PUERTO RICO
ELECTRIC POWER AUTHORITY
PREPA
GOVERNMENT OF PUERTO RICO

Mary C. Zapata Acosta
Executive Director

November 7, 2025

By Electronic Mail
Josue.colon@p3.pr.gov

Mr. Josué A. Colón Ortiz
Executive Director
Puerto Rico Public-Private Partnerships Authority
Suite 300, Ave. Jose de Diego
San Juan, PR 00911

Dear Mr. Colón Ortiz:

Re: Emergency Temporary Generation Capacity (3PPO-RFP-0314-20-TPG2)
OFAC Compliance and Clarification Request

The Public-Private Partnerships process established under Act 120-2018 and Act 29-2009 applies to transactions involving PREPA's facilities, whether such facilities are already in existence or are planned for future development. In this context, "facilities" include, among others, electric power generation facilities. The Puerto Rico Public-Private Partnerships Authority (P3A) is authorized to establish a Partnership Agreement, including in the form of a Power Purchase / and Operating Agreement (PPOA), through which PREPA may acquire generation services, such as energy or dependable capacity from an Independent Power Producer.

Under this framework, on February 26, 2025, Genera PR, LLC (Genera) submitted to the Energy Bureau of the Puerto Rico Public Service Regulatory Board (Energy Bureau) a request for expedited approval of emergency generation measures, citing a critical generation shortfall following the failure of Aguirre Unit 1. In response, the Energy Bureau issued a Resolution and Order on March 14, 2025, in which it found that the electric system was facing a generation deficit between 700 and 850 MW and that immediate measures were necessary to address the emergency.

The Energy Bureau approved the acquisition of temporary generation capacity and ordered PREPA to notify the P3A to activate the services of the Third-Party Procurement Office (3PPO), since Genera is classified as a restricted party. The 3PPO conducted the procurement process and, after several procedural steps, issued its Evaluation and Recommendation Report on September 10, 2025.

On same date, PREPA received from Ruben Lugo of the P3A the *Evaluation and Recommendation Report* for the proposal under 3PPO-RFP-0314-20-T P G2, concerning *Emergency Temporary Generation Capacity and Safeguard Systems Reliability*

a short-term solution requiring modular temporary generation resources supported by defined technical, commercial, and compliance criteria.

Following the evaluation of proposals and verification of compliance with the RFP requirements, the 3PPO recommended proceeding with negotiations with the three proponents:

- **Gothams Energy LLC + Americas Power Solutions**
- **Power Expectations and Reyes Contractor**
- **Javelin Global Commodities**

Based on this recommendation, PREPA presented the 3PPO Report to the PREPA's Governing Board on October 24, 2025, after which the 3PPO initiated negotiations with all three proponents regarding contract terms and conditions, according to the authorization granted by the Governing Board.

Among the documents reviewed by PREPA was a Background Analysis for all three proponents, which did not reveal any information contradicting or preventing the continuation of contractual discussions with any of them. However, on page four of the *Evaluation and Recommendation Report*, the 3PPO identified a constraint concerning Gothams Energy LLC, stating that *"Karadeniz Holdings A.S., owner of the vessels, is a related company to Karpowership and is mentioned on the OFAC (Office of Foreign Assets Control of the U.S. Department of the Treasury) sanctioned list."* Despite this, the 3PPO did not include this issue as a key risk in Section VIII – Risk Considerations & Mitigation (page 14) of the report for Gothams Energy LLC.

As recently as November 5, 2025, PREPA received new information and documentation indicating that P3A had raised concerns regarding this issue and requested that the 3PPO escalate the matter to OFAC subject matter experts. Furthermore, the 3PPO verified that KARADENIZ MGEMI INSA SANAYI VE TICARET appears on the OFAC list and is related to Karpowership, as confirmed through a search of the OFAC database of the U.S. Department of the Treasury. The 3PPO subsequently recommended issuing an Request for Information (RFI) to Gothams Energy LLC through Power Advocate. Documentation also indicates that, as of October 14, 2025, P3A had not yet received information of the RFI to the proponent or their responses.

This is a serious matter that raises potential compliance risks under United States federal law. PREPA must ensure that P3A and the 3PPO conduct a full due diligence to determine whether any direct or indirect relationship with a sanctioned entity exists and whether such a relationship would preclude contracting with the proponent. PREPA's role in this process is to receive all documentation from P3A and 3PPO, validate that all required documents and justifications are complete and compliant with the RFP and the applicable law, and act upon the final recommendation for contract execution.

Given that a company associated with one of the proponents appears on the OFAC sanctions list, this issue must be fully addressed before any contract execution with Gothams Energy, LLC is considered. PREPA therefore requests that this issue be formally clarified and that P3A, through the 3PPO, provide a written legal determination addressing the potential impact of executing a contract with this proponent on the outcome of the RFP. PREPA further requests copies of all documentation reviewed and analyzed to reach this conclusion, including any legal opinions, memoranda, recommendations, or expert analyses prepared by qualified legal entities or subject matter experts.

In keeping with PREPA's commitment to transparency, we also request a certified copy of all documents added to the RFP file after September 10, 2025, when the Evaluation and Recommendation Report was first presented by P3A. These documents will be incorporated into the official RFP file at PREPA. The September 10, 2025, Evaluation and Recommendation Report must also be amended to include this issue, the supporting documentation, and the final conclusions and recommendations of the 3PPO, to ensure the procurement record is complete and accurate prior the continuation of the contracting process. PREPA looks forward to receiving 3PPO analysis on this issue and recommendations.

Cordially,

Mary C. Zapata Acosta
Executive Director

c: Osvaldo Carlo-Linares, Esq., ocarlo@carlolaw.com