Financial Oversight and Management Board for Puerto Rico

MEDIA RELEASE

OVERSIGHT BOARD REVOKES APPROVAL OF PREPA CONTRACT WITH POWER EXPECTATIONS

San Juan, PR – August 14, 2026 – The Financial Oversight and Management Board for Puerto Rico announced today that its members voted to revoke the approval of the power generation contract between the Puerto Rico Electric Power Authority (PREPA) and Power Expectations LLC, Enchanted Rock LLC, and Reyes Contractor LLC, to direct PREPA to terminate the contract, and to refer the contract issues to the relevant law enforcement authorities.

The Oversight Board made this determination following a statement by ERock Inc., the holding company of Enchanted Rock, on August 7, 2026, that said the company is not a party to this power generation project and its name and signature were used without authorization.

One of the most critical factors for the Oversight Board's approval of the $5.9 billion, 10-year contract to deploy, install, operate, and maintain temporary power generation units with an aggregate capacity of 400 megawatts (MW) was Enchanted Rock's participation as the provider of the equipment. According to the Third-Party Procurement Office (3PPO), which manages the procurement process, Power Expectations lacked financial capacity and the technical expertise to perform the contract without Enchanted Rock. Since Enchanted Rock stated it is not involved in the process, the procurement is irreparably impaired.

The contract followed a Request for Proposals by 3PPO in response to the direction of the Puerto Rico Energy Bureau, Puerto Rico's independent energy regulator, in March 2025 to address the emergency related to an anticipated generation shortfall of approximately 700 MW to 850 MW, and to stabilize the system reliability. The Oversight Board was keenly aware of the energy emergency when it reviewed the contract. However, the Oversight Board understands that to date, 66 calendar days since the contract's execution on June 10, 2026, no significant progress has been reported.

Despite the urgent need for the temporary generation, PREPA did not submit the proposed contract to the Oversight Board until January 16, 2026. The Oversight Board's conditional approval on May 8, 2026, and final determination on June 2, 2026, followed a deliberate process to address the Oversight Board's considerable concerns about the project. These concerns, provided to 3PPO starting in

January and throughout the following months, included the contract price and value, the project schedule, and the financial and execution capacity of Power Expectations, including the surety bond that would guarantee Power Expectations' performance.

The Oversight Board's process to review and approve contracts relies largely on the government parties entering into the agreement to vet the counterparties. In accordance with PROMESA, the Oversight Board's contract review policy is designed to restore the public's faith in the procurement process by ensuring the government procures public contracts in a way that promotes market competition and that contracts are consistent with the Fiscal Plans. The Oversight Board takes no position on the dispute between Power Expectations and Enchanted Rock. The Oversight Board's concern is confined to the accuracy and completeness of the record presented and whether the conditions of approval have been met.

The Oversight Board's May 8, 2026, conditional approval and June 2, 2026, determination each reserved the right to re-evaluate the Oversight Board's approval upon becoming aware of "any inaccuracies or misrepresentations – whether intentional or not." This contract no longer complies with the Oversight Board's review policy and is therefore no longer in effect under PROMESA Section 204.

###

About the Financial Oversight and Management Board for Puerto Rico:

The Financial Oversight and Management Board for Puerto Rico was created under the bipartisan Puerto Rico Oversight, Management and Economic Stability Act (PROMESA) of 2016. The purpose of the Oversight Board is to provide a method for Puerto Rico to achieve fiscal responsibility and access to the capital markets.

Website: www.oversightboard.pr.gov

Contact:
Sylvette Santiago
Press Secretary
sylvette.santiago@promesa.gov
787-641-0001

Matthias Rieker
Communications Director
matthias.rieker@promesa.gov
787-641-0001