NewFortress energy

111 W 19th Street, 8th Floor
New York, NY 10011

July 21, 2025

VIA ELECTRONIC MAIL

Third Party Procurement Office (3PPO)

Re: Your July 18, 2025 Letter re: Notification of Terms Accepted by Puerto Rico Stakeholders for the Multisite Energy Generation Gas Supply Agreement

Dear 3PPO:

Thank you for your offer of July 18, 2025.

It is essentially a restatement of the original RFP you issued several months ago. For a host of reasons, we are unable to provide LNG to you on a spot basis and thus this is not an RFP we can respond to constructively.

We continue to believe that spot purchase of LNG is unequivocally the wrong structure for Puerto Rico as it will result in far higher costs and less energy security, which is why our contract is structured as it is but of course we respect your decision to seek a different path.

In simple terms, long-term commitments result in materially lower costs; short-term (or spot in this case) commitments result in materially higher costs. The savings of long-term commitments of LNG vs. diesel today is approximately $5/6 dollars/mmbtu, which given the volumes required translates into hundreds of millions in savings annually.

By contrast, short term (or spot) purchases that comply with the Jones Act and volume limitations in San Juan harbor will be much much more expensive (effectively close to the cost of diesel), thereby resulting in hundreds of millions annually of higher fuel costs.

We spent many weeks and had countless conversations with 3PPO and the Energy Tsar Josue Colón and fully negotiated an alternative to the original RFP that we believe is a compelling offer. That is the contract that was submitted nearly a month ago to the FOMB for approval.

If you wish to proceed with that contract, we are still prepared to do so.

As an alternative, if you wish to source your own spot volumes and toll through our LNG terminal, we are open to negotiating a market price for a tolling agreement to provide access. As you know, our terminal was constructed at a cost of hundreds of millions of dollars and has been in operation for over 5 years. By providing LNG/natural gas to San Juan 5/6 these last 5 years as well as the temporary power units we have saved Puerto Rico nearly a billion dollars in fuel costs to date. We believe future savings can be even greater if new and converted plants also use LNG.

The world market for short-term (spot) LNG and long-term contracts has changed dramatically since the original 5/6 contract was agreed and signed in 2019. As we have said repeatedly, we do not have short-term spot volumes available for sale at this time. But if you wish to procure spot cargos (which need to be

non-USA origin or shipped in a Jones Act compliant vessel) yourselves and pay a tolling fee to access the terminal we are willing to consider this. Maximum cargo size currently is approximately 90k m3 due to draft restrictions. And of course, in addition to the tolling fee, the incremental costs of shipping, logistics, port fees, tugs, and boil off all must be taken into consideration.

A tolling operation would be logistically complex but may be a better fit given your desire to supply the temporary generation fleet through open/spot cargos. Spot prices are high today and have been generally volatile, but it is an alternative to consider.

Sincerely,

New Fortress Energy

cc: Josué Colón (josue.colon@p3.pr.gov; Administrator@p3.pr.gov)
Mary Zapata (mary.zapata@prepa.pr.gov)