



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:) **GPA Docket 22-08**
GPA INTEGRATED RESOURCE PLAN) **ORDER**

INTRODUCTION

On January 31, 2022 the Guam Power Authority (GPA) filed its Petition for Review and Approval of the GPA 2022 Integrated Resource Plan (IRP). The plan was approved by the Consolidated Commission on Utilities (CCU) on January 25, 2022, in Resolution No. 2022-08. In accordance with P.L. 29-62, the objectives of the IRP are primarily to identify the timing, size, and technology of future power generating units, and to address issues such as fuel diversification and the renewable portfolio standards.

BACKGROUND

GPA develops its IRP periodically. Its previous IRP was filed on February 22, 2013 in Docket 13-02. The primary focus of that IRP was the conversion to LNG. The objectives for future IRPs recommended in the review of the 2013 IRP were to:

1. Investigate additional cases that include costs of ESPs, eliminate FGD costs at Cabras Units 1 and 2, unit rates to meet EGU MACT standards, and alternative fuel assumptions
2. Expand reliability improvement analysis beyond just generation solutions to address infrastructure, automation, enhanced maintenance, and improved centralized controls for reliability (with particular emphasis on T&D system reliability improvements)
3. Address renewables and fuel diversity
4. Address plans to hedge against spikes in fuel pricing
5. Analyze specifically financial considerations and impact on ratepayer rates (not simply LEAC) for the short and long term and a year-by-year analysis
6. Address whether an all-resources RFP including operation and maintenance through a PMC or IPP approach would be a good solution

On July 30, 2013, the PUC conditionally approved GPA's 2013 IRP subject to conditions that GPA present a detailed Resource Implementation Plan around its LNG plans, continue negotiations with US EPA related to compliance with the RICE MACT standards for slow speed diesels, and implement the recommendations of the IRP and the Lummus report.

Daymark Energy Advisors was asked by the GPUC to review the 2022 GPA IRP. After engaging in discovery and collaborative discussions with GPA, Daymark issued its Report thereto on May 23, 2022.

DETERMINATIONS

In accordance with its review of the IRP, the Daymark Energy Advisors Report, and the ALJ Report, the PUC makes the following determinations:

General Issues

- A. The 2022 IRP has addressed several of the recommendations from the 2013 IRP review described above which is a significant improvement. The IRP does not at present fully analyze rate impacts. As GPA refines its construction and implementation plans for renewable projects and other plans included in the IRP (the \$233M Capital Improvement Plan), it should assess the rate impact of such plans and provide updated analyses to the PUC.
- B. The Commission reviews the IRP to assess whether a roadmap is provided by GPA for ensuring adequate planning to meet consumer demand for energy. This roadmap approach identifies potential costs for recommended solutions but a Commission approval of an IRP as a roadmap does not approve any actual spending. GPA must return to the Commission for approval of expenditures exceeding \$1.5 million as part of the contract review protocol. The initial roadmap provided by GPA in their IRP's is subject to modification based on industry issues and changes in customer needs. In addition, all bond issuances supporting investment require Commission approval ahead of time. Therefore, the Commission remains involved in GPA's implementation of IRP recommendations and modifications.
- C. As GPA further updates its Capital Improvement Plan and seeks approval from the PUC for individual projects, it should indicate whether there have been any revisions to such projects or investments that are included in the proposed roadmap and explain to the PUC the basis upon which such project or investment was included and the timing for such implementation. In its requests to the PUC for specific approval of plans and projects, GPA should also focus on showing the Net Present Value (NPV) of alternatives so that the Commission is better able to understand at the individual project approval stage how the plan fits together to meet customer needs in the future.

- D. GPA should continue to update its IRP Roadmap during the upcoming years to evaluate the interdependency and cross-implications for the solutions which could impact the efficacy and cost-effectiveness of solutions in later years of the roadmap.
- E. A major recommendation of the Renewable Integration Study was the need to add a new flexible source of generation (i.e., Ukudu Combined Cycle unit) which is underway. GPA should continue to address other concerns referenced in the IRP (i.e., the ability to ramp up and down quickly as well as run at low minimum generation levels were only partially met by the new CC unit, environmental restrictions severely limit the number of hours this new unit can run in simple cycle mode (reduced output), and the impact upon the system of forced outages and periods during which the unit is out of service for maintenance).
- F. GPA's proposed solutions of utilizing managed EV charging and time-of-use rates to help mitigate the impact of sudden increases in charging demand are good practice and are supported.
- G. When GPA subsequently requests that PUC approve project capital requests, in addition to the NPV analyses undertaken, GPA should also provide the PUC with annual rate impacts for base rates and the LEAC so that the Commission can adequately assess the cost impact of the project upon ratepayers.

ORDERING PROVISIONS

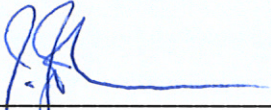
Upon consideration of the record herein, the Petition of GPA for Review and Approval of the Integrated Resource Plan (IRP), the Report of Daymark Energy Advisors, the ALJ Report, and for good cause shown, on motion duly made, seconded, and carried by the affirmative vote of the undersigned Commissioners, the Commission hereby **ORDERS** that:

1. The PUC conditionally approves GPA's 2022 Integrated Resource Plan, subject to compliance with the conditions and requirements herein and as follows.
2. GPA shall continue to refine and update the IRP in accordance with the recommendations, including:
 - In addition to the NPV analyses undertaken, GPA is required to include annual rate impacts for base rates and the LEAC in all project capital requests so that the Commission can adequately assess the cost impact of each project.
 - At the individual project approval stage, GPA should consider integration of the solutions showing the NPV of alternatives so that the Commission is better able to understand how the plan fits together to meet customer needs in the future.
 - GPA should address how the new Ukudu CC unit meets the expectations of the Renewable Integration Study and how GPA intends to limit the impacts when this CC unit is out of service.

3. GPA should develop alternative plans to possibly delay the meeting of the 50% Renewable Portfolio Standards from 2030 to 2035. Completion by 2035 would be in full compliance with the time frame established by the Legislature. Spreading out the potential costs of the CIP program over a longer period could potentially reduce the impact of the cost burden upon ratepayers.
4. 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 §§12103(b) and 12125(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

[SIGNATURES TO FOLLOW ON NEXT PAGE]

Dated this 26th day of May 2022.



Jeffrey C. Johnson
Chairman

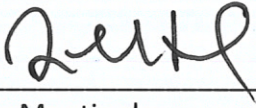


Rowena E. Perez-Camacho
Commissioner



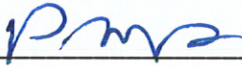
Joseph M. McDonald
Commissioner

Michael A. Pangelinan
Commissioner



Peter Montinola
Commissioner

Doris Flores Brooks
Commissioner



Pedro S.N. Guerrero
Commissioner