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BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:

D GRAHAM BOTHA, ESQ.

Guam Power Authority 688 Route 15, Suite 302 Mangilao, Guam 96913

Ph: (671) 648-3203/3002 Fax: (671) 648-3290

General Counsel

The Application of the Guam Power Authority of to Approve the Contract Extension for the

Performance Management Contract (PMC) for

Combustion Turbine Power Plants.

GPA DOCKET NO. 21-03

PETITION FOR CONTRACT REVIEW

COMES NOW, the GUAM POWER AUTHORITY (GPA), by and through its counsel of record, D. GRAHAM BOTHA, ESQ., and hereby files GPA's Petition for the Public Utilities Commission of Guam to review and approve GPA's request for approval of the Contract extension of the Performance Management Contract (PMC) for Combustion Turbine Power Plants, as follows:

BACKGROUND

The Guam Power Authority has a Performance Management Contract (PMC) agreement with Taiwan Electrical and Mechanical Engineering Services, Inc. ("TEMES") for GPA's Combustion Turbine plants. The contract currently expires in February 2021, and provides for an extension of an additional three-year period and a further extension option of two years. The CCU in Resolution 2020-19 has approved GPA's request for approval of the five-year contract extension with TEMES for the Performance Management Contract (PMC) for the Combustion Turbine Power Plants. The PMC will help insure increased availability and reliability for the Combustion Turbine Power Plants.

DISCUSSION

GPA hereby petitions the PUC, pursuant to the Contract Review Protocol for the Guam Power Authority, approved by the PUC, to review and approve the five-year contract extension with TEMES for the Performance Management Contract (PMC) for the Combustion Turbine Power Plants. In support of this Petition, GPA hereby provides the PUC with Consolidated Commission on Utilities (CCU) Resolution No. 2020-19, which authorizes the General Manager to proceed with the five-year contract extension with TEMES for the Performance Management Contract (PMC) for the Combustion Turbine Power Plants. Said resolution and its exhibits are attached herein as Exhibit A, and incorporated by reference herein as if fully set forth.

CONCLUSION

The PUC should approve GPA's request to proceed with the five-year contract extension with TEMES for the Performance Management Contract (PMC) for the Combustion Turbine Power Plants. The Performance Management Contract (PMC) for the Combustion Turbine Power Plants help insure increased availability and reliability, and is reasonable, prudent, and necessary.

RESPECTFULLY SUBMITTED this 12th day of November, 2020.

D. GRAHAM BOTHA, ESO. GPA General Counsel



CONSOLIDATED COMMISSION ON UTILITIES

Guam Power Authority | Guam Waterworks Authority P.O. Box 2977 Hagatra, Guam 96932 | (671) 648-3002 | guamccu.org

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RESOLUTION NO. 2020-19

AUTHORIZING MANAGEMENT OF THE GUAM POWER AUTHORITY TO PETITION THE PUC AND AWARD SERVICES FOR A PERFORMANCE MANAGEMENT CONTRACT FOR GPA'S COMBUSTION TURBINE POWER PLANTS

WHEREAS, the Guam Power Authority (GPA) has utilized Performance Management Contracts (PMC) for the management, operations, and maintenance of the base load power plants; and

WHEREAS, PMCs have provided GPA valuable assistance for continued operation and maintenance of power plants, including completion of major projects to meet availability, reliability, and efficiency standards; and

WHEREAS, GPA has 25 MW in Solar PV Renewables contributing to the island-wide power system, and the impact of major surges or intermittency in the day from these renewable energy supply requires the dispatching of units that can react quickly to the surges, such as the Combustion Turbine units; and

WHEREAS, GPA intends to continue the addition of renewable energy to its power system, through projects such as the Phase II and Phase III of Renewable projects; and

WHEREAS, GPA, through Resolution NO. 2015-46 completed Invitation for Bid GPA-001-16 for a Performance Management Contract for GPA's Combustion Turbine Plant and through Resolution 2016-02, awarded the contract to Taiwan Electrical and Mechanical Engineering Services (TEMES) Guam, Inc; and

WHEREAS, through the current PMC contract with TEMES, the Dededo Combustion Turbine Units CT1 and CT2 were re-commissioned and placed into operation within 15 months after commencement of the PMC, providing an additional 40 MW of capacity especially during baseload outages during major maintenance periods; and

WHEREAS, major maintenance work was completed for Macheche CT and Yigo CT units, which allowed these units to continue to respond to the intermittency and support system stability when renewable resources are online; and

WHEREAS, additional work for the units are being programmed, to ensure reliability over the next few years until GPA's new power plant commences operation; and

WHEREAS, the Operations and Maintenance budget represents the PMC's maximum costs necessary for routine O&M activities required for plant operations and is paid on a reimbursement basis; and

32 WHEREAS, the contract includes an extension clause that allows GPA to extend the contract with 33 TEMES for an additional 3-year period with a further extension option of 2 years (total of 5 years); and 34 WHEREAS, a PMC would help GPA to expeditiously assess the units, make the necessary repairs, and 35 render the units available to meet system demand with a contractor that is already familiar with the unit's 36 conditions and operations; and 37 WHEREAS, approval is requested to allow the General Manager to petition the PUC to approve the 38 extension of the Performance Management Contract for the Combustion Turbine Power Plants with TEMES 39 for a total of five (5) years. 40 41 NOW THEREFORE, BE IT RESOLVED, by the CONSOLIDATED COMMISSION ON UTILITIES as the 42 governing body of GPA, and subject to the review and approval of the Public Utilities Commission as follows: 43 44 1. The General Manager is authorized an increase in obligating authority in the amount of 45 \$7,320,171 to fund the 5-year extension of the Performance Management Contract's Fixed 46 Management Fee and O&M Budget for the Dededo CT, Macheche CT and Yigo CT Plants 47 2. The General Manager is authorized to enter into a five-year extension of the Performance 48 Management Contract for GPA's Combustion Turbine Power Plants with Taiwan Electrical 49 and Mechanical Engineering Services, Inc. (TEMES). 50 51 RESOLVED, that the Chairman of the Commission certifies and the Board Secretary attests the 52 adoption of this Resolution. 53 54 DULY and REGULARY ADOPTED AND APPROVED THIS 22ND DAY of SEPTEMBER, 2020 55 Certified by: Attested by: MICHAEL LIMTIACO Chairperson Secretary Consolidated Commission on Utilities **Consolidated Commission on Utilities** 56 57 58 59

WHEREAS, the current PMC with TEMES Guam, Inc. will expire on February 2021; and

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60 61 **I, Michael Limtiaco,** Secretary for the Consolidated Commission on Utilities (CCU), as evidenced by my signature above do certify as follows:

The foregoing is a full, true, and correct copy of the resolution duly adopted at a regular meeting of the members of Guam Consolidated Commission on Utilities, duly and legally held at the meeting place properly noticed and advertised at which meeting a quorum was present and the members who were present voted as follows:

Ayes:	4
Nays:	0
Absent:	
Abstain:	0



	Year 6		Year 7		Year 8		Year 9	
Fixed Management Fee	\$	774,056.00	\$	797,278.00	\$	821,196.00	\$	845,832.00
Routine O&M	\$	604,731.00	\$	622,873.00	\$	641,560.00	\$	660,806.00
TOTAL \$ 1,378,787.00		\$ 1,420,151.00		\$ 1,462,756.00		\$ 1,506,638.00		
5-Year Total	\$	7,320,170.00						

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FOR DEDEDO CT, MACHECHE CT AND YIGO CT PERFORMANCE MANAGEMENT CONTRACT

Potential Contract Extension

SEPTEMBER 2020

CURRENT CONRACT

- Commenced March 1, 2016
- Expires on February 28, 2021
- Option to Extend allows GPA to extend for
- An initial 3-year period & an additional 2- year period (total of 5 years)
- GPA can select which plants will be included in the extension

CRITICAL WORK COMPLETED

- Yigo CT Turbine Exchange, completed July 6, 2016
- Macheche Ct Turbine Excange, completed Nov. 12,
- *Ensured 40 MW Capacity Available
- Dededo CT #1 and CT#2 Rehabilitation completed May 2017

Work completed within first 15 months of contract

Major Maintenance Work

- DCT Charger replaced to ensure and backup DC power supply
- DCT Switchgear room ventilation improvement
- MCT major overhaul
- MCT Injection water treatment system upgrade (RO-
- YCT Turbine Compressor Section (VSV system) Overhaul

Issues Identified & Changes Request

- Shortage of experienced technical employees
- Current manpower available far from that needed to operate
- Delayed Projects:
- Rebuilding Yigo CT Water Treatment Building w/ fire protection system
- Dededo CT#1 Water Injection pump/gearbox/coupling/motor installation and refurbishment
- Yigo CT neutral ground resistor upgrade & water treatment facility upgrade
- Macheche & Yigo CT Battery System Upgrade

Recommended Projects for Extension Year

- Yigo CT Generator Overhaul
- Fire Protection/Fire Suppression System inspection, repair & re-certification, Macheche and Yigo CT
- Recommended by Insurance Risk Engineer & GPA Safety
- Yigo CT Raw Water Tank T-460 Stairway Upgrade
- DCT Generator Cooling System Improvement
- MCT and YCT Service and Instrument Air Compressor Skid Replacement
- Existing equipment are old & no spare parts available

Recommended Projects for Extension Year

- Dededo CT Turbine Main Atomizing Air Compressor Overhaul Work and Refurbishment
- YCT MCC#2 and MCC#3 upgrade
- Dededo CT#2 Hydraulic Torque Convertor Overhaul
- MCT and YCT Turbine Borescope Inspection & Hot Section Exchange
- Dededo CT Remote Start (from Fadian PSCC)
- MCT Control System Upgrade
- Parts no longer supported; unavailable

UNIT AVAILABILITY

- Minimize Unit Downtime
- Issues with equipment maintenance due to spare parts being obsolete & hard to find
- Need to expedite purchasing of parts; consider long-term contract with parts OEMs, etc.
- Need to partner with experienced LM2500 **Technicians**
- Additional employees needed

FEES

- Annual Management Fee Increase
- Does not cover the cost for basic gas turbine mechanical and controls training, as well as borescope inspection
- O&M Budget
- Remote-start Project recommended, as CIP

End