

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:)
) GPA Docket 11-12
)
Guam Power Authority’s Petition for) **ORDER**
Contract Review of Renewable Energy)
Acquisition Pursuant to GPA’s Integrated)
Resource Plan)
)

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission [“PUC”] upon the Filing by GPA of the “Renewable Energy Purchase Agreement with Quantum Guam Power, LLC.”¹

BACKGROUND

2. On November 19, 2011, the Chairman of the Commission issued, on behalf of the Commission, an Order in this Docket which approved the selection of Quantum Guam Power [“QGP”] and award of a contract to it of a 20MW Solar Project.² At its meeting of January 11, 2012, Guam PUC ratified the Order of the Chairman in GPA Docket 11-12.³

3. The PUC authorized GPA to enter into contracts with QGP and PGR.⁴
4. However, PUC approval for GPA to enter into contracts with QGP and PGR was subject to two conditions: (1) completion of an evaluation by GPA of the projects in the System Impact Study performed by R.W. Beck; and (2) acceptance by the project proponents of the System Impact Study terms and conditions.⁵

¹ GPA Filing, GPA Docket 11-12, Renewable Energy Purchase Agreement with Quantum Guam Power, LLC, filed May 21, 2012.

² Id. at p. 2.

³ Minutes of Special Meeting of January 11, 2012, at p. 1 [“Ratification”].

⁴ Id.

⁵ Id. at p. 4; see also letter from General Manager Joaquin Flores to ALJHorecky dated May 31, 2012 [re: Quantum Guam Power Renewable Contract Documents Submittal], filed May 21, 2012.

5. On May 30, 2012, PUC Counsel filed his Report herein. The PUC adopts the discussion and recommendations therein.⁶

DETERMINATIONS

6. GPA has completed and submitted the Renewable IFB System Impact Study, prepared by R.W. Beck, as required by the December 19, 2011 Order.⁷
7. In general, while Beck has found that system and interconnection upgrades will be necessary for the renewable projects to be built, it has determined that such interconnection and upgrades should be accomplished without disruption or damage to the system.
8. In accordance with the recommendation of Beck, the QGP and PGR projects should both connect at the Talofofu Substation, and do so by building a 34.5 kV underground connection with two circuits from Dandan to Talofofu (1 connection for each project).⁸
9. In accordance with the recommendation of Beck there should be a cost allocation for the interconnection requests, with 57% of cost allocated to QGP and 43% of the cost allocated to PGR.⁹ The total required Network Upgrade Costs are estimated to be \$17,337,482. From that amount, there will be a cost assignment to QGP of \$9,907,133 and to PGR of \$7,430,350.¹⁰
10. By letter dated May 18, 2012, Quantum Guam Power LLC accepted the conclusions and conditions of the Renewable System Impact Study (IR01 & IR02 Evaluation) dated May, 2012, prepared by R.W. Beck. Quantum will also enter into the Small Generator Interconnection Agreement.¹¹
11. GPA and Quantum Guam Power LLC (QGP) have agreed to the form of their Renewable Energy Purchase Agreement, which is attached to GPA's filing. The form of the agreement is comprehensive and fully sets forth the details of the relationship between the parties and the terms and conditions thereof.

⁶ PUC Counsel Report, GPA Docket 11-12, filed May 30, 2012.

⁷ GPA Filing, GPA Docket 11-12, filed May 21, 2012.

⁸Id. at Section 5.

⁹ Id. at Section 5 at p. 5-2.

¹⁰ Id. at p. 5-3.

¹¹ Letter from Quantum Guam Power to Guam Power Authority dated May 18, 2012; Small Generator Interconnection Agreement between Guam Power Authority and Quantum Guam Power LLC.

12. Seller will construct a solar facility capable of producing 20 megawatts during the first contract year, and a minimum production of megawatts for a term of 25 years.¹² At present, the "Commercial Operation" date is twenty four months from the effective date of the agreement.¹³
13. Seller will bear the cost for construction of the solar facility. Ownership of the facility shall be in accordance with the Agreement. Performance guarantees and penalties shall also be in accordance with the Agreement. The Contract price per megawatt hour varies from \$196.00 in year 1 to \$220.90 in year 25.¹⁴

ORDERING PROVISIONS

After a review of the record herein, GPA's Filing and Petition for Approval of GPA's Renewable Energy Purchase Agreement with Quantum Guam Power LLC, and the PUC Counsel Report, for good cause shown, on motion duly made, seconded and carried by the undersigned Commissioners, the Guam Public Utilities Commission HEREBY ORDERS that:

1. The System Impact Study prepared by R.W. Beck Inc. has been completed in accordance with the PUC Order dated December 19, 2011.
2. Quantum Guam Power has accepted all terms and conditions of the System Impact Study, as well as its cost responsibility for the interconnection upgrades required to implement its project.
3. The requirements for contract approval set forth in the PUC December 19, 2011 Order have been satisfied.
4. The Renewable Energy Purchase Agreement between Quantum Guam Power LLC and the Guam Power Authority is hereby approved.
5. GPA is ordered to pay the Commission's regulatory fees and expenses, including, without limitation, consulting and counsel fees and the fees and expenses of conducting the hearing proceedings. Assessment of PUC's regulatory fees and

¹² Renewable Energy Purchase Agreement, pgs. 11&44.

¹³ Id. at p. 14.

¹⁴ Id., Appendix A.

expenses is authorized pursuant to 12 GCA §§12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

Dated this 11th day of June, 2012.

Jeffrey C. Johnson
Chairman

Joseph M. McDonald
Commissioner

Rowena E. Perez
Commissioner

Filomena M. Cantoria
Commissioner

Michael A. Pangelinan
Commissioner