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Puerto Rico Announces Privatization of Power Generation With 10-Year, \$340 Million Contract to Genera PR

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A power plant in Palo Seco, Toa Baja, Puerto Rico.

Governor Pedro Pierluisi on Wednesday announced Genera PR as the company that will make power generation in the island commonwealth a private sector enterprise.

The unveiling of Genera PR, which according to reporting from [Latino Rebels](#) is a subsidiary of New Fortress Energy (NFE), comes after weeks of secrecy surrounding contract discussions. The public now knows that Genera PR will initially receive \$22.5 million per year, to operate the power generation assets of the heavily indebted Puerto Rico Electric Power Authority (PREPA), and up to \$100 million in incentives. Over the course of the 10-year contract, the company is

expected to close PREPA's generating units as cleaner energy infrastructure comes online, with both operating fees and incentives reportedly set to drop as that happens.

The new enterprise will enjoy a 100- day transition period, reportedly anticipated to begin mid-year, before it completely takes over the reins from PREPA. It will receive \$15 million during this time.

The contract terms also requires Genera PR to manage fuel purchase contracts for the generation facilities.

While government officials are hailing the privatization of Puerto Rico's electrical generation systems — Latino Rebels reports Puerto Rico State Secretary Omar Marrer as calling it an "historic day" — others are raising concerns about the lack of transparency in the process.

Tomás Torres-Placa, the consumer representative on the governing board of the Alliance for Public-Private Partnership (P3A), said that the lack of public participation in the decision to grant NFE a de facto monopoly on electricity production was what underpinned his vote against the contract.

At-large member of the Puerto Rico House of Representatives José Bernardo Marquez, from the Citizen's Victory Movement, wrote a letter to the P3A asking for information about the privatization process.

Questions about the selection of a New Fortress Energy subsidiary as the recipient of a lucrative state contract arise as the ailing PREPA, suffocating under nine billion dollars of debt, is accusing the natural gas producer of contract violations. Latino Rebels reports that the territory's Energy Bureau is currently reviewing reports that NFE undersupplied PREPA with natural gas, forcing the already debt burdened utility to make up the shortfall with diesel, which is substantially more costly. PREPA's costs have reportedly yet to be disbursed.

Some Puerto Ricans are skeptical about the move to privatize power generation due to recent experiences. In 2021, [Luma Energy took over transmission and distribution](#) of energy in Puerto Rico, and since then consumers are paying more and receiving less, with more frequent blackouts. In response, government officials reportedly noted that half of the savings generated by the incentives it provides to Genera PR will be passed on to consumers.

Back in the U.S. Virgin Islands, a U.S. territory like Puerto Rico facing an energy generation crisis, Governor Albert Bryan made a commitment during his State of the Territory Address Monday to solve the problem once and for all. This effort will include upgrades to the infrastructure of the Water and Power Authority, and addressing the many issues facing the beleaguered company.

“I am confident in setting this goal because I know there are tremendous resources being made available to help WAPA turn the corner on its problems and this administration has the courage and determination to see it through,” Mr. Bryan said.

The commitment represents Governor Bryan’s continuing efforts to modernize the territory’s power system. Last March, he announced plans to make St. Croix [100 percent solar powered](#), citing the rising cost of fuel as a threat to the economy.