

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 Renewable Energy Purchase Agreements for Wind and Solar Projects with Pacific Green Resources, LLC.¹

BACKGROUND

2. On November 19, 2011, the PUC approved the selection of Pacific Green Resources LLC ["PGR"] and award for a 14.39 MW Wind/Solar Project, and authorized GPA to enter into a contract with PGR.²
3. PUC approval for GPA to enter into the PGR contracts 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 PGR of the System Impact Study terms and conditions.³
4. On June 11, 2012, the PUC approved the Renewable Energy Purchase Agreement between Quantum Guam Power LLC and GPA.⁴

DETERMINATIONS

5. GPA has completed and submitted the Renewable IFB System Impact Study, prepared by R.W. Beck, as required by the December 19, 2011 Order.⁵

¹ GPA Filing, GPA Docket 11-12, Renewable Energy Purchase Agreement with Pacific Green Resources, LLC, filed February 1, 2013.

² PUC Order, GPA Docket 11-12, at pgs. 1-2, issued December 19, 2011.

³ Id. at p. 4; See also letter from General Manager Joaquin Flores to ALJ Horecky dated May 31, 2012 [re: Quantum Guam Power Renewable Contract document submittal], filed May 21, 2012.

⁴ PUC Order, GPA Docket 11-12 issued June 11, 2012, at p. 2.

⁵ GPA Filing, GPA Docket 11-12, filed May 21, 2012.

6. Essentially, the System Impact Study found that renewable energy projects involving Quantum and PGR could feasibly be implemented without a detrimental impact on the system, assuming appropriate steps were taken.⁶
7. By letter dated February 1, 2013, Pacific Green Resources LLC accepted the conclusions and conditions of the Renewable System Impact Study (IR01 & IR02 Evaluation) dated May, 2012, prepared by R.W. Beck.⁷
8. GPA and PGR have utilized very similar contract agreements as to those previously approved by the PUC between GPA and Quantum. However, there are certain differences. For PGR, separate Renewable Energy Purchase Agreements are proposed for Wind and Solar performance.⁸
9. The reason that the parties have proposed two contracts, and separated the wind/solar performance, is the possibility of future assignment of the PGR contracts.⁹
10. In the contracts, the parties have increased the project capacity to fairly distribute interconnection and network upgrade costs as identified in the System Impact Study.¹⁰ The proposed contracts will increase the original capacity of 14.39 MW to 15 MW in order to fairly distribute costs to PGR based on the System Impact Study and the QGP contract documents, as the facility output was rounded up in the System Impact Study for ease in performing analyses.¹¹ The PGR wind project will now be 9.35 MW, and the solar project will be 5.65 MW.¹²
11. In addition, the proposed PGR-GPA Renewable Energy Purchase Agreements for the wind/solar projects also include certain provisions which were recently approved by the PUC for the Quantum contract with GPA (Amendment No. 1).

⁶ Id.

⁷ Letter from PGR to Guam Power Authority dated February 1, 2013; Small Generator Interconnection Agreement between Guam Power Authority and PGR.

⁸ Letter from GPA General Manager Joaquin Flores to ALJ Fred Horecky dated February 1, 2013 Re: Pacific Green Resources Renewable Contract Documents Submittal.

⁹ Discussion between GPA Counsel Graham Botha and PUC Counsel Fred Horecky on February 21, 2013.

¹⁰ Letter from GPA General Manager Joaquin Flores to ALJ Fred Horecky dated February 1, 2013 Re: Pacific Green Resources Renewable Contract Documents Submittal, at pg. 1.

¹¹ Id. at p. 2.

¹² Id.

These provisions allow for a Seller Affiliate to meet contract obligations, additional production limits and price, and clarification on insurance requirements.¹³

12. A considerable amount of work and negotiation has clearly gone into the Wind/Solar Renewable Energy Purchase Agreements between GPA and PGR. Seller will construct a solar facility capable of producing a maximum of 5.65 MW for a period of 25 contract years. At present, the "Commercial Operation" date is 24 months from the effective date of the Agreement.¹⁴
13. Seller will bear the cost for construction of the solar facility. The facility will remain the property of Seller unless a sale is agreed to by the parties in accordance with the contract. The contract provides for strict performance guarantees and penalties in the event that Seller does not meet the minimum energy production requirements. GPA purchases the power from Seller at a fixed price.¹⁵
14. Seller will also construct a wind project facility capable of producing 9.35 MW. The project will produce an estimated annual renewable minimum production of 18,988 MWh in the first contract year and for each year thereafter for a 20 year period.¹⁶ At present, the Commercial Operation date is 36 months from the effective date of the agreement.¹⁷
15. Seller will bear the cost for construction of the wind facility. GPA purchases the power from Seller at a fixed price. The contract price per megawatt hour varies from \$216.50 per MWh in year one to \$287.28 per MWh in year 25.¹⁸
16. The Solar and Wind Agreements negotiated between the parties appear to be well thought out and detailed statements and descriptions of the relationship between the parties and the services to be performed. GPA has the authority to enter into contracts under its governing statutes, assuming that a contract is prudent and reasonable (which these contracts appear to be).

¹³ Id. at p. 1.

¹⁴ Id. at p. 15.

¹⁵ Id., Appendix A.

¹⁶ Wind Renewable Energy Purchase Agreement between PGR and GPA, Article Two and Appendix A.

¹⁷ Id. at Article Four.

¹⁸ Id., Appendix A.

17. GPA has been mandated by the Guam Legislature to meet and comply with certain renewable portfolio standards. Solar and wind projects with PGR herein are a good faith effort by GPA to comply with the statutory mandate.

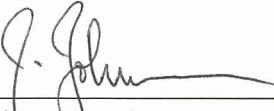
ORDERING PROVISIONS

After a review of the record herein, GPA's Filing and Petition for Approval of GPA's Renewable Energy Purchase Agreements with Pacific Green Resources 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. was completed in accordance with the PUC Order dated December 19, 2011.
2. Pacific Green Resources LLC 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 projects.
3. The requirements for contract approval set forth in the PUC December 19, 2011 Order have been satisfied.
4. The Wind and Solar Renewable Energy Purchase Agreements between PGR LLC and the Guam Power Authority are hereby approved. However, GPA and PGR shall amend Sections 11.2 of both the Wind and Solar Purchase Agreements, regarding Assignment, to include the following language at p. 34: "...with respect to any transfer to an Affiliate of Seller or Assignee." Both GPA and PGR agreed at this PUC Meeting to do so.
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 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 26th day of February, 2013.

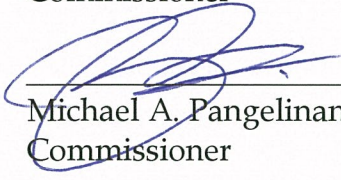
ORDER
GPA Petition for Approval of Contract
for Renewable Energy Acquisition
GPA Docket 11-12
February 26, 2013




Jeffrey C. Johnson
Chairman




Rowena E. Perez
Commissioner



Michael A. Pangelinan
Commissioner



Joseph M. McDonald
Commissioner



Filomena M. Cantoria
Commissioner



Peter Montinola
Commissioner