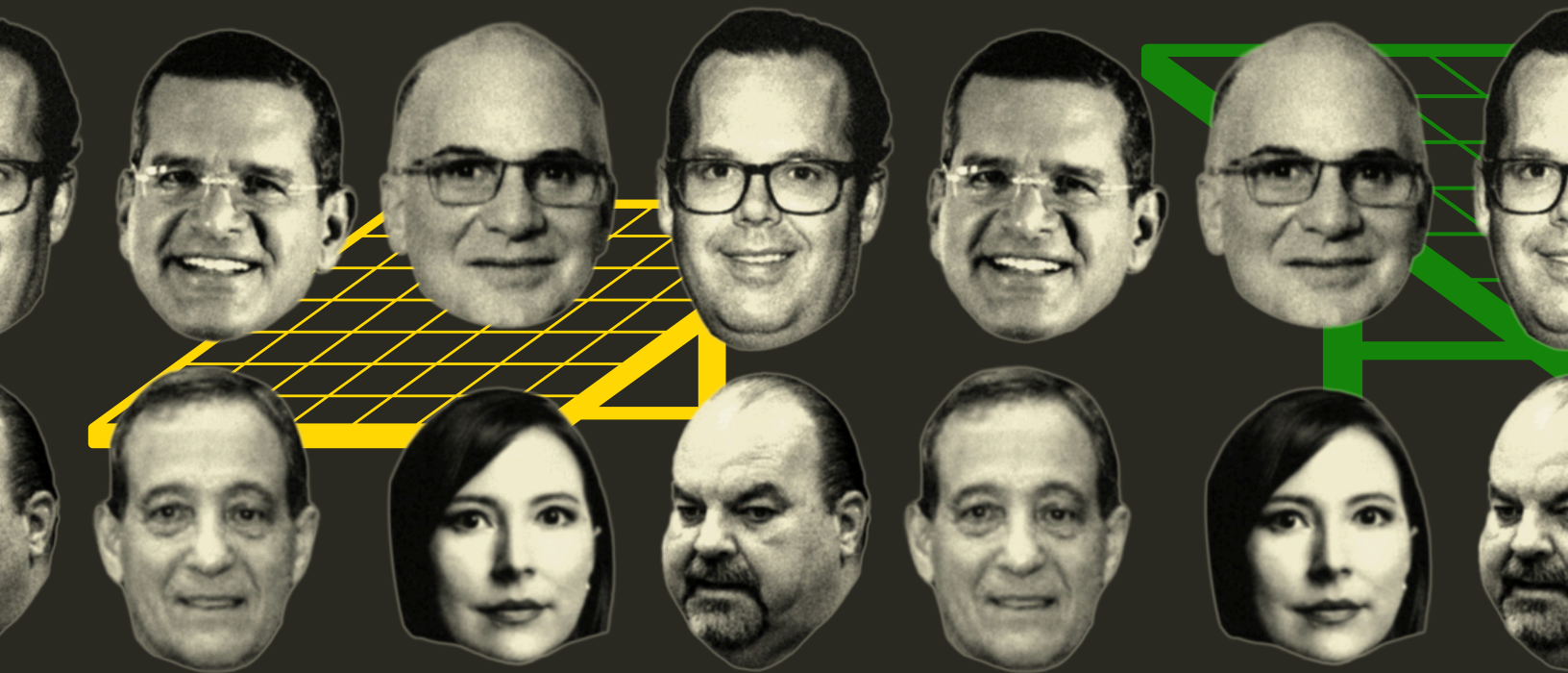




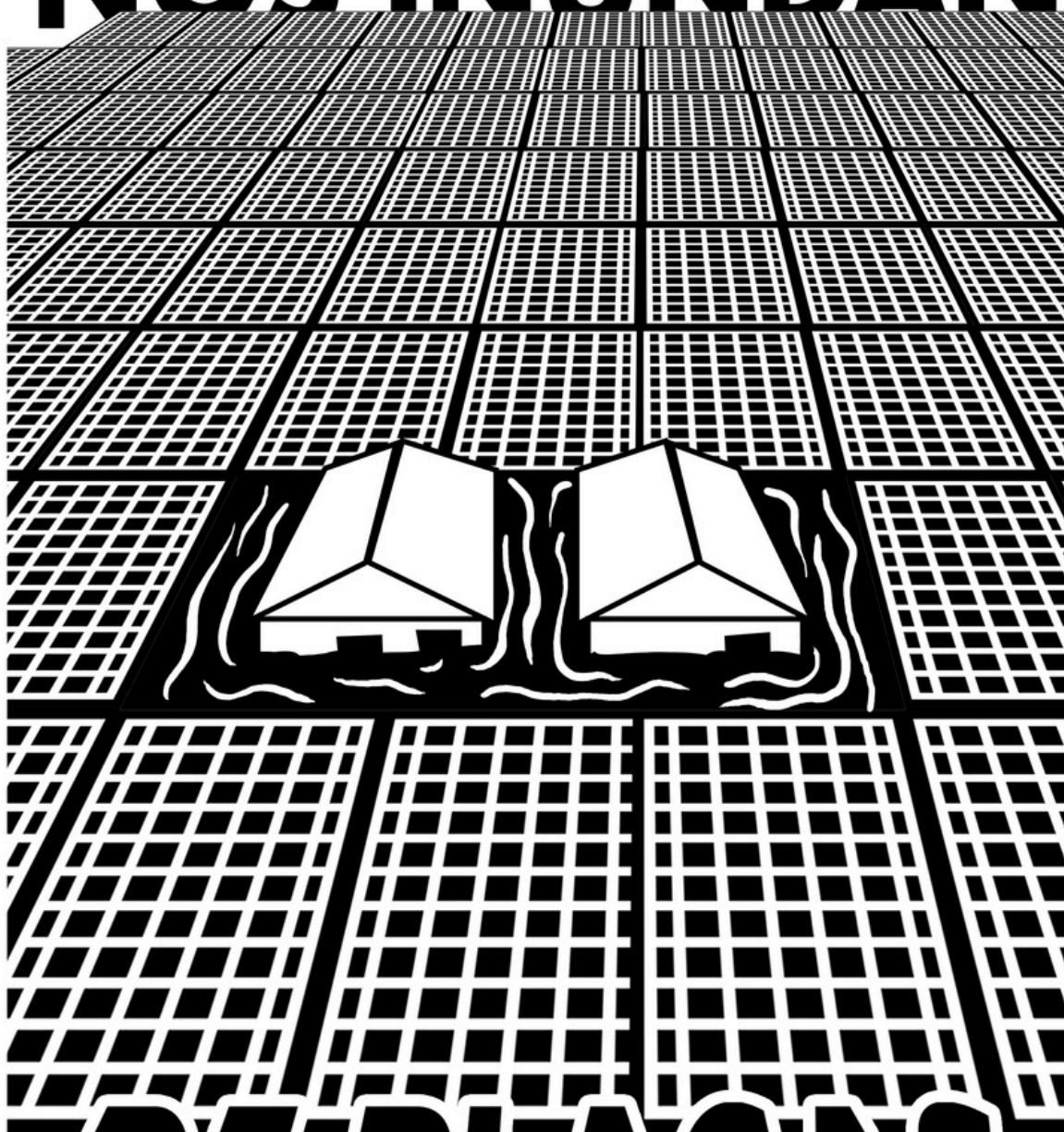
THE DIRTY SIDE OF CLEAN ENERGY IN PUERTO RICO



•:mijente



NOS INUNDAN



DE PLACAS

•:mijente



Mijente and IDEBAJO
commissioned Empower, LLC to
research the ways in which clean
energy is being used as an excuse to
generate profits for corporations
with shady practices in Puerto Rico.



THE DIRTY SIDE OF CLEAN ENERGY IN PUERTO RICO

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ABBREVIATIONS

- **DNER** – Puerto Rico’s Department of Natural and Environmental Resources
- **EIS** – Environmental Impact Statement
- **EPA** – Environmental Protection Agency
- **FOMB** – Puerto Rico’s Financial Oversight and Management Board
- **IRD** – Integrated Resource Plan
- **NPDES** – National Pollutant Discharge Elimination System
- **LPO** – U.S. Department of Energy’s Loan Program Office
- **PMO** – Puerto Rico Permits Management Office
- **PPOA** – Power Purchase and Operating Agreement
- **PREB** – Puerto Rico Energy Bureau
- **PREPA** – Puerto Rico Electric Power Authority
- **PROMESA** – Puerto Rico Oversight, Management, and Economic Stability Act

PROJECT REFERENCE GUIDE

PROJECT NAME	LOCAL DEVELOPER	SUBSIDIARY	PARENT COMPANY	BENEFICIAL OWNERS
CIRO One Salinas	CIRO Energy Group	GCL-CIRO Holdings / CIRO One Salinas, LLC	Putnam Bridge Funding, LLC	Nicholas Prouty Jeremy Griffiths
Guayama Solar CIRO Two Salinas	CIRO Energy Group	Guayama Solar Energy, LLC CIRO Two Salinas, LLC	Putnam Solar Investments, LLC	
Salinas Solar Jobos Solar Naguabo A Solar Naguabo B Solar	Clean Flexible Energy, LLC	AES Puerto Rico / Clean Flexible Energy, LLC	The AES Corporation	AES Corporation shareholders (see Section 1.2)





INTRODUCTION

For decades, Puerto Rico's energy sector has been plagued by deep-rooted problems that were only exacerbated by Hurricanes Irma, Maria, and Fiona. On top of geographical and topographical challenges and decades of disinvestment and abandonment of infrastructure, a lack of transparency and democratic governance has resulted in an expensive, fossil-fuel dependent, disaster-prone power generation system.¹ **The Puerto Rico Electric Power Authority (PREPA), which owns and operated the vast majority of the power system, was one of the hardest-hit actors in the economy following both debt crises and natural disasters.** Efforts to renegotiate its debt have provided no relief and the abandoned energy grid was further decimated following hurricanes in 2017, when the island experienced one of the longest power outages in U.S. history.

Since then, other long-duration outages have occurred, following earthquakes in 2020 and another hurricane in 2022.² In January 2018, four months after Hurricane Maria left nearly 100% of the population without access to electricity and over 40% of the population without access to running water,³ the governor of Puerto Rico, Ricardo Rosselló, announced his plans for the full privatization of the archipelago's electrical grid for the ostensible purpose of, among other goals, progressing towards sustainable energy production.⁴ **Naturally, it did not take long for corporate interests to circle this huge business opportunity, as they did following the 2014 debt crisis that led to Congress' Enactment of the Puerto Rico Oversight Management and Economic Stability Act (PROMESA) in 2016, which effectively ceded control of the Commonwealth's budget to an unelected, unaccountable board in New York.**

This Financial Oversight and Management Board (FOMB) implemented severe austerity measures, slashed public goods, and sold off public lands, all while laws such as Act 20 and 22 (now Act 60) provided huge tax benefits for the rich. At the end of the day, the shock doctrine of extreme austerity measures in Puerto Rico has been relentless, where crises have been exploited in order to implement a torrent of neoliberal policies, facilitated by the archipelago's lack of economic and trade sovereignty.



Puerto Rico's Financial Oversight and Management Board (FOMB), via El Vocero

In 2019, the Puerto Rico legislature passed the Puerto Rico Energy Public Policy Act (Act 17), which set as a goal meeting 100% of the island's electricity needs with renewable energy by 2050, including even earlier targets such as reaching a substantial 40% by 2025⁵. **While PREPA still owns energy generation units, in 2021 the company LUMA Energy, a joint venture between Quanta Services and ATCO Canadian Utilities, took charge of transmission, distribution, planning, and other services through a public-private partnership and a 15-year contract worth 1.5 billion USD.**⁶

Similarly, in 2023, Genera PR, an affiliate of New Fortress Energy, took over the operation and maintenance of PREPA's power plants.⁷ In order to reach the goals set out by Act 17, PREPA and LUMA developed an integrated resource plan (IRP) for Puerto Rico, approved by the Puerto Rico Energy Bureau (PREB) in August 2020, which calls for the development of renewable energy and battery storage resources through a six tranche procurement process.⁸ PREB, is the regulatory authority and approves both the IRP and the contracts in accordance with it. The Bureau has ordered the submission of a new draft of the IRP by June 28, 2024. In this context, dozens of Power Purchase and Operating Agreements (PPOAs) with private energy companies have been approved, including those analyzed in this report, as follows: CIRO One Salinas, CIRO Two Salinas, and Clean Flexible Energy projects. These projects constitute perfect examples of why private, unaccountable megaprojects are no solution to the island's energy crisis and, on the contrary, only deepen the environmental, social, political, and economic factors that render a transformation of the energy sector necessary in the first place.

In this sense, different social actors in the country have raised their voices about the dangers and problems that the project proposals, as well as the way they are being implemented, represent in the medium and long term. Particularly in Salinas and Guayama, there has been an aggressive push for an industrial-scale solar facility model on agricultural land near established communities, which has generated an organized response from them in the aforementioned municipalities. **After Hurricane Fiona, which left flooding of more than one meter of water in some communities, these began to ask themselves what was the source of the increase in flooding levels.**



It was evident that, although the flooding problem in the area is a historical and multifactorial one due to the accumulation of various developments in the region, the only newly introduced factor, which was recent and closest to the affected communities, was the Ciro 1 Project, along with the deforestation north of the community of El Coquí that it generated.

In response, the *Iniciativa de Ecodesarrollo de Bahía de Jobos (IDEBAJO)*, composed of a coalition of organizations, began a process of dialogue, orientation, meetings and assemblies that led to the creation of the community committee *Nos Inundan de Placas* ("They're flooding us with panels"), composed of leaders from the affected communities. This committee has been working through visits, walks, talks, meetings, administrative processes, among others, to make their voices heard about the problems that, they understand, threaten their lives, their permanence, the environmental conditions and the habitability of the area due to the misuse of the territory. **In this process, the amount of power, the true interests behind these projects and the insistence on bypassing the due processes for approval has become more and more evident, which has made generating public knowledge and transparency about what is hidden behind a very important task for the communities and their survival.**

Following this logic, in this report, the projects are analyzed, firstly, in terms of their ownership structure and, subsequently, across three core issues: **their environmental and social toll, any corruption baked into their approvals, and the false promise of lower prices. Ultimately, the myth of "clean" energy can be dismantled to reveal the true cost of these corporate megaprojects.**

1.1 KEY FINDINGS

- CIRO One is built on specially protected agricultural land, endangering Puerto Rico's food security, and has caused significant increases in flooding for nearby communities. It was approved for construction without a proper hydrological study of the area, using a deficient Environmental Impact Statement (EIS) from over a decade ago, and without public participation. A similar situation is happening with CIRO Two's permits as well, a project that is planned as an "expansion" of CIRO One and which will only exacerbate environmental and social consequences.
- The Salinas Solar farm, owned by Clean Flexible Energy, a subsidiary of The AES Corporation, proposes to build the largest industrial scale solar installation in Puerto Rico in two phases, the first of which will be adjacent to CIRO One, extend for hundreds of acres of arable and ecologically valuable land and contribute to the appropriation of specially protected agricultural land as well as increased flooding and sedimentation in the nearby communities. As is now public knowledge, the company was able to obtain the Department of Agriculture's endorsement for its permits through a corruption scheme whereby the secretary of Agriculture, Ramón González Beiró, leased the land for the project through one of his companies and is thus set to benefit from its construction.
- There is also a clear revolving door between AES and energy regulation bodies and the government. For instance, the former president of Clean Flexible Energy (subsidiary of AES) now works for LUMA Energy, and Governor Pedro Pierluisi worked as a lobbyist for AES before taking office.

1.1 KEY FINDINGS

- Multiple executives from CIRO Group and the beneficial owner of its energy projects, Nicholas Prouty, have donated to politicians who could have influenced the permitting and approval processes of the energy projects, such as the current mayor of Salinas, Karilyn Bonilla Colón, and Governor Pierluisi. Prouty also has ample relationships with other powerful politicians both within the Commonwealth and in Washington D.C., notably hosting Vice President Kamala Harris and the federal secretary of the US Department of Energy, Jennifer Granholm, at a fundraising event. Prouty has also been linked to multiple corruption scandals on the island and with efforts to privatize public spaces and public education, and is now extending his efforts to the privatization of energy production.
- FOMB's own analyses show that none of these energy projects will represent a meaningful reduction in prices for ratepayers. This is mainly due to the fact that they are privately owned and, as such, require a sufficiently high return on investment to pay back their financing, resulting in price gouging and predatory business practices. Nonetheless, authorities such as PREB and FOMB continue to approve PPOAs on the false grounds that they represent a step forward for the Commonwealth's transition to clean and affordable energy.



1.1 KEY FINDINGS

This report will show how Putnam Bridge, through CIRO Group, and AES, through Clean Flexible Energy, have deployed shady practices to expand their business activities in Puerto Rico, clean up their reputations, and gain more profits at the expense of cheap, accessible energy, the living conditions of communities near the projects, and the arable farmland that is indispensable for the archipelago's food security.

Large, industrial-scale, corporate and hedge fund-owned solar projects are NOT a clean alternative to the existing electrical system, but rather exacerbate the deep-rooted issues that threaten Puerto Rico's independence and resiliency. **While the transition to clean, renewable energy is much needed, a transformative transition cannot be made without the voices of those on the ground,** who are reclaiming their human and environmental rights, public and social control over their power generation system and resources, and democratization of the country's economy.

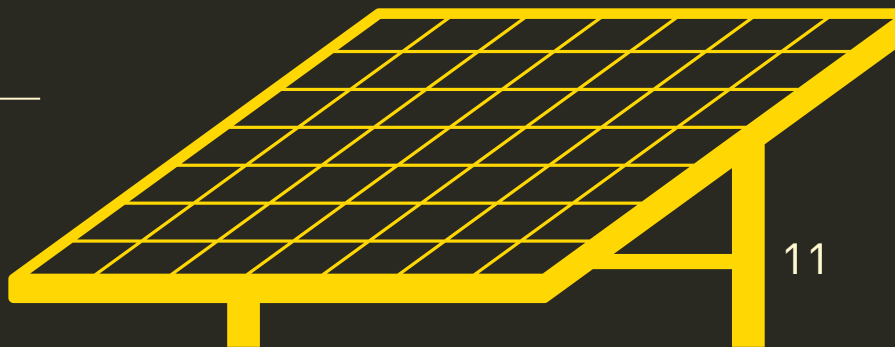
IN OTHER WORDS: NO MORE CORPORATE MEGAPROJECTS AND NO MORE PRIVATIZATION. COMMUNITIES IMPACTED BY THESE MEGA PROJECTS DEMAND TO BE HEARD.



1.2 PROJECT OVERVIEW: CIRO ONE AND CIRO TWO SALINAS

CIRO One Salinas is a 140 MW solar facility located in the Lapas Ward, municipality of Salinas. Initially, CIRO Group Corporation, a private company in Puerto Rico, held a non-operating PPOA with PREPA that was signed on October 25, 2010; however, in 2019, PREPA sought to amend this and 19 other PPOAs in order to meet the requirements of the 2019 Fiscal Plan and modify the price of renewable energy following the passage of Act 17. **Despite the fact that FOMB determined that the approval of these PPOAs would result in a significant increase in costs for PREPA's customers, as will be seen in Section 4, PREB and FOMB approved CIRO One and one other projects in March 2021 because this would represent "minimal increases to energy rates" and because of "the benefit of developing these project expeditiously," considered part of the IRP's "Tranche 0."**⁹

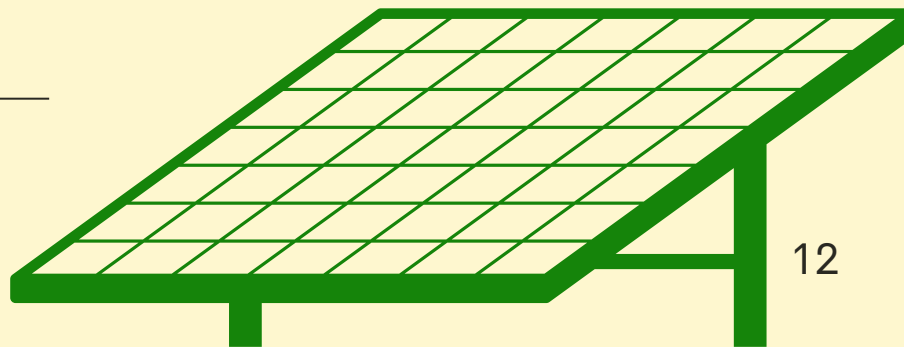
CIRO Group Corporation, now CIRO Group, LLC, initially sought to develop a 77 MW photovoltaic solar energy system in Salinas.¹⁰ The plans for the project likely began in 2008, when the company was incorporated under the name CIRO Communications Corporation, eventually changing its name between 2008 and 2010 and becoming a limited liability company in 2022.^{11,12} However, the project's local developers and shareholders of CIRO Group, Mario Tomasini Acevedo, Rubén Pérez Ríos, and Joel Valentín Ríos, most likely obtained financing for the project in 2014, when CIRO Group transferred all rights from the 2010 PPOA to CIRO One Salinas, LLC (CIRO One Salinas), incorporated in March 2011 as the Puerto Rico branch of its Delaware namesake, including the same shareholders as CIRO Group.¹³



1.2 PROJECT OVERVIEW: CIRO ONE AND CIRO TWO SALINAS

GCL-CIRO Holdings, LLC (GCL-CIRO) signed the PPOA as the sole owner of CIRO One Salinas. GCL-CIRO, as detailed in its 2022 annual report, was a subsidiary of GCL Technology Holdings Limited (formerly GCL-Poly Energy Holdings Ltd.), which in turn is owned by the largest non-State-owned energy group in China, GCL Group.¹⁴ Both GCL-CIRO and CIRO One Salinas were under control of the Zhu Family Trust, a discretionary trust with Credit Suisse Trust Limited as trustee and Zhu Gongshan and his family as beneficiaries, who ultimately own GCL Group. In sum, while the ultimate owner of the project was GCL Group, the local developers appear to be Tomasini, Pérez Ríos, and Valentín Ríos. **However, GCL-CIRO, also incorporated in Delaware in 2011, named Jeremy Griffiths as chief financial officer, a longtime partner of millionaire investor and Act 22 “poster child,” Nicholas Prouty.**¹⁷

The 2021 PPOA was renegotiated to create a 90 MW solar facility and ultimately was approved for expansion to 140 MW. **Documents submitted to FOMB during the renegotiation detail that the financial backing for the project would be provided by both GCL and Prouty’s private equity firm, Putnam Bridge, which, by 2021, claimed to have at least 175 million USD available for investment in construction and operations in addition to the 55 million USD that had already been invested by GCL and CIRO One Salinas.** Putnam Bridge also declared not having to obtain any financing for the development and construction of the project.^{18,19} In 2022, GCL Group sold 100% of its equity of two subsidiaries, among them GCL-CIRO Holdings, reporting having transferred 9,135,000 USD to a local developer as

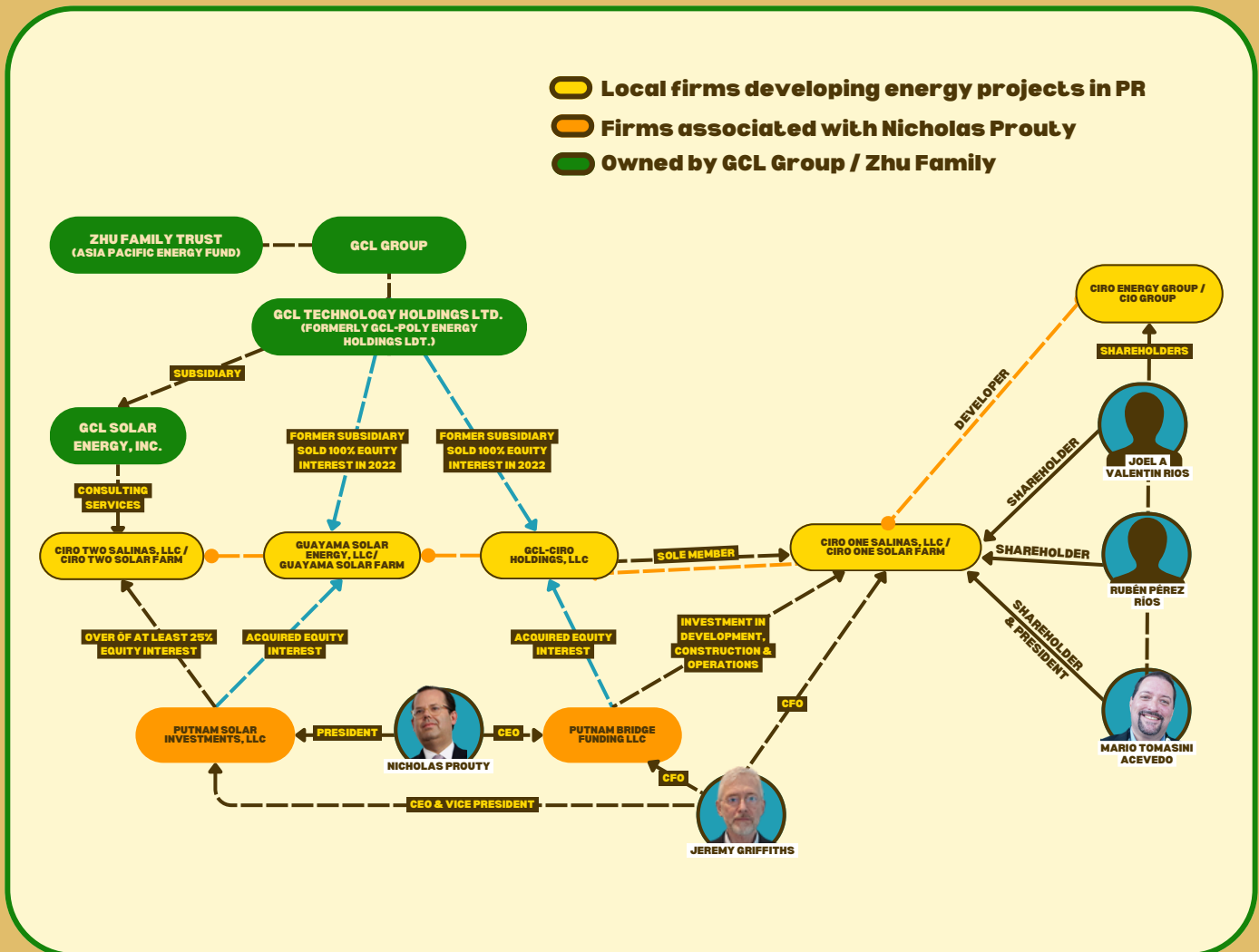


reinvestment to re-initiate the solar plant facility while receiving the remaining 4,951,800 USD in cash.²⁰ As Putnam Bridge remains the primary financial backer of the project, the subsidiary was almost certainly sold to, and GCL's reinvestment in the project channeled through, Putnam Bridge.²¹ GCL's other subsidiary, Guayama Solar Energy, LLC, which is developing a solar facility nearby, was also sold to Prouty's Putnam Solar Investments, LLC (Putnam Solar Investments).²² **CIRO One Salinas was inaugurated in November 2023 and the primary construction contractor for the project is DEPCOM Power, owned by Koch Engineered Solutions, a subsidiary of Koch Industries.**²³

CIRO Group is also developing CIRO Two Salinas, a 43 MW photovoltaic project in the Lapas Ward. While CIRO Group, the local developers, have claimed that CIRO One and CIRO Two are part of the same project, a different entity, namely CIRO Two Salinas, LLC (CIRO Two Salinas), was formed in July 2021 in order to negotiate a separate PPOA with PREPA as part of IRP's "Tranche 1" projects.²⁴ **In June 2022, Griffiths, as CFO, signed a PPOA with PREPA in which Putnam Solar Investments, Prouty's company that is also developing the Guayama Solar Energy project, signed as payment guarantor and declared owning at least 25% of the company.** The PPOA also included an agreement between CIRO Two Salinas and GCL Energy Solar, Inc. for the latter to provide consulting services to CIRO Two Salinas for five years for a total compensation of 1 million USD, meaning that GCL would stay involved in the project's development, just as it would probably remain in CIRO One through its reinvestment through Putnam Bridge.²⁵

FIGURE 1 – OWNERSHIP OF CIRO ONE AND CIRO TWO SALINAS

Source: Empower, with information from GCL Technology Holdings Limited 2022 Annual Report, CIRO One Salinas Power Purchase and Operating Agreement, CIRO Two Salinas Power Purchase and Operating Agreement, and CIRO Group Certificate of Good Standing.



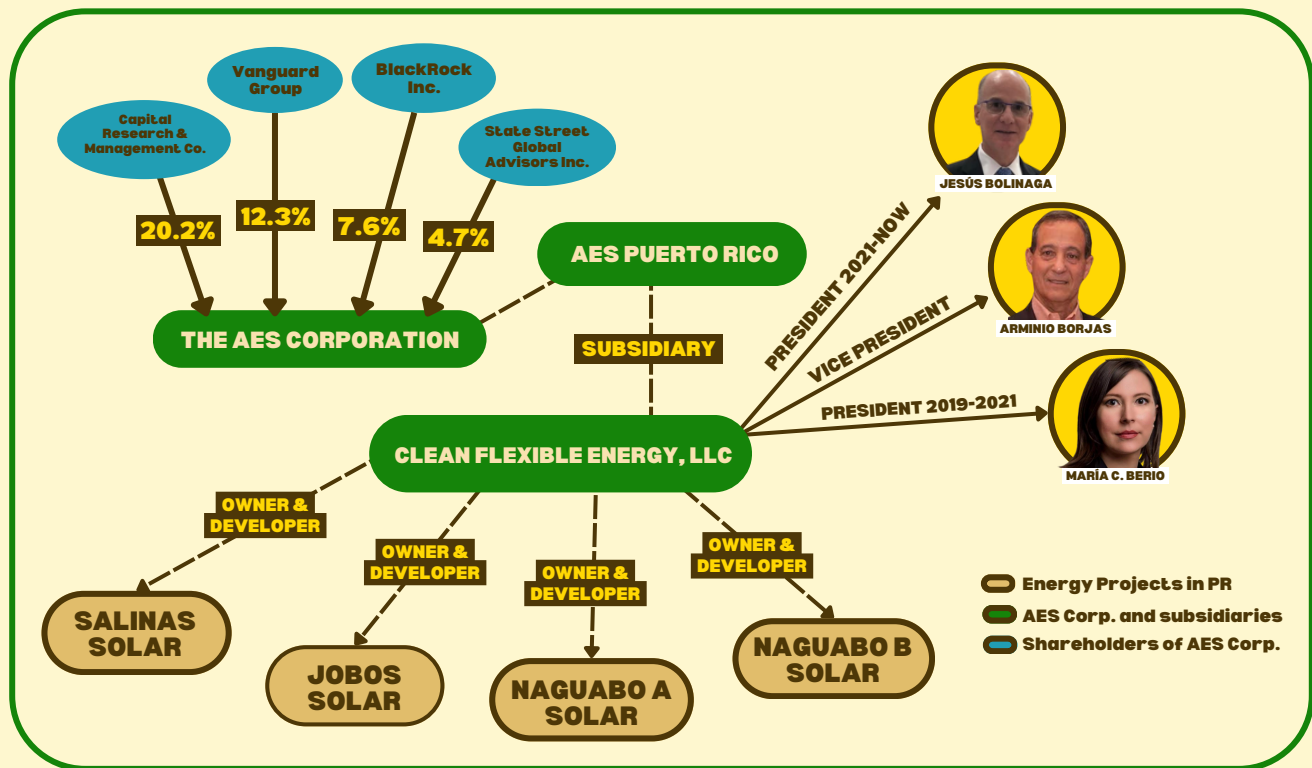
1.3 PROJECT OVERVIEW: CLEAN FLEXIBLE ENERGY

Act 17 prohibits the use of coal as a power generation source, beginning January 1, 2028. AES, the company that was set to provide nearly 25% of the electric energy consumed in Puerto Rico (but only effectively provides around 9% today), and which has been subject to multiple controversies due to environmental violations, is not only looking to replace its current coal-burning facility, but also build new “clean” energy facilities on the island that are really industrial scale solar installations on prime agricultural land.^{26,27}

Clean Flexible Energy, LLC (Clean Flexible Energy) is an affiliate of AES Puerto Vanguard Group IncRico, which in turn is a subsidiary of The AES Corporation (NYSE:AES), whose main investors are some of the biggest asset managers in the world, namely Capital Research and Management Co., BlackRock Inc., and State Street Global Advisors Inc.²⁸ Clean Flexible Energy was incorporated in Puerto Rico in November 2019, naming Maria Berio as president, although she left in 2021; Jesús Bolinaga as vice president, who became president of the company in 2021 as well as president of AES Puerto Rico; and Arminio Borjas as vice president.²⁹

The company is party to four “Tranche 1” PPOAs with PREPA: 1) the facility named “Salinas Solar,” a 120 MW solar farm in the municipality of Salinas, contemplated as the first phase of CFE’s industrial scale 240 MW solar project in between Salinas and Guayama; 2) “Jobos Solar,” an 80 MW solar farm in the municipality of Guayama, contemplated as the first phase of CFE’s industrial scale 120 solar project in Guayama;³⁰ 3) “Naguabo A Solar,” a 25 MW facility in the municipality of Naguabo; and 4) “Naguabo B Solar,” 20 MW facility also in the municipality of Naguabo.³¹ The PPOAs were signed in August 2022, naming The AES Corporation as guarantor of the four contracts.³² See the ownership structure of these projects in **Figure 2.**

FIGURE 2 – OWNERSHIP OF CLEAN FLEXIBLE ENERGY’S SOLAR PROJECTS



Source: Empower, with information from Amendment to Power Purchase and Operating Agreement Between PREPA and AES Puerto Rico, L.P.; S&P Capital IQ Ownership Details of The AES Corporation; and Clean Flexible Energy, LLC Certificate of Formation.

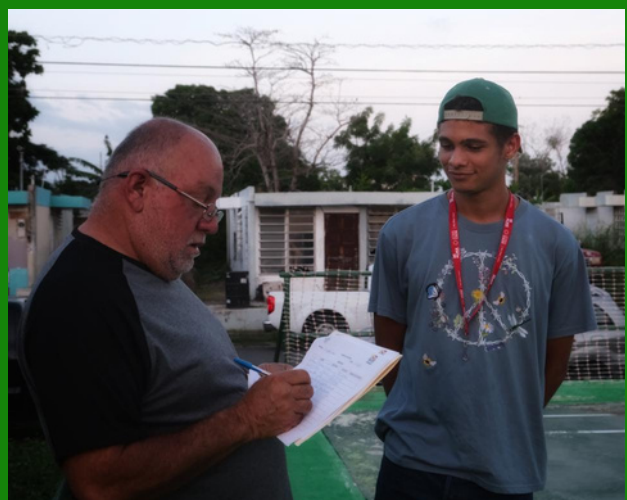
2. ENVIRONMENTAL AND SOCIAL IMPACTS

While the “Tranche 1” projects were either still in the approval process by PREB and FOMB or else in the permitting stage, CIRO One Salinas was inaugurated in November 2023 and expected to begin operations in 2024.³³ The social and environmental impacts that the construction of this project has had on the local community shows the destructive potential of the remaining projects. This is especially the case of CIRO Two Salinas and AES’s Salinas Solar and Jobos Solar, since they are slated for construction next to CIRO One Salinas and will therefore aggravate the harsh consequences for families residing nearby.

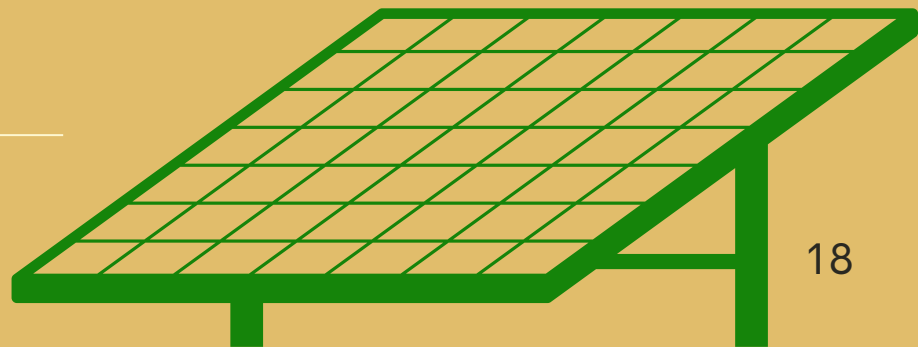
2.1 “THEY’RE FLOODING US WITH PANELS”

Since 2022, families residing south of CIRO One Salinas, including in the Coquí, San Felipe, Urbanización Paseo Costa del Sur, and Urbanización Las Trinitarias communities, **had denounced an abnormal increase in flooding around their homes following rainfall, stating that the stormwater running from the CIRO One construction area fills their streets and homes, which did not occur with the same frequency, velocity, water level and amount of sediment load previously.**³⁴

CIRO One is located, as will be CIRO Two, Guayama Solar, and Salinas Solar, if built, on land classified as productive agricultural (A-P) and as Specially Protected Rural Land-Agricultural (SREP-A). The protection of agricultural land in Puerto Rico is extremely relevant: despite its enormous potential for growing crops and the vast arable farmland, the Commonwealth imports nearly 85% of its food supply.³⁵ Reaching food sovereignty has been a key element in the fight for a sustainable future for Puerto Ricans and against the roots of colonialism; however, the island has now lost more than 1 million acres of farmland to developments such as large-scale utility solar farms.³⁶



As environmental spokesperson of the Comité Diálogo Ambiental and IDEBAJO, Yaminette Rodríguez Sierra explained, in order for the construction of CIRO One to begin, vegetation and fertile soil had to be eliminated and compacted for the placement of solar plates with cement bases, which then seals and, prevents water infiltration or recharge into the southern aquifer — the only water supply in Salinas —thus forcing the water to run towards the communities.³⁷ Therefore, hundreds of acres of agricultural land have become unusable, homes have been flooded by mucky water, and the water that does make its way into the aquifer is filled with heavy sediment load discharges into Jobos Bay, a National Oceanic and Atmospheric Administration-designated reserve. These impacts jeopardize the only drinking water source in the area, the food security of the archipelago, and the direct health and safety of hundreds of families. The approval of the project, despite evident environmental consequences, can be explained by the utilization of an outdated Environmental Impact Statement (EIS), the lack of proper hydrological studies, the absence of public consultation for the construction of the project, and, in general, the opacity behind the permitting process, as explained below.³⁸



CIRO Group's response to the communities' complaints was to claim that the flooding is a product of Hurricane Fiona, that hydrological studies of the area were conducted in order to ensure "responsible development of the project," and that food sustainability is not threatened since only 1.3% of land classified as A-P is permitted for energy development.³⁹ However, the communities experiencing these problems did not wait until construction began to raise their voices about the potential effects of the megaproject, which have persisted even after the hurricane of 2022, and to raise awareness of the failure by developers to make the supposed hydrological study public.

Since approval of the project was announced, **its construction was challenged by multiple environmental organizations, namely the Comité Diálogo Ambiental, Inc., Frente Unido Pro-Defensa del Valle de Lajas, Inc., Sierra Club, and El Puente de Williamsburg Inc.,** arguing that the project — a proposal for the largest solar installation on the island at the time— is built on and would adversely impact agricultural and resource conservation land, and would have a significant impact on surface water flows and flooding in the area. In September 2021, a year before Hurricane Fiona, the organizations submitted a complaint to PREB against PREPA and CIRO One Salinas challenging the PPOA.

They also asked PREB for a cease and desist order against the construction since, before the amended PPOA was approved by PREB, CIRO One had already arranged for the reactivation of the siting consultation — a procedure before the Puerto Rico Planning Board for the approval of proposed land use — that was first initiated in 2012, solicited a construction permit, and begun removing soil, trees, and vegetation from farms on the proposed site, all without the Bureau having determined whether to approve the amended project.⁴⁰

CIRO One was able to solicit a construction permit by presenting a siting consultation and EIS that dated back to 2012, even though the outdated documents only contemplated a 77 MW project and not a 140 MW project (the renegotiated capacity).⁴¹ The complaint was dismissed on the grounds that any controversy over location and land use, changes in topography and other geological considerations, impact on bodies of water, and land of high agricultural potential are matters over which the PREB has no jurisdiction.⁴²

Despite its lack of jurisdiction, PREB admitted that CIRO One is obligated to prepare and submit a copy of all permits necessary for the construction and operation of the proposed facility, as well as any environmental assessments, and the amended agreement specifies provisions that allow the PREB to ensure that CIRO One complies with applicable environmental legislation and regulation.⁴³

Nonetheless, the copy of those permits has not been made public and representatives from the environmental organizations have detailed how queries and complaints submitted to the Permits Management Office (PMO), the Department of Agriculture, the Planning Board, and PREB itself have not been answered.⁴⁴ In May 2022, PREB ordered CIRO One to present certification of the permits emitted by the corresponding authorities for new construction; however, it also conceded CIRO One's request for the treatment of various documents, including certification applications, as confidential information.⁴⁵

Due to the opacity of the permitting process and the failure of the authorities to publicly disclose the hydrological study that should have been necessary for the approval process to advance, in April 2023 the IDEABAJO called upon experts to conduct an independent hydrological consultation of the area where CIRO One Salinas was being built.

The consultant concluded that the EIS conducted in 2012 (DIA-2012-AAE-19), which contemplated a 77 MW facility, was indeed the one that authorities used for the evaluation process of the project's permits in 2021 despite its significant shortcomings, particularly the absence of a hydrological-hydraulic study of the area.⁴⁶ **The hydrological consultation also clearly showed how that the project would cause a predictable change in the dynamics of stormwater runoff and that this impact on the community was completely ignored by the 2012 EIS and the authorities that approved it.**

Nevertheless, in October 2023, PREPA submitted an amendment to the PPOA with CIRO One, requesting that the authority approve an increase in the project's capacity from 90 MW to 140 MW under the same terms and conditions agreed upon in the 2021 PPOA. Subsequently, PREB approved the project's expansion.⁴⁷ **In CIRO One's October 2023 Project Status Report submitted to PREB, the company claims to have completed the siting approval, environmental approval, construction permits, and federal permits, including the Environmental Protection Agency's (EPA) National Pollutant Discharge Elimination System (NPDES) permit, the latter being the only one available to the public, but these permits were emitted before the approval of expansion of the facility, revealing, once again, blatant disregard for the environmental and social impacts on nearby communities.**^{48,49}

2.2 THE PERMITTING PROCESS EXPLAINED

A necessary step for obtaining any construction and related environmental permits is the issuance of an EIS by the PMO. The process for this environmental evaluation involves a "proponent agency" in charge of preparing the EIS, which analyzes the total impact of the proposed project without fragmenting it or its impacts.

The proponent agency for CIRO One's Declaration was the Puerto Rico Energy Affairs Administration, a division within the Department of Natural and Environmental Resources (DNER). The document must display mitigation measures as a pre-condition to obtain permits, which are granted by the PMO following approval of the document.

The PMO reviews the EIS by the proponent agency and, in coordination with it, circulates the DEI with other government agencies with jurisdiction over the matter, such as the Department of Agriculture in the present case, which returns the document with binding comments and recommendations. If there are any variations or substantial changes to the proposed project, which may have an additional environmental impact that was not foreseen in the initial document, an amendment is required, which will restart the process of environmental approval. Any substantial variations or extraordinary changes in the concept and/or context of the project invalidate the initial DEI. The proponent agency and the PMO ultimately determine if a change to a project qualifies as "substantial" or not. In the case of CIRO One, the expansion of the facility, despite requiring more extensive land use and further soil removal and deforestation near already impacted communities that have persisted in raising their voices, did not qualify as "substantial" and thus did not require an updated DEI.

EIS' also require opportunity for public participation: the proponent agency and the PMO must give public notice indicating an EIS application of the project in order for the general public to submit comments within a determined time period.⁵⁰ While it is unknown whether there was public participation surrounding the EIS conducted in 2012 for CIRO One, there has been no public participation since the amended PPOA was negotiated in 2021. What is clear is that, more than a decade later, shifts in the surrounding population and their activities in the project's area, as well as the actual expansion of the project, render the original EIS deficient and not in compliance with the Puerto Rico Environmental Public Policy Act.

The EIS is required for the emission of any other permit. After a Determination is granted, the project can obtain a location query, authorizing the particular use of a piece of land, construction permits, other environmental permits, such as for soil movement, cutting, pruning, or moving trees, and others specially required for the construction of a project on land of high value and agricultural capacity, such as CIRO One. One particularly necessary permit in this case is the General Consolidated Permit, also submitted to the DNER and then revised by the PMO for final determination. It is required to address environmental issues for projects during its construction phase and has a validity of five years, after which it must be resubmitted for update by the Board. The emission of this permit requires, among other things, a project plan with the erosion control and sedimentation prevention measures to be implemented on the property, a written document detailing forestation activities and stabilization for impacted areas, and a copy of the resolution or permit of the Government Agency with primary jurisdiction over the EIS.⁵¹ As mentioned, CIRO Group began moving soil and cutting trees even before the amended PPOA was approved by PREB, and the erosion control and sedimentation prevention plan that should have been submitted before this, if submitted, did not consider the actual impact of a 140 MW facility.

In sum, CIRO One's developers and financiers have maneuvered in order to obtain construction and other permits for specially protected agricultural land using an outdated EIS that did not even contemplate a hydraulic study of the area, which would precisely show the adverse effects of stormwater on nearby communities. The permits have not been publicly available and the authorities involved — which range from the Department of Agriculture and DNER to the PMO and PREB — have been complicit in this flawed process, not only by accepting incomplete and outdated studies but also ceding to CIRO Group's request to make the documents confidential. Although CIRO One has already been inaugurated, there must be environmental reparations for the community, real mitigation efforts implemented to avoid their displacement, and an investigation launched into the approval process.

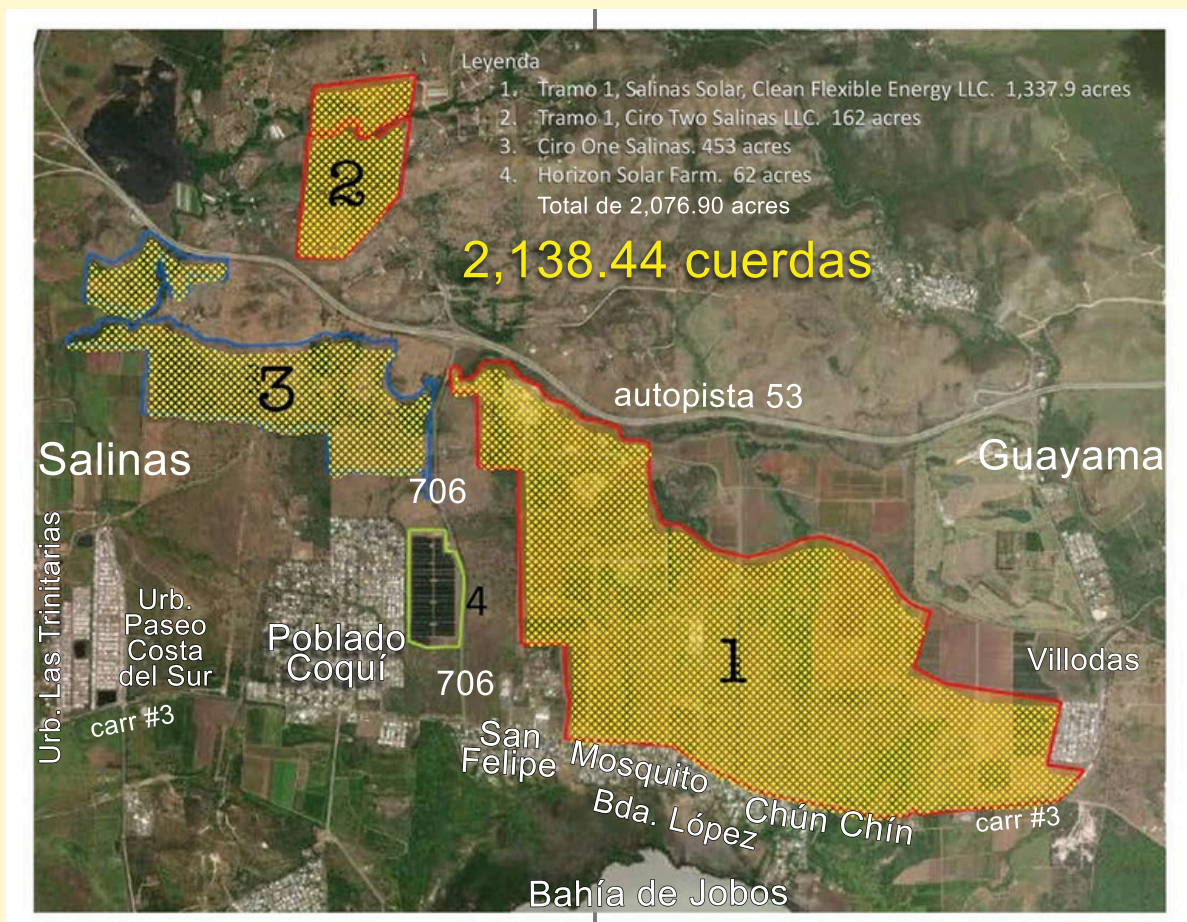
2.3 PRIOR TO CONSTRUCTION

CIRO Two, while technically and legally a separate project, has been falsely presented to the authorities involved as an expansion of CIRO One — PREPA, LUMA, and CIRO Group have agreed to interconnect the project into a separate bay of the substation being built adjacent to CIRO One Salinas.⁵² However, the negotiation of a separate PPOA also implies that the project must go through its own permitting process prior to construction. According to an appendix of CIRO Two's PPOA detailing the necessary permits, several of them have apparently already been obtained by the developers, although these appear to have been processed — similarly to CIRO One's — more than a decade ago: an Environmental Compliance permit was issued by the PMO in 2012; a Flora and Fauna Study by the DNER in 2011; the Siting Consultation by the PMO in 2010; an endorsement by the Department of Agriculture in 2009 and updated in 2014; and a NPDES permit issued by EPA in 2012, which does not appear on the EPA website's permit search since such permits are only effective for five years.^{53,54}

The only recently-emitted permits are the Incidental Single Permit, issued in 2021, which allows for the establishment of erosion and sedimentation control measures, and a Construction Permit issued by the PMO in 2019.



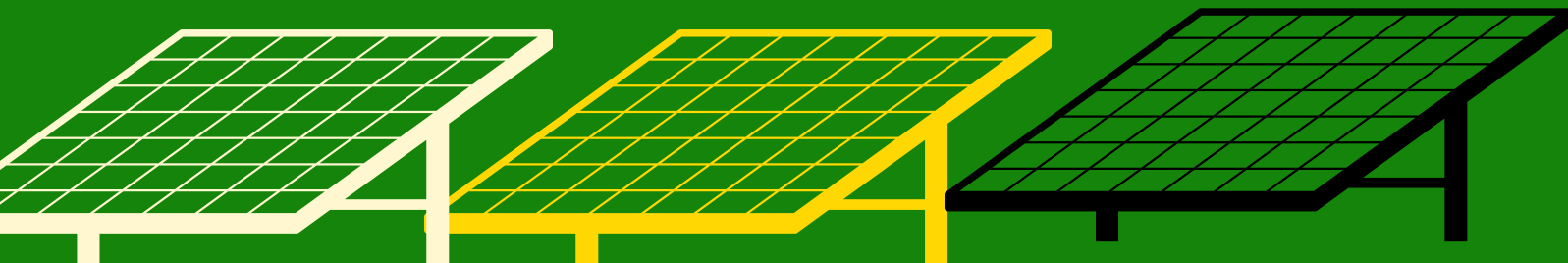
Inferring from the dates, either these permits were issued when CIRO One began negotiating its original 2010 PPOA and are now being used for the construction of CIRO Two with the justification that it represents an "expansion" of the same project or, more unlikely (since there is no PPOA for CIRO Two dating before 2021), CIRO Two began its permitting process over a decade ago. Either way, and since most of these permits cannot be emitted without an EIS, once again they do not reflect the current project's conditions and lack public participation, especially considering that, in December 2022, PREPA authorized an increase in the project from 33 MW to 43 MW.⁵⁵ These conditions must be made known to the public and the lack of transparency of the permitting authorities needs to be denounced in order to prevent the expansion of a project that has already proven to have significant environmental and social impacts.



CIRO Two must have an independent permitting process with its own updated DEI, as every separate PPOA that will have a significant environmental impact requires.

As for AES, it began processing the permits for its solar projects in 2021 and, so far, environmental recommendations and declarations have been received by the PMO, and endorsements from the Department of Agriculture were issued in October 2021 for the Salinas Solar, Naguabo A, and Naguabo B projects (they are no longer needed for Jobos Solar).⁵⁶ The endorsements for these projects, particularly for Salinas Solar, further highlight the disregard for what is supposed to be protected agricultural land and, as discussed in Section 3, indicate the possibility of corruption. In May 2022, the municipal consortium of the permits office in Cayey, Coamo, Villalba, and Salinas (CCVS) sent a letter to the assistant secretary of the PMO suggesting that the Salinas Solar project not be permitted for construction due to its location on specially protected agricultural land and above the southern aquifer, mentioning the same environmental concerns that local communities had been seeking to make visible before the construction of CIRO One.⁵⁷

Similarly, after the municipal legislature submitted a resolution to express its rejection of AES's project in Salinas, the mayor of Salinas, Karylin Bonilla Colón, refused to endorse the project (on the contrary, Guayama and Naguabo municipalities had already given their endorsement to three other AES projects).⁵⁸



Nonetheless, opposition from the mayor, the local communities, and the CCVSSconsortium of the PMO has not been enough to stop the project. In May 2023, FOMB issued letters conceding Clean Flexible Energy's request to classify all four of its solar projects as "critical infrastructure" under Title V of PROMESA, which sets the conditions for the "revitalization" of infrastructure in Puerto Rico, requiring 16 agencies and municipalities to issue expedited permits for all facilities, including Salinas Solar.^{59,60} **Without public knowledge of the status of such permits, AES began modifying the terrain where its Salinas project is planned and, in February 2024, Bonilla Colón referred the case to the DNER, alleging that the PMO's permit portal showed that the agencies in charge of their issuance were still reviewing the case.⁶¹** The same mechanisms by which CIRO One overrode restrictions on construction are being repeated in the case of AES: lack of public participation in the applicable administrative process, lack of transparency in the permitting processes writ large, and complete disregard for the protections set in place for agricultural land, all being permitted by authorities such as PREPA, PREB, DNER, FOMB, and the Department of Agriculture.



3. THE TAIN OF CORRUPTION

One explanation for the ease with which companies and authorities flout environmental and social protections on energy projects is plain corruption. As suspected by the residents of Salinas when they expressed concerns about the shady permitting processes and the complete disregard for the protection of agricultural land, the secretary of the Department of Agriculture, Ramón González Beiró, an agribusinessman from Salinas who had been president of the Farmers Association, was revealed as a shareholder of the company leasing the land to AES for Clean Flexible Energy's solar projects.

In July 2020, a year before González became secretary of Agriculture, the company Agriart LLC (Agriart) was incorporated in Puerto Rico. The registration documents named him as partner, his wife, Mariliana Bennazar, as secretary, and his son, Ramón González Bennazar, as vice president.^{62,63} That same year, González solicited a Bonafide Farmer Certificate for Agriart, which certifies that a company is dedicated to the agro-industrial business as operator, owner, or tenant, and won surprisingly quick approval only a day later. **After obtaining the certificate and once González was named secretary of Agriculture, the company acquired 1,843.9 acres of agricultural land distributed across 12 farms located between the municipalities of Salinas and Guayama, paying slightly more than 5 million USD.**^{64,65}

According to the former secretary of Agriculture, Carlos Flores Ortega, González remained a partner in Agriart with a stake of 18%, a detail that he omitted from the financial reports submitted to the Office of Government Ethics, although amendments were later made in order to correct this omission once a public complaint was submitted by Ortega to this office.⁶⁶



After Gonzalez's Department of Agriculture gave its endorsement to Clean Flexible Energy's four solar projects, Agriart leased 1,029.63 acres of specially protected agricultural land to Clean Flexible Energy for more than 30 years for the development of Salinas Solar in Salinas and Guayama. **The conflict of interest was further highlighted by the fact that the Department of Agriculture's energy committee, named by González and conformed by people close to him, denied its endorsement to two other unrelated energy projects in Naguabo and Cabo Rojo citing their intention to use protected agricultural land, all while doing just the opposite for the AES solar project in Salinas.**⁶⁷

The secretary of Agriculture and his family clearly benefit from the construction of AES's project in Salinas, and should be investigated. Similarly, public complaints submitted to the Office of Government Ethics should demand that the endorsements made in favor of other projects using protected agricultural land, such as CIRO One and CIRO Two, also be investigated.

In the case of Jobos and Salinas Solar, particular attention should be paid to the fact that **AES, through Clean Flexible Energy, is seeking to obtain project financing through the U.S. Department of Energy's Loan Program Office (LPO).**⁶⁸ The corruption complaint that has been submitted against AES should be enough for the U.S. Government to deny these loans.



Although less obvious, other movements by these companies and their executives indicate that the case of González Beiró is only a warning sign of further, underlying corruption surrounding the issuance of permits or the approval of PPOAs. For instance, Clean Flexible Energy's former president, Maria Berio, is currently the chief corporate service officer of LUMA Energy, the private company contracted by PREPA to manage energy transmission, distribution, and commercialization.⁶⁹

Before joining Clean Flexible Energy, Berio worked at AES Puerto Rico where, according to Senator María de Lourdes Santiago, she tried to recruit the support of PREPA to defeat a senatorial project, the current Law 5 2020, prohibiting the deposit and disposal of coal combustion residuals or coal ash waste, something that AES illegally engaged in (see below).⁷⁰ In 2022, PREB issued a resolution creating a committee for the evaluation and selection of PPOA proposals for the Tranche 2 - Tranche 6 projects, including a representative of LUMA Energy.⁷¹ In other words, besides doing interconnection studies and proposal evaluations as it had done with Tranche 0 and Tranche 1, LUMA now participates in the committee that selects and approves projects. Berio, who worked as a lobbyist for AES and was the first president of the company's "clean energy" subsidiary, is now part of the private energy company that will participate in the selection and approval of "clean" energy projects in the archipelago.



Another striking case of the revolving door phenomenon between AES and the Puerto Rican Government is that of Governor Pedro Pierluisi, who came into office a day before González Beiró received approval of the Agriart Bonafide Certificate. Until 2019, Pierluisi had worked for O'Neill & Borges, the law firm whose employee was named as an authorized representative for Clean Flexible Energy in November 2019.⁷² Pierluisi worked at O'Neill & Borges as an authorized lobbyist for AES, reportedly also lobbying to impede the approval of Law 5.⁷³ It is possible, therefore, that Pierluisi was well aware of AES's plans and facilitated its project approvals as governor.

CIRO Group's corrupt practices are less evident, but what is well known is that the investor Nicholas Prouty has multiple friendly ties to powerful politicians in Washington and Puerto Rico, and that various representatives of CIRO Energy Group have been financial contributors to the current Salinas mayor, Karylin Bonilla Colón, and to Pierluisi. This may explain why Bonilla Colón did not oppose CIRO Group's projects but rather did so against AES's projects in the same area.

For instance, both Juan Valentín Ramos and Rubén Antonio Pérez Ríos donated 1,000 USD each to the Comité de Amigos de Karylin Bonilla Colón in 2019 and 2020, respectively. Valentín Ramos and Mario Tomasini also contributed to Pedro Pierluisi's campaigns, the former giving 2,500 USD in 2020 and the latter contributing undisclosed sums in 2019 and 2020.



Prouty was also a frequent donor to Pierlusi's 2015 and 2022 campaigns, donating undisclosed sums.⁷⁴ Prouty and his associate, Jeremy Griffiths, have also given various contributions to Thomas Rivera Schatz, former president of the Senate of Puerto Rico who was ultimately in charge of the supervision and audit of the electrical sector.⁷⁵ The multiple donations to Pierlusi can also explain his public backing of the projects amidst controversies: the governor stood in defense of the use of agricultural land for the CIRO One solar installation, falsely claiming that the project developers had "decided to reserve more than 10% of the land for the development of agricultural activities, which will allow them to take advantage of the potential of the area, as well as mitigate stormwater runoff."⁷⁶ In October 2023, Pierlusi was also photographed at the CIRO One solar installation along with Prouty and Tomasini, boasting about the "planned expansion" of the project (referring to CIRO Two).⁷⁷



The suspicion of corrupt or at least ethically controversial practices behind project approvals also stems from the fact that **Prouty and his hedge funds and AES have a long history of questionable business practices in Puerto Rico and abroad. A dive into the companies' activities, their beneficial owners, and the relationships they have forged with politicians gives insight into what could be their real interests.**

3.1 ENERGY COMPANY PROFILES

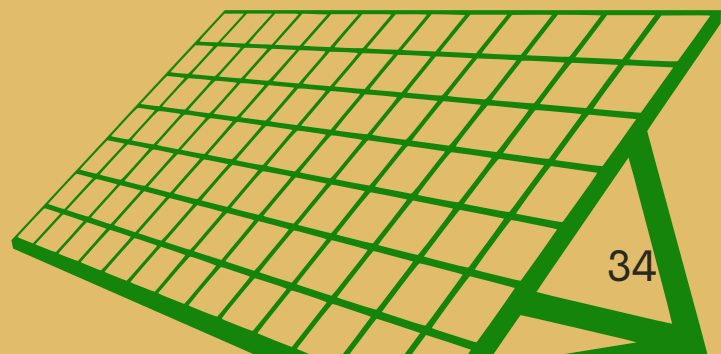
AES

Formerly known as Applied Energy Services, The AES Corporation is one of the world's largest power companies. Incorporated in 1981 and headquartered in Virginia, AES has operations in more than 10 countries including Brazil, Mexico, Chile, Jordan, Bulgaria, and the Netherlands.⁷⁸ The company uses various fuels to generate electricity, traditionally coal and gas, but has increasingly invested more in hydro, wind, solar, and biomass technologies, especially in the face of major controversies regarding contamination emitted from its coal plants.

AES's biggest controversy probably arose from its activities in Puerto Rico. **AES Puerto Rico has conducted business with PREPA since 1993. In 1994, PREPA began executing a 25-year contract with AES in order for the company to operate a coal-burning plant in Guayama, which began operating in 2002 and from which it annually receives around 300 million USD.**^{79,80} The original contract, along with its EIS and Siting Consultation, prohibited the disposal of coal combustion residuals in Puerto Rico, stipulating that the company had to find somewhere else for the waste.⁸¹

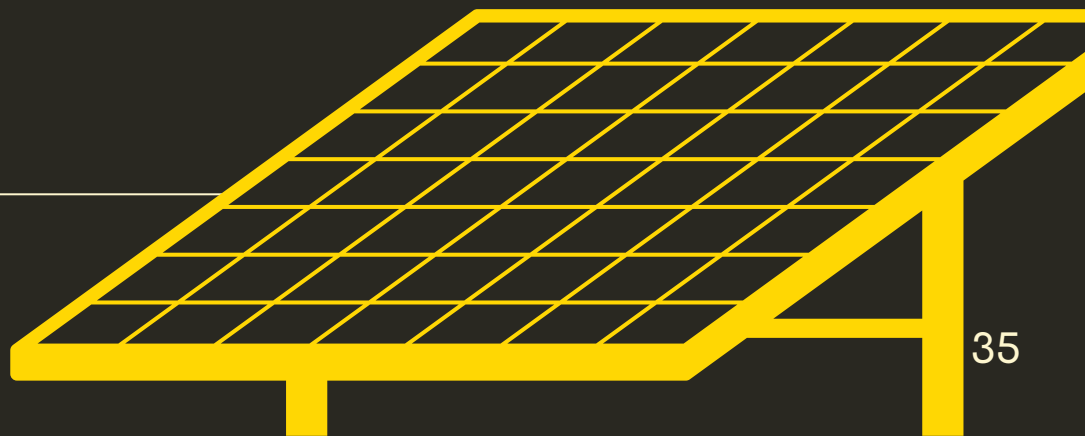
In 2015, the clauses in the contract stipulating that the hazardous waste had to be dumped outside of Puerto Rico were eliminated and, since then, the toxic ash residues have been an environmental hazard for residents of the island, as they have been found in residential and commercial areas, used as fill material in construction projects, and found over potable water aquifers.⁸² This has caused considerable health impacts, as it did in the Dominican Republic: the Guayama community, according to the University of Puerto Rico, suffers a higher incidence of respiratory diseases, spontaneous abortions, cardiovascular diseases, and more.⁸³ Even with the lawsuit in Delaware, which was settled with 6 million USD paid to the Government of the Dominican Republic (representing, approximately, a scant 2% of AES's annual profits from the coal plant), it took years of grassroots mobilization and litigation efforts for media and federal attention to be brought to the issue of toxic ash being dumped in Puerto Rico.

AES's Guayama plant continues to produce an average of 600 tons of coal ash per day and many coal ash dumps, especially in low income communities and communities of color, remain unregulated.⁸⁴ Recently, in response to a request made by residents of Salinas and Guayama to test their drinking water, **the Puerto Rico College of Chemistry found traces of heavy, toxic, and carcinogenic metals in combinations associated with coal ash waste in housing's drinking water, which comes from the southern aquifer in Guayama and Salinas near the deposit areas of AES's coal ash.⁸⁵** This is the same aquifer and these are the same communities that have been affected by the construction of the aforementioned solar installations.. In other words, AES is not only currently poisoning the residents of Salinas and Guayama with its coal ash, but it is now seeking to greenwash its contamination trail with energy projects that will aggravate flooding in the same area.



Despite public relations control through its efforts touting “clean” energy projects, AES’s dirty practices have not ceased. In 2023, the Chilean Government began an investigation of AES Chile for the high levels of pollution — which indicate probable illegal discharges — in an industrial belt located in the country’s central coast.⁸⁶ Also in 2023, environmental groups in Indiana denounced that the state was allowing AES Indiana to dump coal ash waste from its plant in Martinsville into the White River, which provides drinking water to millions of residents, and began a process to challenge the permit with the Indiana Office for Environmental Adjudication.⁸⁷ Evidently, wherever AES goes, it looks for loopholes in local regulation, if not downright illegality, in order to save on costs and discharge toxic waste without regard for human and environmental safety. AES has a long history of environmental violations that impact public health and safety.

For the past few years, AES has been seeking to renegotiate the contract for its operations in Guayama before it expires. In 2022, the Center for Investigative Journalism in Puerto Rico obtained letters between AES Puerto Rico’s president, Jesús Bolinaga, and PREPA, in which the former **expressed that the company’s financial situation was dire due to “unforeseen regulatory and logistical challenges,” referring to new federal and local constraints that have been implemented to curb its coal ash dumping as well as the various fines it had to pay as a result of its violations, and asking PREPA for “cooperation with addressing these uncontrollable new costs.”**⁸⁸



In other words, AES has been seeking to transfer ownership of its coal plant to a governmental entity in order for the public to assume its expenses while maintaining itself as “operator” of the facility. This proposal was strategically omitted by representatives of AES in their presentation to a U.S. congressional subcommittee that met in June 2021 to investigate the adverse effects of toxic coal ash in Puerto Rico and discuss the possible closure of the plant.⁸⁹ Even as PREPA tries to dig itself out of debt, AES has warned that it will cancel its existing contract with PREPA if it does not assume the costs of the coal plant.

AES is not only trying to free itself from financial debts and obligations, including its astonishing environmental costs, but is now seeking to destroy agricultural land with the help of federal government loans. PREPA and PREB, instead of confronting the company with its pending responsibilities, have helped to bail it out with four new contracts for “clean” energy projects. AES has not paid for the extreme damages it has caused in Puerto Rico, nor in the Dominican Republic for that matter, and it will not pay for the adverse effects that its new projects will have on residents near its solar installations or for the corruption scandal surrounding Gonzalez Beiró.

TIME AND TIME AGAIN, THE COMPANY (AES) HAS SHOWN THAT IT CARES TOO MUCH ABOUT PROFITS TO ABIDE BY REGULATION. AES’S SOLAR INSTALLATIONS ARE NO CLEANER THAN ITS COAL-BURNING PLANTS.



PUTNAM BRIDGE

Less known for its energy projects and more for its contributions to the gentrification of Puerto Rico, Putnam Bridge Funding, LLC is an investment firm with offices in Greenwich, Connecticut, yet registered in Delaware. The multiple funds associated with the firm (Putnam Bridge Funding I, II, III, IV, V, VI, VII, and VIII, as well as Putnam LAC Holding, LLC and Putnam Solar Investments, LLC) are typically engaged in the acquisition and management of landmark properties facing financial difficulties.^{90,91} Its CEO, Nicholas Alden Prouty, is well known for large investments in Puerto Rico, which reportedly surpass 500 million USD.⁹² Jeremy Griffiths is a longtime associate of Prouty who has stood beside him in all of his business dealings in Puerto Rico. Currently, Griffiths is an executive of the Putnam Bridge Funds and vice president of Putnam Solar Investments, LLC.⁹³ It is likely that Prouty met Griffiths through his father, Norman Reginald Prouty, a wealthy investment banker who married the granddaughter of the founder of the Amerada Oil Company.⁹⁴ **This is inferred from the fact that Griffiths used to work for Salt Marsh Investments, LLC, the elder Prouty's investment firm that manages his hedge funds, PIF Investments, LLC and Prouty India Fund Limited, the latter being incorporated in the Republic of Mauritius, a notable tax heaven.**⁹⁵

Nicholas Prouty began his career as an investment banker in New York City and worked as head of real estate at several companies, including Hudson Cross Financial, a company engaged in the acquisition of foreclosed houses in the U.S.⁹⁶



In 2012, Prouty relocated from Connecticut after the Government of Puerto Rico enacted Acts 20 and 22, becoming an active promoter of the relocation of “high net worth U.S. citizens” to the island because of the provision of enormous tax benefits. Prouty was taking advantage of those tax incentives to acquire the bankrupt Ciudadela project for 100 million USD,^{97,98} which was marketed as a “Revitalization of Santurce,” made possible after the forced expropriation and displacement of the San Mateo Community and the demolition of properties across 22 acres of land in 2003 and 2004, after which the government opened a bid for the construction of the new residential complex. The bid was won by Miramar Real Estate Management; however, after declaring bankruptcy in 2012, Prouty, through Putnam LAC Holding, bought the project for 100 million USD and invested another 108 million USD, receiving an estimated 58.5 million USD in tax credits.⁹⁹ Prouty also announced a 6 million USD investment for the creation of a public park.¹⁰⁰

The mayor of San Juan, Carmen Yulín Cruz, submitted an administrative project authorizing the grant of municipal roads surrounding the housing complex for the construction of the park, which faced multiple obstacles, the biggest of them being two residents who refused to be expropriated but were displaced nonetheless.¹⁰¹



Through a contract signed in 2016 and amended in 2018 to extend its validity until 2033, the Puerto Rico Housing Finance Authority leased the property on Antonsanti Street, where the construction of the park was planned, to Putnam LAC Holding for an initial payment of 2 million USD. In the 2018 amendment to the contract, Putnam LAC transferred the contract to a non-profit corporation called Santurce Park Conservancy, Inc., also operated by Prouty.

Although the project was marketed to the public as a “public park,” under the contract Prouty has the right to sublease the space to anyone seeking to sell products and merchandise and is exempted from paying income taxes because of the management of the park through a non-profit. In 2013, Prouty also acquired the bankrupt Puerto del Rey marina, located in Fajardo, for 47.5 million USD through Putnam Bridge Funding; in 2021, Texas-based Safe Harbor Marinas acquired Puerto del Rey, though financial details were not disclosed.^{102,103} Evidently, Prouty is one of the main actors driving the increased privatization and gentrification of public spaces in Puerto Rico, not only finding ways to reap more tax benefits on top of the ones already provided but also marketing himself as a benevolent millionaire acting in the interests of PR residents without any mention of those who have had to be displaced in order to make way for “revitalization.”

Prouty has had such staggering success in his business dealings in the archipelago not only because of the fiscal incentives provided to him but also because of his questionable association with multiple political figures there. **These include the former secretary of the Puerto Rico Department of Education, Julia Keleher, and multiple former governors, including Alejandro García Padilla, Ricardo Rosselló, and Sila Calderón.**

In 2016, The Washington Free Beacon, a right-wing publication, reported that a non-profit associated with then Governor Alejandro García Padilla had received 275,000 USD in grants from major companies and wealthy individuals in Puerto Rico, including Prouty. Founded by former New Mexico Governor Bill Richardson, the charitable organization was called Sociedad Económica de Amigos del País Inc. and listed Governor García’s brother, Antonio García Padilla, as general director and the only employee of the organization, who obtained a 70,000 USD salary in 2014.

The charity was supposedly created to support economic development in PR by reaching out to potential investors, and board members included; Prouty; Richard Carrion, then president of Banco Popular; Guillermo Martinez, CEO of St. James Security; Miguel Ferrer, then chairman of UBS Puerto Rico; Kathryn Wylde, former director of the Federal Reserve Bank of New York and CEO of the non-profit Partnership for New York City; and Dennis Hickey, former president of Service Employees International Union (SEIU) Healthcare.^{104,105} The grants made to the charity in 2014 — the only year when it obtained more than 50,000 USD and had to file a Form 990 with the U.S. Internal Revenue Service — almost exclusively came from the companies headed or owned by the board members. For instance, Prouty donated 50,000 USD through Putnam LAC Holding; SEIU Healthcare donated 25,000 USD; and Fundación Banco Popular donated 100,000 USD.¹⁰⁶ **Although the potential conflict of interest between García Padilla, his family, and the companies involved was never investigated, a media scandal broke out in 2016 and, in 2018, the organization became inactive after its tax-exempt status was revoked for failing to submit its Form 990 for three consecutive years.**¹⁰⁷ Nevertheless, Prouty continued his business dealings in Puerto Rico as if nothing had ever happened.



Following Hurricane Maria, Prouty was regularly seen with Rosselló at the island's convention center; he claimed his main role had been facilitating the lines of communication between the U.S. Congress and the Government of Puerto Rico in order to help streamline a federal aid package for the island.¹⁰⁸ Prouty was also included in Rosselló's working group "Frente por Puerto Rico," created, conveniently for him, to analyze the federal tax reforms and their effects on the island.¹⁰⁹ The millionaire investor is also listed as a trustee in the 2018 IRS filings of the Fundación Sila M. Calderon, a non-profit created in 2008 by the former governor of Puerto Rico, Sila M. Calderón, who was the first person to ideate the "revitalization" of Santurce.¹¹⁰



Prouty has also been a force behind efforts to privatize education in Puerto Rico, again being linked to corruption scandals. In 2020, the former secretary of the Department of Education in Puerto Rico, Julia Keleher, and Ariel Gutiérrez-Rodríguez, owner of a real estate

company, were indicted for their participation in a bribery scheme in which Gutiérrez-Rodríguez facilitated Keleher's receipt of financial benefits. Namely, the company agreed to lease a Ciudadela apartment to Keleher for 1 USD and subsequently give her a 12,000 USD bond as incentive for the purchase of the apartment in exchange for Keleher's ceding of 1,034 square feet of the Padre Rufo School, with a lot adjacent to Santurce Park, to a private company associated to Gutiérrez-Rodríguez in order to widen a road and build a sidewalk across the Ciudadela.¹¹¹



According to *Noticel*, Putnam LAC Holding was named in one of the allegations as the company that would benefit from ceding this space, although Prouty was not investigated.¹¹² Coincidentally, Prouty was then founding president of the board of directors of the Puerto Rico Education Foundation (PREF), a private non-profit created in 2017 that supported Keleher's education projects aimed towards privatization. The organization reportedly paid for the salaries of assistants and a system of mentors, which ranged between 125,000 USD and 250,000 USD, for the then secretary of Education and was involved in Keleher's attempt to increase her salary from 250,000 USD to 500,000 USD using private donations made to the foundation.^{113,114,115}

Prouty's association with influential politicians also includes some of the most powerful Democrats in Washington, including his collaboration with the Clintons. Besides giving multiple donations to Hillary's 2016 presidential campaign, in 2014 the Clinton Foundation invited him to a convening in Miami, Florida, with other powerful businesspeople and, in 2018, he was praised by the Clinton Global Initiative for the installation of a solar energy system in Puerto del Rey.^{116,117,118} Prouty has also been identified as a Biden Administration "bundler" — a person who, after reaching personal contribution limits, turns to friends or associates to give campaign contributions —, contributing at least 248,000 USD from 1990 to 2020.^{119,120}

More recently, he forged a visible relationship with Vice President Kamala Harris. In 2018, he held a private meeting with Harris, then a senator, and Senator Bill Nelson; following Hurricane Maria, Prouty claimed that Harris personally called him frequently to learn about the situation in PR.¹²¹ In March 2024, Harris made her first visit to Puerto Rico as vice president, along with U.S. Energy Secretary Jennifer Granholm; the officials made time to stop by a Biden fundraising event hosted by Prouty, now involved in the energy business, at his Ciudadela apartment complex.¹²²

Besides his relationship with powerful politicians, Prouty is well connected to Puerto Rico's regulatory bodies through Pietrantonio Mendez & Alvarez, LLC, the law firm that lobbies for Putnam Bridge.¹²³ One of the largest firms in Puerto Rico, Pietrantonio Mendez & Alvarez has benefited greatly from government-issued bonds, as it has participated as legal advisor to at least 56 bond emissions.¹²⁴ **According to the Center for Investigative Journalism, between 2017 and 2018, the firm signed eight contracts totaling 4.385 million USD with PREPA, the Ports Authority, and the Puerto Rico Fiscal Agency and Financial Advisory Authority (FAFAA), the latter being the fiscal agent and financial advisor for all entities of government, including municipalities, and in charge of executing the Integrated Resource Plan.**¹²⁵

IN SUM, THE SAME LAW FIRM THAT PROTECTS PROUTY'S INTERESTS BY LOBBYING FOR HIS HEDGE FUNDS HAS WON MILLIONAIRE CONTRACTS WITH PREPA AND THE GOVERNMENTAL AGENCY IN CHARGE OF THE IRP AND THE SUPPOSED CLEAN ENERGY TRANSITION.

Clearly, Prouty is well connected to top politicians both on and off PR and to powerful, rich businesspeople, which has given him a blanket of impunity against multiple corruption scandals. No authority has ever blocked his efforts to gentrify public spaces, profit from financial crisis, or privatize education, so now Prouty is using his amassed wealth to profit in the energy sector, seeking to further privatize energy production, destroy agricultural land, and dispossess communities as he did with his apartment complex in Ciudadela.

4. THE MYTH OF LOWER PRICES



In addition to the environmental and social impacts of these energy projects, the corruption scandals surrounding the issuance of permits, and the dubious business practices of their beneficial owners — all of which already represent a high price to pay for the residents of the Commonwealth —, the promise of lower energy prices resulting from the approval of these projects is only a myth. **When Rosselló announced his intention to sell PREPA's assets to private companies, he listed PREPA's "poor service and high costs" as a driving force behind the decision.**¹²⁶ What has since been implied is that an electricity grid that is not only based on renewable energy but also privatized by way of concessions to hedge fund-financed private power producers and multinational companies will inevitably be cheaper for users.

However, there is a palpable obstacle standing between affordable prices and equal access to clean energy when produced by private parties: profits. Puerto Rico's dependency on imported fossil fuels is, without a doubt, an important contributor to high energy costs, however, believing that private companies delivering renewable energy will sacrifice a portion of their profits to provide equal access and affordable energy is wishful thinking.

Solar power has become cheaper to harness over the past decade as technology improves, becoming at least as cheap as fossil fuels. However, this requires new infrastructure to be built, which, if left to the private sector, requires the promise of future profits.

Prospective developers, often relying on high levels of debt because the industry is relatively new, need to find sufficiently attractive terms to raise financing for projects that seldom provide high returns on investments comparable to those of traditional fossil fuels, sometimes rendering them barely profitable.¹²⁷ **The “attractive terms” that will make a renewable energy project more profitable, therefore, mainly rely on the agreements that companies make with governments and regulatory bodies.** In Puerto Rico, favorable arrangements are reached through PPOAs with PREPA, where developers seek “certainties” for their investors that invariably result in higher prices for users.¹²⁸

Take CIRO One Salinas, for example. When PREPA began negotiating PPOAs for the “Tranche 0” proposals between 2018 and 2020, which included CIRO One along with 15 other projects, FOMB rejected all 16 proposals on the basis that the agreed-upon prices exceeded what had been set in the IRP and the 2020 Certified Fiscal Plan.

FOMB estimated that the approval of these projects would potentially cause 460 million USD in increased costs for users.¹²⁹ Nonetheless, FOMB eventually agreed to allow up to 150 MW of renewable energy production capacity, approving CIRO One’s PPOA along with another project, because of the “minimal increases to energy rates that this would cause,” though it did not provide concrete figures on the approximate increase that these projects would cause.¹³⁰ Later on, CIRO One went ahead and increased its project capacity to 140 MW, allegedly without altering the conditions of the original PPOA, citing increases in construction costs, inflation, and supply chain issues, among others. Clearly, Prouty is seeking to extract a higher return on his investment in the project, which is in direct opposition to the interests of PREPA’s customers who will ultimately pay the difference. Needless to say, the project will not translate into lower energy prices for the island’s residents.

The same can be said of CIRO Two Salinas, Salinas Solar, and Jobos Solar. When the “Tranche 1” proposals were submitted in 2022, FOMB approved and applauded a competitive procurement process (which, the Board also mentioned, did not happen for the “Tranche 0” proposals) that would result in over 40% savings in 15 years, but only compared to the Tranche 0 proposals. In other words, the savings estimates were obtained by doing a comparison with proposals that would have brought an enormous increase in prices to ratepayers.¹³¹ Even so, none of the 18 PPOAs in Tranche 1 reached a final investment decision because project proponents complained that they were no longer feasible at the originally submitted rates, citing inflation and increased interest rates, once again demonstrating the constrained mechanisms for financing utility-scale solar farms for private gain. In April 2023, new proposals were submitted by developers and amendments to 11 of the PPOAs were made, including to the PPOAs of Salinas Solar, Jobos Solar, Guayama Solar Energy, and CIRO Two.

The amendments were reviewed, approved by PREB, and executed in 2023 even before obtaining approval from FOMB, in direct violation of a government policy that requires contracts worth 10 million USD or more to be approved by FOMB before execution. The amendments also represented a 34% increase in energy costs from what the PPOAs approved by FOMB in 2022 had proposed, meaning that the 40% savings that FOMB had applauded were reduced to a scant 6%, which, again, only represent savings in relation to the already expensive Tranche 0 projects. Despite the risk that the approval of the amendments represented not only to market prices but to the very procurement process, FOMB approved them with the condition that the companies secure U.S. Department of Energy LPO financing for “cost reduction” and that, if obtained, the savings be reflected in consumer rates.¹³²

In other words, the “penalty” that these companies suffered for bypassing FOMB, violating Puerto Rico’s government policy, and executing PPOAs that would entail an increase in energy prices was that FOMB conditioned its approval of their PPOAs to obtaining U.S. Government loans in order to obtain more favorable interest rates for the developers behind the projects.

AES and CIRO Group/Putnam Bridge were able to bypass FOMB in order to amend their PPOAs after they were approved and obtain more favorable financing conditions. The constant search for expansion and better prices reflects what was discussed at the beginning of this section: lower prices are a myth. None of these companies’ projects will actually reduce energy prices, at least not without governmental loans, subsidies, and favorable agreements, which invariably represent a cost to taxpayers.

These actors are only looking at Puerto Rico, as they always have, as a source of profit, now extracted from “clean” energy projects that greenwash their dim reputations. There is no interest in providing a sustainable, universal service, but rather in providing a service for those who are able to pay, running over those who stand in the way, such as the communities near CIRO One. **Public renewable energy can be cheaper than renewable energy generated for private gain, especially when privately-owned projects benefit those who have actively profited from Puerto Rico’s ongoing crises.**



5. CONCLUSION

This report has shown how Putnam Bridge, through CIRO Group, and AES, through Clean Flexible Energy, have deployed shady practices to expand their business activities in the Commonwealth, clean up their reputations, and gain more profits at the expense of cheap, accessible energy, the living conditions of communities near the projects, and the arable farmland that is indispensable for Puerto Rico's food security. Utilizing their influence over political actors and regulatory bodies, taking advantage of a scarcely competitive procurement process, and through outright illegality, these companies have bypassed regulations, the due processes for approval of energy projects, and those for obtaining permits, which has already resulted in the use of protected agricultural land and the flooding of entire communities with water meant to recharge the southern aquifer — the same aquifer that AES has contaminated with its toxic coal ash. The advances in "clean" energy that are presented with great pride by Governor Pierluisi today have come at a steep cost, both literally and figuratively.

This report ultimately aims to highlight how large, industrial-scale, corporate and hedge fund-owned solar projects are not really a clean alternative to the existing electrical system, but rather exacerbate the deep-rooted issues that threaten Puerto Rico's independence and resiliency. **These projects require large amounts of land, sacrificing more and more possibilities of locally produced food, displacing communities, and causing environmental hazards, on top of the ones that the residents of Puerto Rico already experience.** Furthermore, the projects require the extraction of more and more profits, standing in the way of a universal, affordable service.

A transition to authentic clean energy would entail, first and foremost, holding actors like AES and CIRO Group fully accountable for their environmental damages instead of bailing them out with more government contracts; secondly, reforming PREPA into a transparent, democratic body that works with communities to develop locally-produced renewable energy under public control instead of handing its assets out to private elites, as well as eliminating the reliance on an unaccountable and unelected board such as FOMB for the procurement of affordable energy; and thirdly, transitioning to rooftop solar panels and battery storage systems, especially in overburdened and excluded communities throughout the archipelago.

While the transition to clean, renewable energy is much needed in order to mitigate environmental pressures and provide the people with affordable energy, the core issues behind Puerto Rico's power generation system will not be solved with the implementation of the same corporate-oriented, shock doctrine policies that have only provoked further economic decline for the majority while bestowing wealthy investors with more opportunities to hoard the island's land and wealth, deepening the lack of democracy, sovereignty, and environmental measures that truly protect the people. **A transformative transition to a sustainable, resilient energy sector cannot be made without the voices of those on the ground, who are reclaiming their human and environmental rights, public and social control over their power generation system and resources, and democratization of the Commonwealth's economy.**

**IN OTHER WORDS: NO MORE CORPORATE
MEGAPROJECTS AND NO MORE PRIVATIZATION.**

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