

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:)	
)	GPA Docket 11-12
)	
Guam Power Authority's Petition for)	
Contract Review of Renewable Energy)	PUC COUNSEL REPORT
Acquisition Pursuant to GPA's Integrated)	
Resource Plan)	
_____)	

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Petition of the Guam Power Authority of ["GPA"] for contract review and approval of Renewable Energy Acquisition pursuant to GPA's Integrated Resource Plan.¹
2. GPA issued a bid (GPA-027-11) for renewable energy resources in January 2011.²
3. On September 6, 2011, the Consolidated Commission on Utilities ["CCU"] approved GPA's recommendation for award of two contracts: Quantum Guam Power (20 MW Solar Project) and Pacific Green Resources (14.39 MW Wind/Solar).³
4. GPA now petitions the PUC for review and approval of its awards to Quantum Guam Power and Pacific Green Resources.⁴

BACKGROUND

5. On December 29, 2008, the PUC approved GPA's Integrated Resource Plan which included a proposal for renewable resource acquisition. The PUC has long recommended that GPA include renewable resource acquisition within its IRP.⁵ Therein, GPA was also ordered to comply with certain Integrated Resource Planning Implementation Protocols.⁶

¹ GPA Petition for Contract Review of Renewable Energy Acquisition, GPA Docket 11-12, filed November 4, 2011.

² Letter from General Manager, GPA, to PUC dated November 4, 2011 [Request for PUC Approval for the Award of Renewable Energy Resource Proposals for GPA's Phase 1 of Renewable Acquisition, GPA Docket 11-12, at p. 1.

³ Id. at p. 1;

⁴ GPA Petition for Contract Review of Renewable Energy Acquisition, GPA Docket 11-12 at p. 1.

⁵ PUC Decision and Order, In the Matter of: GPA Integrated Resource Plan, Docket No. 08-06, dated December 29, 2008 at p. 2.

⁶ Id., Exhibit "A".

6. On April 20, 2009, the PUC authorized GPA to issue bids for “Phase 1” of this renewable resource acquisition.⁷
7. In Public Law 29-62, enacted on April 4, 2008, the Guam Legislature established a policy requiring the development of renewable energy production and a decrease upon total reliance on oil for electricity production by GPA.⁸ The Legislature established “Renewable Portfolio Standards” [“RPS”]. The Guam Power Authority is required to comply with a preliminary renewable portfolio standard goal of “five percent (5%) of its net electricity sales by December 31, 2015...”⁹
8. In accordance with the Implementation Protocol for the IRP, GPA has submitted a Report which requests approval to enter into renewable energy contracts.¹⁰ The Report describes in detail the proposals of Quantum Guam Power LLC and Pacific Green Resources LLC.¹¹ In both projects, the bidders are solely responsible for financing the projects and GPA is only obligated to pay for energy received.¹²

RECOMMENDATION

9. Counsel recommends that the PUC approve GPA’s bid awards of renewable energy acquisition with Quantum Guam Power and Pacific Green Resources, and authorize GPA to enter into contracts with said companies.
10. GPA is obligated by Public Law 29-62 to comply with the renewable portfolio standards; in accordance therewith it must seek to obtain renewable resources.
11. Furthermore, GPA is required to meet two additional requirements pursuant to 12 GCA §8306(2) & (3): GPA may not purchase power produced or sold from alternative energy sources “at a cost greater than the average cost of producing power found in the island wide power system (not inclusive of backup diesel

⁷ PUC Order, In the Matter of: Guam Power Authority’s Renewable Energy Acquisition pursuant to GPA’s Integrated Resource Plan, Docket 08-06, dated April 30, 2009 at p. 2.

⁸ Public Law 29-62, enacted on April 4, 2008, at Section 1.

⁹ Id., at Section 2.

¹⁰ GPA Report for Petition of Approval to Enter into Renewable Energy Contracts (Reference: Multi-Step Bid No. GPA-027-11), November 4, 2011 [attached to GPA’s Petition for Contract Review of Renewable Energy Acquisition, GPA Docket 11-12].

¹¹ Id. at pgs. 1-3.

¹² Id. at p. 3.

generators), specifically the two Cabras Units, the two Tanguisson Units, and the Piti Power Plant.” In addition, GPA cannot sign an alternative energy contract unless its Board of Directors certifies that “the price paid for electricity pursuant to the agreement does not exceed actual current avoided cost.”¹³

12. GPA has demonstrated that contract requirements are within the Average Production Cost for Cabras 1 & 2 and Tanguisson Plants, and within the Avoided Cost Projections.¹⁴ The LEAC rates, when the rates are included with renewable contracts, are very slightly less than the Base LEAC rates without the renewable energy contracts. The recommended renewable contracts are projected to show a decrease in the LEAC rate based on the Base Fuel and Load Projections.¹⁵
13. PUC approval should be conditional upon completion of the required project evaluation of the System Impact Study by GPA consultants R.W. Beck, Inc. Those studies should be completed shortly. Before the bid awards can be final, the bidders must accept the conclusions and conditions of the System Impact Study.¹⁶
14. GPA should also be authorized to recover renewable energy costs where properly includable, though the Levelized Energy Adjustment Clause [LEAC].¹⁷
15. A Proposed Order is submitted herewith for the consideration of the Commissioners.

Dated this 13th day of December, 2011.

Frederick J. Horecky
PUC Legal Counsel

¹³ 12 GCA §8306(2) & (3)

¹⁴ CCU Resolution No. 2011-44, dated September 6, 2011; Table 2 (Projected LEAC Rates \$/kWh) for Renewable Contracts through FY2020), at p. 5 of the Report for Petition of Approval to enter into Contracts for Renewable Energy Resources.

¹⁵ CCU Resolution No. 2011-44 at p. 2.

¹⁶ Letter from General Manager, GPA to the PUC, Request for PUC Approval for the Award of Renewable Energy Resource Proposals for GPA’s Phase 1 of Renewable Acquisition, November 4, 2011 at p. 2.

¹⁷ Id.