

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:)

GPA DOCKET 24-07

THE APPLICATION OF THE GUAM)
POWER AUTHORITY TO PROCURE 40)
MW OF TEMPORARY POWER)

PUC COUNSEL REPORT

INTRODUCTION

1. This matter comes before the Public Utilities Commission ["PUC"] pursuant to the Guam Power Authority's ["GPA"] Petition to Procure 40 MW of Temporary Power.¹
2. GPA is currently relying on Cabras 1&2 power plants and GPA's Interruptible Load Program [ILP] Partners to generate electricity for the Island Wide Power System which are not capable of providing sufficient generation to meet demand due to required maintenance outages and GPA must resort to load shedding during these outages.²
3. GPA requests that the PUC authorize GPA to issue a solicitation to obtain a three (3) year lease with two (2) one (1) year optional extensions and a lease to own option for 40 MW of temporary generation within the next one-hundred-fifty (150) days and GPA estimates that the cost of such lease will exceed the amount of \$1,500,000.³

BACKGROUND

4. Typhoon Mawar caused significant damage to the Yigo CT units reducing GPA's reserve capacity by 20 MW and it caused a significant delay in completing the new Ukudo Power Plant, and GPA has to rely on the aged and deteriorating Cabras 1&2 power plants which require frequent maintenance, and which have frequent unscheduled outages due to mechanical issues.⁴

¹ GPA Petition to Procure 40 MW of Temporary Power, GPA Docket 24-07, dated November 14, 2023 [GPA Petition].

² GPA Petition at 2. NOTE: The page numbers in GPA's Petition and its exhibits are not continuous and the page numbers cited herein refer to the page number of the PDF version of the Petition which is continuous.

³ Id., at 4.

⁴ Id., at 3.

5. During the scheduled and unscheduled outages of Cabras 1&2, GPA has resorted to load shedding because it does not have enough generation capacity to meet the demands of the Island Wide Power System.⁵ Although GPA's ILP partners have reduced the amount of load shedding during these outages, GPA is unable to use this resource because doing so will cause ILP partner generation to substantially degrade.⁶
6. On September 27, 2023, the Guam Consolidated Commission on Utilities ["CCU"] issued GPA Resolution No. FY2023-37 authorizing GPA to issue a solicitation for a three (3) year lease with two (2) one (1) year optional extensions and a lease to own option for 40 MW of temporary power generation capacity within the next one-hundred-and-fifty (150) days subject to PUC approval.⁷

ANALYSIS

7. GPA must obtain the PUC's authorization to issue a solicitation for 40MW of temporary power generation capacity. The PUC's Contract Review Protocol mandates that GPA shall obtain PUC approval for solicitations and contracts that exceed the amount of \$1,500,000. Here, GPA estimates that the cost of the leases for the temporary power generation capacity will exceed that amount.⁸ Therefore, GPA must obtain the PUC's approval of the solicitation for the temporary generation capacity prior to issuing it.
8. GPA's desire to issue a solicitation for 40MW of temporary power generation capacity is reasonable. GPA is in the untenable position of having to rely on Cabras 1&2, which have frequent scheduled and unscheduled maintenance outages, while it has limited reserve generation capacity to meet the demand of the Island Wide Power System during those outages. If GPA acquires an additional 40MW of generation capacity, it will have sufficient reserve generation capacity to meet the demands of the Island Wide Power Systems during those outages.⁹ GPA's desire to obtain a three (3) year lease with two (2) one (1) year optional extensions and a lease to own option for 40 MW of temporary power generation capacity is also

⁵ Id.

⁶ Id.

⁷ Id., at 4.

⁸ Id., at 1.

⁹ Id., at 3.

reasonable because of the delay in the completion of the Ukudo Power Plant caused by Typhoon Mawar, and these leases should cover extended period it will take to complete the new power plant. Therefore, GPA's desire to issue a solicitation for 40MW of temporary power generation capacity is reasonable.

9. GPA's solicitation for 40MW of temporary power generation is prudent. GPA is losing revenue during each load shedding event. As load shedding is expected to continue without more reserve power generating capacity, it is prudent to acquire the additional 40MW of temporary power generation to prevent these revenue losses.
10. GPA's solicitation for 40MW of temporary generation capacity is necessary. Due to the delay in the completion of the new Ukudo Power Plant, GPA must either continue its load shedding during the scheduled or unscheduled outages of Cabras 1&2 or increase its reserve generation capacity. Load shedding is places great hardships on the people of Guam which will be greatly mitigated or prevented by GPA's acquisition of 40 MW of temporary power generation capacity. Therefore, GPA's desire to issue a solicitation for 40MW of temporary power generation is necessary.
11. Based on the foregoing, GPA's desire to issue a solicitation for 40MW of temporary power generation capacity is reasonable. is reasonable, prudent, and necessary.

RECOMMENDATION

12. Counsel recommends that the PUC approve GPA's petition to procure 40MW of temporary generation capacity.

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13. A Proposed Order is submitted herewith for the consideration of the Commissioners.

Dated this 16th day of November, 2023.

Anthony R. Camacho

Anthony R. Camacho, Esq.
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