

Environmental Law, Energy & Land Use Practice Group

September 14, 2017

NOTICE TO CLIENTS AND FRIENDS

PR Developments: PREPA's Proposed Procedure to Terminate Certain Existing Power Purchase and Operating Agreements

On September 12, 2017, the Puerto Rico Electric Power Authority (“PREPA”) requested the Puerto Rico Federal District Court (“Court”) authorization to establish a procedure to terminate certain existing power purchase and operating agreement for renewable energy and fuel supply (“PPOA’s”). Today PREPA has more than sixty (60) renewable energy PPOA’s. PREPA signed these contracts to comply with the new renewable energy requirements ordering the public corporation to produce 20% of its electricity from renewable resources by 2035.

PREPA has indicated that it is currently evaluating the PPOA’s to determine whether they should be terminated. This evaluation process is part of PREPA’s ongoing bankruptcy case under Title III of the Puerto Rico Oversight Management and Economic Stability Act known as PROMESA which allows the public corporation to terminate existing agreements under certain circumstances.

In its petition to the Court, PREPA proposes to send a notice to the affected party(ies) of its decision to terminate an existing contract, as well as, the effective date of termination. The affected company(ies) would then have seven (7) days to object PREPA’s decision before the Court.

To further discuss or obtain additional information on how this development may impact you, please feel free to contact us at your convenience.

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