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8 **BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

9 IN THE MATTER OF:

10 The Application of the Guam Power Authority )  
11 to Approve the Piti 8&9 Contract for )  
12 Conversion to ULSD with Marianas Energy )  
13 Company. )

**GPA DOCKET NO. 21-06**

**PETITION FOR CONTRACT REVIEW**

14 **COMES NOW**, the GUAM POWER AUTHORITY (GPA), by and through its counsel  
15 of record, D. GRAHAM BOTHA, ESQ., and hereby files GPA's Petition for the Public Utilities  
16 Commission of Guam to review and approve GPA's request to approve the Piti 8&9 contract for  
17 conversion to ULSD with Marianas Energy Company (MEC), as follows:

18 **BACKGROUND**

19 The Guam Power Authority in 1996 contracted an Independent Power Producer (IPP) for  
20 a Build, Operate and Transfer (BOT) project to construct Piti 8 & 9 power plant. The Marianas  
21 Energy Company (MEC) currently manages and operates the plant under the Energy Conversion  
22 Agreement (ECA) which ends in January 2024. The Consent Decree requires GPA to convert  
23 the Piti 8&9 plant to ULSD by December 31, 2021. While GPA had originally intended to retire  
24 the Piti 8&9 plants, GPA has now determined that because of the USEPA's National Ambient  
25 Air Quality Standards (NAAQS) which are effective April 2023, that conversion to ULSD is  
26 required. The CCU in Resolution 2021-01 has approved GPA's request to approve the Piti 8&9  
27 contract for conversion to ULSD with Marianas Energy Company (MEC), subject to PUC  
28 approval.

**ORIGINAL**



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**DISCUSSION**

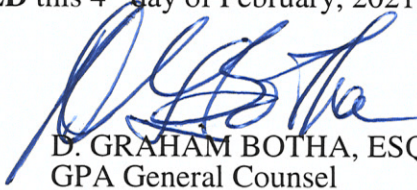
GPA hereby petitions the PUC, pursuant to the Contract Review Protocol for the Guam Power Authority, approved by the PUC, to review and approve the Piti 8&9 contract for conversion to ULSD with Marianas Energy Company (MEC) at a cost of \$14,141,045.28 with an expected project completion date of 15 months after contract signing. In support of this Petition, GPA hereby provides the PUC with Consolidated Commission on Utilities (CCU) Resolution No. 2021-01, which authorizes the General Manager to petition the PUC for approval of the Piti 8&9 contract for conversion to ULSD with Marianas Energy Company (MEC), subject to PUC review and approval. Said resolution and its exhibits are attached herein as Exhibit A, and incorporated by reference herein as if fully set forth.

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**CONCLUSION**

The PUC should approve GPA's request to approve the Piti 8&9 contract for conversion to ULSD with Marianas Energy Company (MEC). The continued operation of the Piti 8 & 9 power plant is critical to the power system, and is reasonable, prudent, and necessary.

**RESPECTFULLY SUBMITTED** this 4<sup>th</sup> day of February, 2021.

  
D. GRAHAM BOTHA, ESQ.  
GPA General Counsel





## CONSOLIDATED COMMISSION ON UTILITIES

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

### GPA RESOLUTION NO. 2021-01

#### RELATIVE TO AUTHORIZING THE GUAM POWER AUTHORITY TO CONVERT THE PITI #8 AND #9 SLOW-SPEED DIESEL UNITS TO BURN ULTRA-LOW SULFUR DIESEL FUEL

**WHEREAS**, Piti #8 and #9 Slow Speed Diesel Units provide up to 88-MW Capacity of the island-wide power system and are crucial in ensuring that GPA is able to provide the required energy for the island between now and the commissioning of the new 198-MW Ukudu Power Plant; and

**WHEREAS**, ownership of the Piti 8 & 9 units transferred from Marianas Energy Company (MEC) to Guam Power Authority (GPA) on January 29, 2019 and GPA extended the Energy Conversion Agreement with MEC until January 29, 2024 upon receiving CCU and PUC approvals, in order to ensure the units' availability and reliability; and

**WHEREAS**, the units are subject to the Consent Decree; approved by the CCU and PUC and filed in Federal Court on February 6, 2020 by the Department of Justice (DOJ) on behalf of the U.S. Environmental Protection Agency (USEPA); which outlines the settlement between GPA and USEPA to comply with National Emissions Standards for Hazardous Air Pollutants for Stationary Reciprocating Internal Combustion Engines (RICE NESHAP); and

**WHEREAS**, the Consent Decree stipulated that GPA contract for the conversion of the units to burn ultra-low sulfur diesel (ULSD) by July 1, 2020 and for full conversion to ULSD-firing by December 31, 2021; and

**WHEREAS**, GPA resolution No. 2020-14, the CCU authorized GPA to plan for the retirement of Piti 8 & 9 and to request USEPA to modify the consent decree to retire Piti 8 & 9 in lieu of conversion to ULSD; and

**WHEREAS**, as a result of the delay of the commissioning date of the new Ukudu power plant due to COVID-19 and permitting issues, and USEPA's new National Ambient Air Quality Standards (NAAQS) effective April 2023, GPA determined that in order to comply with the April 2023 NAAQS, the Piti 8 & 9 plant capacity burning low sulfur residual fuel oil would need to be limited by as much as 20% which would have a significant impact on system reliability; and

1           **WHEREAS**, this reduction in system capacity would negatively impact system reliability  
2 beginning in April 2023 and continuing on until the Ukudu power plant is commissioned; and

3           **WHEREAS**, to ensure system reliability between now and the commissioning of the new  
4 Ukudu power plant, GPA will proceed with converting Piti 8 & 9 to ULSD thereby achieving  
5 compliance with the both the RICE NESHAP and April 2023 NAAQS without impacting system  
6 reliability; and

7           **WHEREAS**, GPA, USEPA and DOJ are in amicable discussions for the modification of the  
8 consent decree due to delays resulting from COVID-19 and permitting issues; and

9           **WHEREAS**, GPA recently updated the consent decree timelines to USEPA and DOJ, for  
10 their consideration, for the conversion of Piti 8 & 9 to ULSD, to contract with MEC by March 31,  
11 2021 and complete the conversion by August 31, 2022; and

12           **WHEREAS**, the project to be implemented by MEC and BWSC provides a technical  
13 solution and a concept that will fulfill the requirements to comply with USEPA rules in relation  
14 to SOx and CO emissions including meeting the April 2023 NAAQS; and

15           **WHEREAS**, MEC submitted an updated proposal for the conversion of the units, with an  
16 estimated cost of **\$14,141,045.28** as shown in **Appendix A**, excluding the fuel supply system  
17 which is separately funded and handled by GPA; and

18           **WHEREAS**, MEC proposed to complete the conversion of Piti 8 & 9 to ULSD within 15  
19 months after contract signing,

20           **NOW, THEREFORE, BE IT RESOLVED, by the CONSOLIDATED COMMISSION ON**  
21 **UTILITIES (CCU), subject to the review and approval of the PUBLIC UTILITIES COMMISSION**  
22 **(PUC), as follows:**

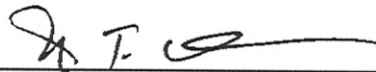
- 23           1. GPA is authorized to contract with MEC for the conversion of the Piti 8 & 9 Slow  
24 Speed Diesel Units to burn Ultra Low Sulfur Diesel fuel at a cost of **\$14,141,045.28**  
25 with a project completion date of 15 months after contract signing.  
26           2. GPA shall fund the conversion with Cabras 3 & 4 insurance proceeds.

1           **RESOLVED**, that the Chairman certified, and the Board Secretary attests the adoption of  
2 this Resolution.

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4           **DULY AND REGULARLY ADOPTED AND APPROVED THIS 26<sup>TH</sup> DAY OF JANUARY, 2021.**

5 Certified by:

Attested by:

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9 \_\_\_\_\_  
10 JOSEPH T. DUENAS  
11 Chairperson  
12 Consolidated Commission on Utilities

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11 \_\_\_\_\_  
12 MICHAEL T. LIMTIACO  
13 Secretary  
14 Consolidated Commission on Utilities

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

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

21  
22 Ayes:           4

23 Nays:           0

24 Absent:          1

25 Abstain:         0

