



## GOVERNMENT OF PUERTO RICO

Puerto Rico Electric Power Authority  
Governing Board

### RESOLUTION 4799 APPROVAL OF AMENDED OPERATING RENEWABLE ENERGY PPOAs

- WHEREAS: The Puerto Rico Electric Power Authority ("**PREPA**") is a public corporation and an instrumentality of the Government of Puerto Rico created by Act No. 83 of May 2, 1941, as amended ("**Act No. 83**"). PREPA was created to provide electrical energy in a reliable way contributing to the general welfare and sustainable future of the people of Puerto Rico, maximizing benefits and minimizing social, environmental, and economic impacts. In addition, it provides a service based on affordable, fair, reasonable, and non-discriminatory cost that is consistent with environmental protection, non-profit, focused on citizen participation, and its clients.
- WHEREAS: Act No. 83 authorizes PREPA, in the management of its purposes, to grant contracts and formalize all the instruments that are necessary or convenient in the exercise of any of its powers.
- WHEREAS: On July 2, 2017, PREPA commenced proceedings under Title III of the Puerto Rico Oversight, Management and Economic Stability Act ("**PROMESA**") before the United States District Court for the District of Puerto Rico (the "**PROMESA Court**"), which is being administered under Case No. 17-4780 (LTS).
- WHEREAS: Under Title III of the PROMESA Act, subject to the court's approval, PREPA may assume or reject any executory contract, such as a Power Purchase and Operating Agreement (PPOA), and may further modify, renegotiate or otherwise resolve these PPOAs if such action is for the benefit of PREPA and the people of Puerto Rico.
- WHEREAS: Act 82-2010, titled "Public Policy on Energy Diversification by Means of Sustainable and Alternative Renewable Energy in Puerto Rico Act", as amended, creates a Renewable Energy Portfolio to establish short, mid, and long term compulsory compliance goals in matters of energy production by means of sustainable or alternative renewable energy.
- WHEREAS: Act 17-2019, titled "Puerto Rico Energy Public Policy Act," requires 40% of the production of energy in Puerto Rico, to be based on renewable sources by the year 2025.



WHEREAS: In order to achieve this objective while also better aligning PREPA's finances with the objectives of PREPA's Fiscal Plan pursuant to the Title III process, PREPA's management carried out direct negotiations with nine (9) counterparties to existing PPOAs relating to operating renewables projects (the "**Operating PPOAs**"), beginning in late 2019, to amend their agreements to provide a targeted 10% savings over the remainder of the contracts.

WHEREAS: To alleviate some of the negative impact to these projects, PREPA gave the developers negotiating these reductions flexibility to (a) shape the savings at their discretion, so long as a ten percent (10%) NPV discount was achieved, (b) offer modest increases in the generating capacity (subject to transmission feasibility and 2020 MTR Compliance for such increased capacity) with the related energy and RECs to be sold at market prices, as determined by the Board ("**Board Determined Market Prices**"), and (c) make modest extensions to the term of the Operating PPOAs with the energy and renewable energy credits sold during such term extensions being priced at Board Determined Market Prices.

WHEREAS: Through the foregoing negotiations, and pursuant to the recommendations of PREPA's Governing Board, PREPA reached agreement with seven (7) of the nine (9) counterparties to the Operating PPOAs (as identified in Part I of Annex A) on PPOA amendments (the "**PPOA Amendments**") during the first half of 2020, on the terms set forth in the memo relating to operating projects from Mr. Fernando Padilla to the Chief Executive Officer, dated May 26, 2020.

WHEREAS: PREPA was unable to reach agreement for comparable price reductions on two (2) of the Operating PPOAs, as identified in Part II of Annex A, and the pricing under these PPOAs remains materially above the Board Determined Market Prices.

THEREFORE: In accordance with Act 83, PREPA's Governing Board resolves to approve and authorize:

1. the submission of the PPOA Amendments to the Financial Oversight and Management Board, the Puerto Rico Energy Bureau and the Puerto Rico Public Private Partnerships Authority for approval;
2. following such approval, finalization and execution of the PPOA Amendments and submission of each such amended PPOAs to the Title III Court for assumption;

3. execution of such ancillary documentation and carrying out of such other steps as reasonably necessary to effect the foregoing; and,
4. rejection of the two (2) Operating PPOAs on which PREPA did not reach agreement (as identified in Part II of Annex A).

Approved in San Juan, Puerto Rico, on the twenty-eighth day of May, two thousand twenty.



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Eduardo Arosemena-Muñoz  
Secretary of the Board