FY27 approved budget.

**Costa Sur Power Plant**

- Unit 5 – the unit is currently operating at full load. The unit is scheduled for an environmental inspection in Q3 of FY27. However, Genera requested the necessary amounts to perform the environmental outage but funds were not approved under the FY27 budget. Genera filed a motion requesting funds to perform the required environmental inspection under the Consent Decree to prevent fines and contaminant emissions, however, the Regulator did not approved the requested funds.
- Unit 6 - the unit is currently operating at limited capacity. The unit is scheduled for an environmental inspection, air preheaters baskets replacement and hydrogen seals replacement for Q2 of FY27. The replacement of the baskets will be done using FEMA funds and the generator and environmental maintenance will be performed using DOE funds. This maintenance is expected to return to capacity of the unit to its name plate capacity of 410MW.

**Cambalache Power Plant**

- CT Unit 2 – the unit is currently in service. A major inspection is scheduled for Q2 of FY27. These repairs will make the unit more reliable and additional capacity for peaking hours. Genera successfully obtained DOE funds to perform this repair.

**Aguirre Power Plant**

- Unit 1 – the unit is currently unavailable due to a catastrophic failure of the generator. Genera is performing repair works on the catastrophic failure with the OEM, and is also working on repairs to auxiliary equipment and other components. Genera expects to return the unit to service by Q4 of FY27. The unit is expected to return to its full name plate capacity of 450MW. Genera successfully obtained DOE funds to perform this repair.

- Unit 2 – the unit is currently in service at limited capacity. The unit is scheduled for an environmental inspection and Genera also plans to install a spare rotor of the generator as recommended by the OEM, the low-pressure turbine seals, and the air preheater baskets. Genera expects to complete these repairs by Q4 of FY27. The unit is expected to return to its full name plate capacity of 450MW. Genera successfully obtained FEMA and DOE funds to perform this repair.

**Program Execution Status**

As of the publication of this report, approximately 60% of the FY27 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 continues with the development and integration of the BESS Program at six selected sites. These systems will be providing 430 MW of capacity for instantaneous grid support, frequency regulation, and other ancillary services essential for stabilizing the grid during contingencies.

The BESS Program is expected to have two sites interconnected to the grid by the end of FY27. The Peaking Unit Program of 244 MW of capacity at four selected sites continues in decommissioning, construction and installation phase through FY27. The BESS Program will improve grid stability and flexibility during disturbances, provide for faster recovery times following unexpected outages, ramp controls and improve dispatch efficiency.

**Figure 1**

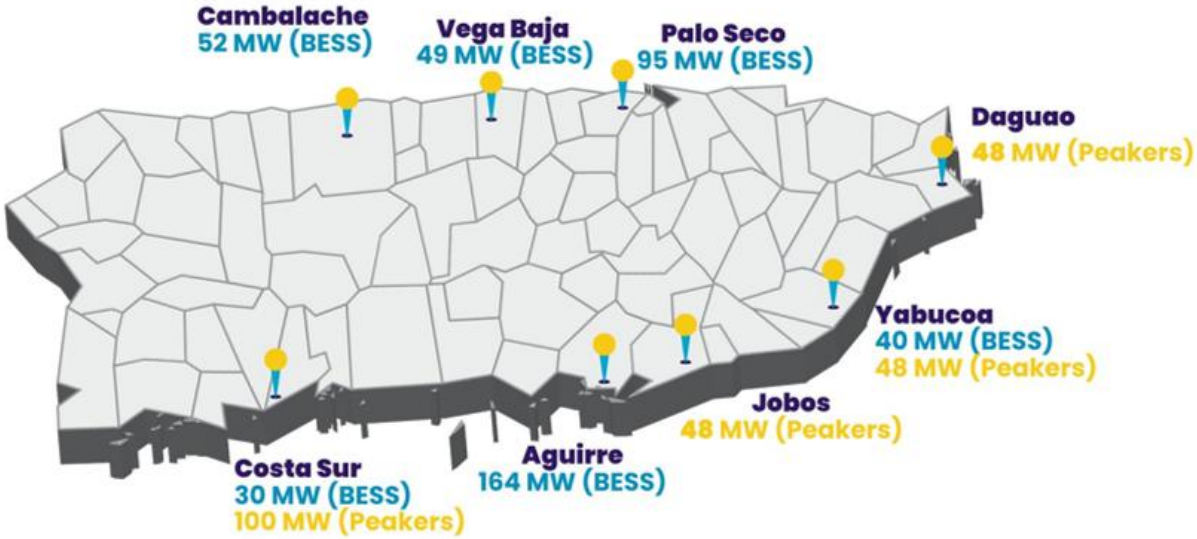



**Figure 1** represents Puerto Rico by municipality, and the combined deployment of BESS and Peakers.

Looking ahead to FY27, Genera expects to continue with the operational integration as follows:

| Battery Energy Storage System | Peakers |
|---|---|
| Installation of 49 MW of BESS is expected to be completed in Vega Baja, with interconnection activities underway. | Installation of 100 MW of CTGs expected to be in progress at Costa Sur. |
| Installation of 52 MW of BESS and interconnection activities expected to be completed in Cambalache. | Decommissioning and demolition activities expected to be completed in Yabucoa, with civil works ongoing for the installation of 48 MW of CTGs. |
| Installation of 30 MW of BESS and interconnection activities expected to be completed in Costa Sur. | Decommissioning and demolition activities expected to be ongoing in Jobos to support the installation of 48 MW of CTGs. |

| | |
|---|---|
| Installation of 164 MW of BESS and interconnection activities expected to be underway in Aguirre. | Decommissioning and demolition activities expected to be ongoing in Daguao to support the installation of 48 MW of CTGs. |
| Installation of 40 MW of BESS and interconnection activities expected to be underway in Yabucoa. | Delivery of major equipment is expected to be completed across all project sites. |
| Demolition activities expected to be ongoing at Palo Seco in preparation for the installation of 95 MW of BESS. | Execute procurement for Interconnection contractor |

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 integration 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 third Contract Year under the OMA, Genera delivered measurable progress in stabilizing and modernizing Puerto Rico's thermal generation fleet. Genera added 124 MW of available capacity from PREPA-owned units, reduced forced outages at baseload units, and improved the Equivalent Availability Factor by more than 10%. These results came despite fuel price volatility, aging infrastructure, and financial

constraints tied to PREPA's liquidity and retroactive reduction of an approved budget within three months of ending FY26.

In the fourth Contract Year (FY27), Genera will:

- Execute significant maintenance  repairs on San Juan, Aguirre and Costa Sur;
- Reduce forced outages toward the 23% target, and;
- Advance BESS and new Peaking Units

Some FY27 outcomes depend on timely approvals and funding, including the Costa Sur 5 environmental inspection. Genera will continue working with the Regulator and other agencies to secure the resources and funding needed to protect reliability and avoid compliance exposure.

Through engineering discipline, transparent reporting, and collaboration with its partners, Genera is confident that Puerto Rico's generation fleet can become a more stable, efficient, and modern system, serving as a bridge to a cleaner and more sustainable energy future.