

The Puerto Rico Energy Bureau Authorizes Dual Generation Procurement Processes Following the Promulgation of Act 1-2025

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On March 19, 2025, the Puerto Rico Energy Bureau ("PREB") issued two Resolutions and Orders in cases NEPR-MI-2024-0005 and NEPR-MI-2025-0001 that set in motion short and long-term generation procurement processes intended to address Puerto Rico's current energy generation deficit. Both actions are closely tied to the enactment of Act 1-2025, which amends the Puerto Rico Energy Public Policy Act ("Act 17-2019") and modifies Puerto Rico's Renewable Portfolio Standard and energy public policy. Together, these efforts seek to stabilize the grid while maintaining long-term renewable goals.

The first Resolution and Order, issued under case NEPR-MI-2024-0005, approves emergency measures for the immediate acquisition of temporary generation capacity. In response to a February 2025 request by Genera PR, LLC, the operator of the Puerto Rico Electric Power Authority's ("PREPA") legacy generation assets, and supported by LUMA, the transmission and distribution system operator, PREB authorized an expedited procurement process through the Puerto Rico Public-Private Partnerships Authority's Third-Party Procurement Office to acquire between 700 and 850 megawatts ("MW") of temporary generation. This action was driven by a critical shortage in generation capacity, exacerbated by the catastrophic failure of Aguirre Unit 1, and is intended to alleviate grid instability over an initial period of eighteen (18) months. The emergency procurement process was ordered to commence within three (3) days of the issuance of the Resolution, with a notification deadline to PREB of March 24, 2025. PREB emphasized that the emergency generation initiative does not conflict with the current Integrated Resource Plan and is justified due to urgent system needs.

The second Resolution and Order, issued under case NEPR-MI-2025-0001, initiates a competitive long-term procurement process for 2,500 to 3,000 MW of new baseload generation capacity. PREPA was directed to notify the P3 Authority within five (5) business days of the Resolution to commence the formal request for proposals process with a notification deadline to the PREB of March 26, 2025. PREB stated that new units should preferably be no larger than 400 MW, located as close as possible to load centers, and not limited to natural

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gas technologies. The new capacity must also be compatible with renewable integration to support the long-term goal of 100% renewable energy by 2050.

Both Resolutions are framed within the context of Act 1-2025, which amended key provisions of Puerto Rico's energy laws, including the elimination of interim renewable energy goals for 2025 and 2040 and the extension of coal generation (specifically the AES plant in Guayama) through 2032. While Act 1-2025 reaffirms the commitment to a 100% renewable energy target by 2050, it recognizes the urgent need for stable and reliable generation in the short and medium term. PREB underscored its legal authority to oversee procurement processes and ensure that all new generation aligns with public energy policy and consumer protection standards.

PREB further acknowledged that several Independent Power Producers ("IPPs") have been awarded renewable energy projects that could potentially supply 30% to 40% of the island's annual energy demand. However, the current generation crisis necessitates immediate action to supplement that capacity with reliable baseload resources.

Entities interested in participating in these procurement processes — whether as emergency capacity providers or as long-term generation partners — should monitor developments closely. Early engagement will be critical to meet the PREB's evolving regulatory requirements and project timelines.

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