

**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 ) ORDER  
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 Amendments to the Quantum Guam Power, LLC [“Quantum”] Renewable Energy Purchase Agreement.<sup>1</sup>

**BACKGROUND**

2. On December 19, 2011, the PUC approved the Quantum Guam Power and Pacific Green Resources solar/wind projects as renewable energy contracts, subject to the completion of the System Impact Study.<sup>2</sup>
3. On June 11, 2012, PUC found that the System Impact Study had been completed by GPA’s Consultant R.W. Beck, and that Quantum Guam Power had accepted all terms and conditions thereof. The requirements for contract approval as set forth in the December 19, 2011 Order had been satisfied, and the renewable Energy Purchase Agreement between Quantum Guam Power LLC and the Guam Power Authority was given final approval by the PUC.<sup>3</sup>
4. With its present Petition, GPA has submitted a proposed “FIRST AMENDMENT TO RENEWABLE ENERGY PURCHASE AGREEMENT.”<sup>4</sup> Therein GPA proposes various amendments to the Purchase agreement including provisions for “Additional Production” of renewable energy, allowance for performance of Seller Quantum’s obligations under the Agreement by proposed Lessor Guam Solar Property LLC, or any affiliate of Seller, and clarification that Seller Quantum would

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<sup>1</sup> GPA Petition for Contract Review and Approval of Amendments to the Quantum Guam Power, LLC Renewable Energy Purchase Agreement, GPA Docket 11-12, filed January 9, 2013.

<sup>2</sup> PUC Order, GPA Docket 11-12, dated December 19, 2011.

<sup>3</sup> PUC Order, GPA Docket 11-12, dated June 11, 2012.

<sup>4</sup> Attachment to GPA Petition herein, GPA Docket 11-12, filed January 9, 2013.

not be required to obtain and maintain the insurance prescribed in Section 11.2 of the Power Purchase Agreement until such time as Seller, Lessor, or any affiliate or contractor of Seller is mobilized on the Project site to perform construction work on the Facility.<sup>5</sup>

5. The Guam Consolidated Commission on Utilities approved the amendments to the Quantum Guam Power LLC Renewable Energy Purchase Agreement by resolution dated December 12, 2012.<sup>6</sup>
6. The Report of PUC Counsel herein, dated January 14, 2012, outlines the proposed Amendments in full and is adopted by the Commission.<sup>7</sup>

#### DETERMINATIONS

7. The provision for “Additional Production” allows for the production of up to 4,000 MWh of renewable energy to be produced per contract year by the facility in excess of the Minimum Production for that Contract Year. The provision appears to be beneficial to GPA, the parties, and ratepayers in that it allows GPA to obtain additional renewable energy at a cost which is less than that for the Minimum Production under the contract.<sup>8</sup>
8. Quantum has requested that it be allowed to be the lessee of the plant, and that Seller functions under the Purchase Agreement could be performed by Lessor Guam Solar Power LLC. GPA alleges that this arrangement will facilitate bank financing for the project in that the ownership of the plant/property will be in an entity separate from the Operator of the plant (which would be Quantum).<sup>9</sup>
9. GPA’s interests would appear to be protected, as “Seller shall remain liable to perform, or to cause to be so performed, all Seller obligations under the agreements and to cure any Seller default thereunder.”

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<sup>5</sup> Id. at p. 3.

<sup>6</sup> CCU Resolution No. 2012-83, issued December 12, 2012.

<sup>7</sup> PUC Counsel Report, GPA Docket 11-12, dated January 22, 2013.

<sup>8</sup> Price per MWh for the first contract year under the Renewable Energy Purchase Agreement is \$195.00 per MWh. For “Additional Production” under the First Amendment, the price is \$185.00 per MWh

<sup>9</sup> Presentation by GPA at Meeting between Counsel and GPA Officials at GPA on January 15, 2013.

10. The amendment regarding Insurance Requirements merely clarifies the time at which Seller Quantum is required to obtain and maintain insurance as prescribed in Section 11.2 of the Power Purchase Agreement. Such insurance is not required until Seller, Lessor, or any affiliate or contractor of Seller is mobilized on the Project site to perform construction work on the facility.<sup>10</sup> It is reasonable to only require such insurance when work on the project commences.

### ORDERING PROVISIONS

After a review of the record herein, GPA's Petition for Review and Approval of Amendments to 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. GPA's "First Amendment to Renewable Energy Purchase Agreement" with Quantum Guam Power is hereby approved.
2. The proposed contract amendments are reasonable, prudent and necessary and will facilitate the construction of the renewable energy facility and the provision of renewable energy to the consumers of Guam.
3. The GPA General Manager is authorized to execute the proposed First Amendment to Renewable Energy Purchase Agreement.
4. GPA shall file a fully executed copy of the First Amendment with the PUC.
5. GPA shall continue to comply with the reporting requirements for the renewable resource projects in accordance with the Implementation Protocol.
6. 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 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.

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<sup>10</sup> Id. at Section 8.

Order  
Amendments to Quantum Guam Power  
Renewable Energy Purchase Agreement  
GPA Docket 11-12  
January 29, 2013

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Dated this 29th day of January 2013.

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Jeffrey C. Johnson  
Chairman

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Joseph M. McDonald  
Commissioner

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Rowena E. Perez  
Commissioner

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Filomena M. Cantoria  
Commissioner

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Michael A. Pangelinan  
Commissioner

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Peter Montiola  
Commissioner