



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

GPA'S PETITION FOR APPROVAL)
OF SOLAR PV IFB FOR GUAM)
COMMUNITY COLLEGE)
_____)

GPA DOCKET NO. 14-10
ORDER
RE: GREEN CREDITS

INTRODUCTION

This matter comes before the Guam Public Utilities Commission (the "PUC" or "Commission") pursuant to the June 13, 2014 Petition for Approval of Solar PV IFB for Guam Community College, filed by the Guam Power Authority ("GPA"). GPA seeks PUC approval to issue a multi-step invitation for bid ("IFB") for the procurement of solar photovoltaic system ("PV") for the Guam Community College ("GCC").

In addition, Lummus Consultants International, Inc. ("Lummus") was tasked by the Commission to assist with reviewing GPA's request for approval of a Solar PV IFB for GCC. In addition to a review of contract terms, Lummus' review focused on a description of how green credits are initiated, priced, tracked, traded and terminated in other markets in order to advise the Commission with regard to potential adoption.

BACKGROUND

GPA filed its petition for contract review on June 12, 2014 and is Docket No. 14-10. Lummus was tasked by the Commission to review the contract as it related to Green Credits. After investigating current Guam policies and legislation in place and policies, regulation and legislation in place for existing green credit jurisdictions, our observations relative to Green Credits include:

- No market is currently available for participation by GPA or its customers;
- Green credits are typically only sold or traded in bilateral transactions;

- GPA did not define what constitutes a green credit;
- There currently does not exist a description of the purpose or value a green credit would have on island nor how it interacts with GPA's integrated resource planning;
- A green credit market requires the following components or market attributes which are missing from the GPA filing:
 - Who will provide jurisdiction;
 - What is adequate compensation and what are the benefits of green credits;
 - Definition of the distribution and tracking processes for green credits; and
 - Whether a green credit can or should be customer specific.
- GPA did not address how green credits work in other jurisdictions, to support its proposal.

Under this Docket, the PUC requested Lummus to prepare a follow-up report relative to:

- Providing an overview of green credit offerings in U.S. systems;
- Providing a definition, understanding and benefits of green credits;
- Assessing the value of current green credit activities and markets;
- Identifying costs associated with green credits; and
- Provide recommendations for a potential green credits program and what is required for implementation by GPA and others.

Lummus Consultants filed its report with the PUC on August 18, 2014.

DETERMINATIONS

In accordance with Lummus' findings, the PUC makes the following determinations:

1. Green credits need to be defined by GPA. GPA only mentions solar installation in its contract with GCC and no other renewable resource, such as wind. Other markets allow a wide variety of renewable technologies. Measurement of renewables in most markets is on a per MWh basis and that issue would also need to be resolved, Public Law ("P.L.") 29-62 states percentage of net sales.

2. Active markets exist in the U.S. mainland for green credits. No such market exists today in Guam. The Commission, the Guam Legislature, GPA and other

interested parties should collaborate to identify whether there is a need for such a market and, if warranted, create rules to establish such a market.

3. Most Mainland green credit markets consist of a state or several states that have defined rules and third party tracking and validation for each credit. Usually the Independent System Operator (“ISO”) validates the renewable generation produced and the third party tracking entity issues and tracks the certificate. Since Guam does not have an ISO, GPA or another entity will be required to perform this function.

4. Most jurisdictions with green credits have Renewable Portfolio Standards (“RPS”) or Goals. These standards (mandatory) and goals (voluntary) have requirements that the electric distribution utility is required to meet by a date certain in the future. These requirements are met by providing proof through ownership of green credits that the electric distribution utility met its goals. Some jurisdictions have green credit price caps, or penalties, that the electric distribution utility can purchase instead of green credits. Guam has a RPS standard in place, P.L. 29-62, which was adopted in 2008. GPA has filed several Integrated Resource Plans (“IRPs”) – (2008, 2012, and 2013) that all state the RPS goals as opposed to standards, which is a conflict that requires resolution by GPA in its IRP going forward.

5. GPA states in its filing that the green credits may only be allowed on a customer by customer basis. If there *is* value to the green credits in the future, allowing them on a customer by customer basis would discriminate against other customers who built their own renewable, or third parties who are already partnered with customers similar to what GPA is recommending. In all other jurisdictions green credits are generated based upon the rules in place and all have an equal opportunity. If Guam goes

forward with green credits it will have to make green credits open to all based upon the rules in place.

6. The benefits of green credits are that they encourage introduction of renewable resources by offering additional financing sources to the customer or utility, reducing dependence on fossil generation, and reducing the need for alternative fossil fuel generation to be built depending on the particular renewable generation capabilities. The costs associated with green credits, in most jurisdictions, are the cost of green credits, net metering costs (some areas pay full distribution rate) and the above market price for the generation. In GPA's case the cost would be at or below market in the GCC contract. Future contracts maybe at avoided costs that leave the cost of green credits as additional costs.

ORDERING PROVISIONS

After careful review and consideration of the Report of Lummus and consideration of the above determinations, the Commission hereby ORDERS that:

1. Not later than sixty (60) days after the date of this Order, GPA shall submit a Green Credit evaluation report that outlines the following: the benefits and costs of implementation; the approach to such a market on Guam; and the risks and opportunities associated with adoption.

2. Not later than one hundred and twenty (120) days after the date of this Order, GPA shall, submit a Green Credits Implementation Plan to the PUC that includes projected costs, proposed rules, relationship to RPS, validation process and suggested tracking mechanism that are required for a green credits program to be implemented with a timeline.

3. Annually, after PUC approval of the Green Credits Implementation Plan, GPA shall submit a detailed Green Credits Report to the PUC that includes:

- a. Number of credits by type, date credit created, retirements and ownership;
- b. Any off island activity;
- c. Proposed costs associated with green credits;
- d. Other pertinent information.

4. The development of the initial Green Credits Implementation Plan, Reporting and efforts through actual implementation shall be an ongoing collaborative effort between GPA and Lummus regarding suggestions, recommendations and exchange of ideas. In order to facilitate the development of that report, an initial meeting shall be held within fourteen (14) days of this Order to establish the path forward to the initial report.

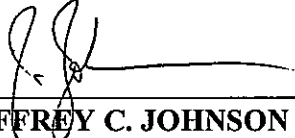
5. GPA is further ordered to pay the Commission's regulatory fees and expenses, including, without limitation, consulting and counsel fees and the fees and expenses associated with the instant contract review. Assessment of the PUC's regulatory fees and expenses is authorized pursuant to 12 G.C.A. §§12002(b), 12024(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

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SO ORDERED this 28th day of August, 2014.




JEFFREY C. JOHNSON
Chairman

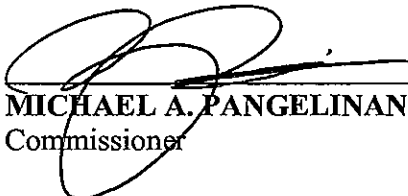
ROWENA E. PEREZ
Commissioner



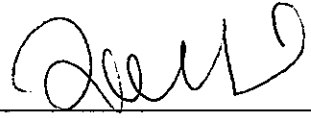
JOSEPH M. MCDONALD
Commissioner




FILOMENA M. CANTORIA
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MICHAEL A. PANGELINAN
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PETER MONTINOLA
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ANDREW L. NIVEN
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