August 18, 2026

By Electronic Mail
eechevarria@powerexpectations.com

Mr. Eddie Echevarria
Chief Executive Officer
Power Expectations, LLC
Marginal Villamar 9
Manzana CE Local 1
Carolina, PR 00979

Dear Mr. Echevarria:

Re: Notice of Termination of Power Purchase and Operating Agreement (PPOA), Contract No. 2026-P00107

Reference is made to that certain Power Purchase and Operating Agreement, Contract No. 2026-P00107, by and among Power Expectations, LLC, Enchanted Rock, LLC, and Reyes Contractor Group, Inc., collectively as Seller, and the Puerto Rico Electric Power Authority (PREPA), as Buyer (Agreement).

Unless otherwise expressly defined herein, all capitalized terms used in this Notice shall have the meanings assigned to them in the Agreement.

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The Agreement resulted from a competitive procurement process conducted by the Third-Party Procurement Office (3PPO) for temporary emergency generation capacity, undertaken in response to the Puerto Rico Energy Bureau's directive to address the anticipated generation shortfall and enhance the reliability of Puerto Rico's electric power system. Following completion of the procurement process and the corresponding regulatory and governmental reviews and approvals, the Agreement was executed on June 10, 2026.

I. Notice of Termination

By this letter (Notice), PREPA hereby provides formal notice of termination of the Agreement pursuant to Article XV thereof, effective immediately upon confirmed receipt of this Notice, on the two separate and independent grounds set forth below.

First, Seller has failed to furnish the performance security required by Section C.1 of Exhibit C, which constitutes an Immediate Seller Event of Default under Section 15.1 and authorizes termination under Section 15.5(d). Second, the Financial Oversight and

Management Board for Puerto Rico (Oversight Board) has revoked its approval of the Agreement and expressly directed PREPA to terminate it.

II. Failure to Furnish the Performance Security Required by Exhibit C

A. Express Contractual Requirement

Section C.1 of Exhibit C, entitled "Bond Amount and Term," provides in relevant part:

> "Seller shall deliver to Buyer, no later than fifteen (15) Business Days after Contract execution, an irrevocable standby letter of credit or on demand performance bond in an amount equal to one hundred percent (100%) of the projected construction-phase contract value ($1,180,000,000)."

For purposes of this Notice, the irrevocable standby letter of credit or on-demand performance bond required by Section C.1 is referred to as the "Required Performance Security."

Section 15.1, entitled "Immediate Seller Events of Default," provides that:

> "the occurrence of any of the following shall constitute an Immediate Seller Event of Default without opportunity to cure"

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and expressly includes:

> "(vii) failure to maintain required insurance coverage, permits, licenses, or Performance Bond requirements."

Section 15.5(d), entitled "Termination of Rights," further provides that the Agreement may be terminated:

> "(d) by Buyer upon the occurrence of an immediate Seller Event of Default under Section 15,1."

These provisions establish Seller's obligation to furnish the Required Performance Security and PREPA's express right to terminate upon the corresponding Immediate Seller Event of Default.

B. Seller's Failure to Furnish the Required Performance Security

The Agreement was executed on June 10, 2026. Section C.1 required Seller to furnish the Required Performance Security within fifteen (15) Business Days after execution.

In a written communication dated June 17, 2026, Power Expectations represented that it was:

> "fully positioned to deliver the required irrevocable standby letter of credit or on-demand performance bond in the amount of one hundred percent (100%) of the projected construction-phase contract value ($1,180,000,000) in full compliance with Exhibit C, Section C.1 of the PPOA on or before the June 30, 2026 deadline."

Seller did not furnish the Required Performance Security by the represented June 30 date.

C. Seller's Position Regarding Exhibit C.6

On July 21, 2026, counsel for Power Expectations asserted that the contemplated performance bond could not be finalized without receiving the form of Performance Bond or specific bond language referenced in Section C.6.

Section C.6 states:

> "PERFORMANCE BOND TO BE ATTACHED."

In response to Power Expectations' position, the 3PPO, which drafted the Agreement, advised PREPA that Section C.6 was intended to provide for the Performance Bond, once issued, to be incorporated into or attached to the Agreement. According to 3PPO, Section C.6 was not intended to require PREPA to prepare or provide Seller with proposed bond language or a separate bond form as a prerequisite to Seller's compliance with its Performance Bond obligation.

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This interpretation is consistent with the text of Exhibit C. Section C.6 does not state that PREPA's provision of a particular bond form is a condition precedent to Seller's obligation under Section C.1, nor does it provide that the fifteen (15) Business Day period established by Section C.1 is suspended, tolled, or extended pending delivery of such a form. Section C.1 independently requires Seller to furnish the Required Performance Security and expressly permits compliance through either an irrevocable standby letter of credit or an on-demand performance bond.

Seller's June 17, 2026 communication is also relevant in this respect. In that communication, Power Expectations represented that it was "fully positioned" to furnish the Required Performance Security by June 30, 2026 and that underwriting of the contemplated performance bond was already underway. The June 17 communication did not identify the absence of a bond form under Section C.6 as preventing timely compliance.

D. Additional Opportunity to Furnish the Required Performance Security and Notice of Default

Seller did not furnish the Required Performance Security within the period established by Section C.1. On July 13, 2026, Mr. Jorge Cotto, PREPA's PMO Administrator, sent an email requesting that Seller submit the required bond.

Without modifying the contractual deadline established by Section C.1, PREPA afforded Seller an additional opportunity to furnish the Required Performance Security. As documented in PREPA's August 10, 2026 Notice of Seller Event of Default (the "August 10 Notice of Default"), Seller represented that it would provide the required security on or before August 7, 2026. That date expired without delivery

On August 10, 2026, PREPA formally notified Seller that its failure to comply with the Performance Bond requirements constituted an Immediate Seller Event of Default under Section 15.1. The August 10 Notice of Default expressly preserved PREPA's contractual rights and remedies and stated that continued communications or willingness to receive the security after the contractual deadline would not constitute a waiver, modification, extension, forbearance, or relinquishment of those rights.

As of the date of this Notice, Seller has not delivered to PREPA either an irrevocable standby letter of credit or an on-demand performance bond satisfying Section C.1.

E. No Waiver

Article XXI, entitled "NON-WAIVER," provides in relevant part:

> "No failure or delay by either Party in enforcing any provision of this Agreement, or in exercising any right or remedy arising from a breach, shall be construed as a waiver of such provision, right, or remedy."

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It further provides:

> "No waiver shall be effective unless expressly stated in writing and signed by the waiving Party,"

and that:

> "no course of dealing or performance shall alter the strict enforcement of this Agreement unless expressly agreed in writing."

Nothing in the documents reviewed by PREPA for purposes of this Notice reflects any written waiver of Seller's obligation under Section C.1 or of the Event of Default. PREPA's August 10 Notice of Default expressly preserved PREPA's contractual rights and remedies.

F. PREPA's Determination

Seller's failure to furnish the Required Performance Security constitutes an Immediate Seller Event of Default under Section 15.1 of the Agreement. Because the Required Performance Security remains undelivered as of the date of this Notice, PREPA hereby exercises its right under Section 15.5(d) to terminate the Agreement on this independent contractual ground.

III. Revocation of Oversight Board Approval and Direction to Terminate

A. Oversight Board Review and June 2 Approval

The Oversight Board reviewed the Agreement pursuant to its Contract Review Policy established under Section 204(b)(2) of PROMESA. By letter dated June 2, 2026 (the "June 2 Determination"), the Oversight Board concluded that the conditions for its approval had been satisfied and stated:

> "Accordingly, the parties may proceed with the execution of the Proposed Contract."

The June 2 Determination further expressly reserved the Oversight Board's right to:

> "provide additional observations and modify this letter based on information the Oversight Board was not directed to when the review was conducted."

B. August 17, 2026 Revocation and Direction to PREPA

By letter dated August 17, 2026, addressed among others to PREPA's Executive Director, the Oversight Board formally revoked its approval of the Agreement and expressly directed:

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> "The Oversight Board further directs PREPA to terminate the Contract."

PREPA is therefore terminating the Agreement on this independent ground in compliance with the Oversight Board's formal revocation of approval and express direction to terminate.

IV. Effect of Termination and Contractual Consequences

A. Immediate Cessation of Activities

Section 15.1 authorizes Buyer, upon an Immediate Seller Event of Default, to "suspend Seller's operations, dispatch rights, interconnection activities, fuel-related activities, or mobilization activities." Section 15.4 likewise authorizes suspension of "dispatch, operations, interconnection activities, fuel deliveries, mobilization activities, or other performance obligations upon written notice to Seller."

Accordingly, effective immediately upon confirmed receipt of this Notice, Seller shall cease and shall not commence, continue, or undertake any operations, dispatch, interconnection, fuel-related, or mobilization activities, or other performance under the Agreement, except as expressly authorized or directed in writing by PREPA to carry out an obligation that survives termination or to protect the Project Sites or PREPA property or systems. Seller shall not incur or commit to any additional activity, expenditure, obligation, or liability for PREPA's account or on PREPA's behalf under the Agreement after the effective time of termination.

B. Termination Compensation and Payment Obligations

For the avoidance of doubt, PREPA is not terminating the Agreement for convenience under Section 15.5(b). The termination is based on the grounds stated in Sections II and III of this Notice.

Section 15.9, entitled "Exclusive Termination Compensation," provides, in relevant part:

> "Buyer shall have no obligation to pay for any undelivered energy, unused capacity, future availability, stranded investment, financing costs, return on equity, demobilization costs, or lost profits;"

and:

> "Seller shall only be entitled to payment for electric energy actually delivered, metered, accepted, and invoiced prior to the effective date of termination."

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PREPA confirms that, as of the date of this Notice, no Notice to Proceed has been issued; no Seller equipment has been delivered to or mobilized at the Project Sites; no electric energy has been delivered, metered, accepted, or invoiced under the Agreement; and PREPA has made no payment to Seller under the Agreement. Accordingly, no amount is due to Seller as termination compensation under Section 15.9.

C. Demobilization and Site Obligations

Section 15.7, entitled "Demobilization Upon Termination or Expiration," provides:

> "Upon expiration or termination of this Agreement, Seller shall promptly demobilize and remove its equipment from the Project Sites in accordance with applicable safety, environmental, and operational requirements and any demobilization procedures reasonably established by Buyer."

Because no Seller equipment has been delivered to or mobilized at the Project Sites, no demobilization activity is presently required. If Seller property is nevertheless located at a Project Site or other PREPA location, Seller shall promptly notify PREPA and shall not enter or access such location except as expressly authorized in writing by PREPA.

D. Surviving Obligations

Section 15.8 provides that termination does not affect rights, obligations, liabilities, indemnification obligations, Liquidated Damages, regulatory compliance obligations, payment obligations, offsets, Performance Bond rights, audit rights, dispute-resolution obligations, or other provisions that accrued before termination or are intended to survive.

V. Reservation of Rights and No Waiver

Section 15.6 provides that remedies upon a Seller Event of Default are cumulative and not exclusive and include "any other remedy available under this Agreement or Applicable Law."

PREPA's termination is based solely on the two independent grounds expressly stated in this Notice. PREPA expressly reserves all other rights, claims, remedies, offsets, defenses, and causes of action available under the Agreement or Applicable Law, and nothing in this Notice waives any breach, default, claim, right, or remedy not expressly addressed herein.

Nothing in this Notice constitutes PREPA's adoption of any factual allegation or legal conclusion in the August 17 Revocation Letter beyond the Oversight Board's revocation of approval and express direction to terminate the Agreement.

VI. Notice and Communications

This Notice is delivered pursuant to Articles XXIII and XXV of the Agreement and is effective upon confirmed receipt.

Seller is requested to acknowledge receipt promptly in writing; such acknowledgment is not a condition to effectiveness where receipt is otherwise confirmed under Article XXIII.

All notices or other communications required or permitted under the Agreement concerning this Notice or the termination of the Agreement shall be delivered to PREPA in accordance with Articles XXIII and XXV of the Agreement. PREPA requests that a courtesy copy of any such communication also be provided to its Office of General Counsel.

Cordially,

Mary C. Zapata-Acosta
Executive Director

c Hon. Jenniffer A. González Colón, governor@fortaleza.pr.gov
Hon. Thomas Rivera Schatz, trivera@senado.pr.gov
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