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8 **BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

9 **IN THE MATTER OF:**) **GPA DOCKET NO. 23-07**
10 **The Application of the Guam Power Authority**)
11 **for the Cancellation of the Cabras 41MW**) **PETITION FOR CONTRACT REVIEW**
12 **Reserve Facility and the Modification of the**) **FOR THE CANCELLATION OF THE**
13 **Energy Conversion Agreement.**) **CABRAS 41MW RESERVE FACILITY**
14) **AND MODIFICATION OF THE ENERGY**
15) **CONVERSION AGREEMENT**
16)

17 **COMES NOW**, the GUAM POWER AUTHORITY (GPA), by and through its counsel
18 of record, D. GRAHAM BOTHA, ESQ., and hereby files GPA's Petition for the Public Utilities
19 Commission of Guam to review and approve the Cancellation of the Cabras 41MW Reserve
20 Facility and the Modification of the Energy Conversion Agreement (ECA), as follows:

21 **BACKGROUND**

22 The Guam Power Authority contracted with Guam Ukudu Power (GUP) to relocate the
23 41MW Reserve facility to the Cabras Industrial area. The GUP lenders required that GUP and
24 GPA obtain legislative approval for an exemption to construct the reserve facility within 1,200
25 feet of a school, and legislative approval of a 30-year lease for the Cabras lot. The 41MW
26 facility contract could not be finalized before March 31, 2022, and when GPA approached GUP
27 and Doosan the costs had increased substantially rendering the project not economically feasible
28 which resulted in GPA's decision to cancel the 41MW reserve facility. GPA will save \$2M in
variable costs associated with the operation of the 41MW reserve facility, and will receive a
credit from GUP for the value of the project minus costs incurred by GUP. The CCU in
Resolution FY2023-04 has approved the General Manager to negotiate with Guam Ukudu Power

1 for cancellation of the 41MW reserve facility. The ECA will be amended to reflect a credit from
2 GUP for the value of the project minus costs incurred by GUP.

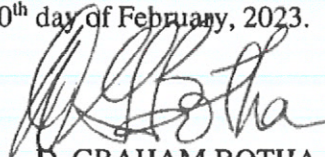
3 **DISCUSSION**

4 GPA hereby petitions the PUC, pursuant to the Contract Review Protocol for the Guam
5 Power Authority, approved by the PUC, to review and approve the Cancellation of the Cabras
6 41MW Reserve Facility and the Modification of the Energy Conversion Agreement (ECA). In
7 support of this Petition, GPA hereby provides the PUC with Consolidated Commission on
8 Utilities (CCU) Resolution No. FY2023-04, which authorizes the General Manager to negotiate
9 with Guam Ukudu Power for the cancellation of the 41MW Reserve facility. Said resolution and
10 its exhibits are attached herein as Exhibit A, and incorporated by reference herein as if fully set
11 forth.

12 **CONCLUSION**

13 The PUC should approve GPA's request to proceed with the Cancellation of the Cabras
14 41MW Reserve Facility and the Modification of the Energy Conversion Agreement (ECA). The
15 Cancellation of the Cabras 41MW Reserve Facility and the Modification of the Energy
16 Conversion Agreement (ECA) is reasonable, prudent, and necessary.

17 **RESPECTFULLY SUBMITTED** this 10th day of February, 2023.

18 
19
20 **D. GRAHAM BOTHA, ESQ.**
GPA General Counsel



CONSOLIDATED COMMISSION ON UTILITIES

Guam Power Authority | Guam Waterworks Authority

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GPA RESOLUTION NO. FY2023-07

RELATIVE TO CANCELLATION OF THE CABRAS 41MW RESERVE FACILITY

WHEREAS, Guam Power Authority (GPA) contracted with Guam Ukudu Power (GUP) for the construction of the Ukudu Power Plant and associated forty-one (41) MW reserve facility; and

WHEREAS, the 41MW reserve facility was required to be relocated to the Cabras industrial area to ensure the Ukudu Power Plant could be constructed using a minor source permit; and

WHEREAS, the GUP lenders required that GUP and GPA obtain legislative approval for an exemption to construct the reserve facility within 1,200 feet of a school, and legislative approval of a 30-year lease for both the Ukudu and Cabras lots; and

WHEREAS, the GUP contractor Doosan indicated that the 41MW reserve facility contract would need to be finalized prior to March 31, 2022, otherwise costs would increase substantially due to increased labor and material costs; and

WHEREAS, the 41MW reserve facility contract could not be finalized by March 31, 2022, as PL 36-91 was signed April 11, 2022, and PL 36-104 was signed June 15, 2022, and when GPA approached GUP and Doosan costs had increased substantially rendering the project not economically feasible, which resulted in GPA's decision to cancel the 41MW reserve facility; and

WHEREAS, GPA will save \$2M in variable costs associated with operation of the 41MW reserve facility, and will receive a credit from GUP for the value of the project minus costs incurred by GUP and its contractor; and

NOW, THEREFORE, BE IT RESOLVED, by the Consolidated Commission on Utilities, subject to the approval of the Public Utilities Commission, as follows:

1. The General Manager of GPA is authorized to negotiate with Guam Ukudu Power for the cancellation of the 41MW reserve facility.

RESOLVED, that the Chairman certifies and the Board Secretary attests the adoption of this Resolution.

DULY AND REGULARLY ADOPTED AND APPROVED THIS 24th day of JANUARY, 2023.

Certified by:

Attested by:

JOSEPH T. DUENAS

Chairperson

Consolidated Commission on Utilities

PEDRO ROY MARTINEZ

Secretary

Consolidated Commission on Utilities

I, Pedro Roy Martinez, 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 accurate copy of the resolution duly adopted at a regular meeting of the members of Guam Consolidated Commission on Utilities, duly and legally held at a place properly noticed and advertised at which meeting a quorum was present and the members who were present voted as follows:

Ayes: 4

Nays: _____

Absent: _____

Abstain: 1

Excused

