

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:

GUAM POWER AUTHORITY
RELOCATION OF YIGO DIESEL
GENERATORS

GPA DOCKET 24-11

ORDER



INTRODUCTION

1. This matter comes before the Public Utilities Commission ["PUC"] pursuant to the Guam Power Authority's ["GPA"] Petition to Approve the Relocation of the Yigo Diesel Generators.¹
2. GPA has solicited a project to supply 20MW of temporary power within 100 days and GPA plans on using the current location of the Yigo Diesel Generators to install this temporary power supply.²
3. GPA requests that the PUC authorize GPA to solicit for a contractor to repair or replace twenty of the thirty-nine 1MW Yigo Diesel Units and relocate, install, commission, operate, and maintain the units for a three-year base period, with two optional one-year extensions. GPA estimates that it will cost \$7 million to repair or replace twenty of the Yigo Diesel units, and that it will cost \$2-3 million to operate and maintain them annually, and that the total cost for the contract's initial three-year term will be approximately \$13 million.³

BACKGROUND

4. The thirty-nine existing Yigo Diesel units require significant repairs, overhaul, or replacement to operate at their capacity and these services have been delayed due to procurement protests.⁴

¹ GPA Petition to Approve the Relocation of the Yigo Diesel Generators, GPA Docket 24-11, dated February 14, 2024 [GPA Petition].

² GPA Petition at 1. 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 2.

⁴ Id., at 4.

5. GPA has solicited for temporary power generation capacity to bridge the gap in GPA's existing generation capacity until the Ukudu Power Plant is commissioned in Late 2025 and GPA has determined that the current site of the Yigo Diesel units is the optimal site to locate this temporary power generation capacity.⁵
6. GPA intends to solicit for a contract with a three-year base term with two one-year options to renew, to repair or replace twenty of the thirty-nine 1MW Yigo Diesel units, relocate them to a GPA owned property adjacent to its Tenjo Vista Power Plant, and commission and operate them at that location to provide temporary power generation to Southern Guam and U.S. Navy Base, Guam.⁶
7. On January 23, 2024, the Guam Consolidated Commission on Utilities ["CCU"] issued CCU Resolution No. FY2024-11 authorizing GPA's management to procure the services for the repair or replacement of up to twenty Yigo Diesel units and the relocation, installation, commissioning, and the operation of these units adjacent to the Tenjo Vista Power Plant.⁷
8. On February 26, 2024 the PUC Legal Counsel issued his report on this matter.

DETERMINATIONS

9. GPA must obtain the PUC's authorization to solicit for the contract to repair or replace twenty Yigo Diesel units and to relocate, install, commission, and operate them adjacent to the Tenjo Vista Power Plant. GPA's Contract Review Protocol states that for multi-year procurements with fixed terms and variable annual costs, GPA shall seek PUC approval of the procurement if the aggregate cost estimate for the entire term of the procurement exceeds its \$1,500,000 review threshold.⁸ Here, GPA estimates that the contract's three-year base term will cost \$13 million which exceeds the \$1,500,000 review threshold. Therefore, GPA must obtain the PUC's approval to solicit for the contract.
10. The \$13 million estimated cost of the contract is reasonable. As a result of delayed overhauls and maintenance caused by procurement protests, the Yigo Diesel units

⁵ Id., at 4.

⁶ Id.

⁷ Id., at 5.

⁸ PUC Order, Administrative Docket, Contract Review Protocol for GPA, at page 2.

have significantly declined in their power generation capacity and will likely require significant repair and replacement to get twenty of them commissioned to produce 20MW of power generation capacity.⁹ Here, GPA estimates that the repair or replacement, and the relocation and commissioning of these will cost \$7 million and an additional \$2-3 million per year to operate. Therefore, GPA's estimated cost of repairing or replacing twenty of the Yigo Diesel units and relocating, commissioning, maintaining and operating them at GPA's Tenjo Vista location is reasonable.

11. The contract is prudent. GPA's plan to use the 20MW that will be provided by the repair or replacement, and relocation of the Yigo Diesel Units will ensure GPA's ability to provide adequate generation capacity for southern Guam, which has been a historically underserved area, and U.S. Navy Base Guam, which is an important GPA customer.
12. The contract is necessary. GPA currently only has two baseload power plants and Cabras 1 and 2 are one of these baseload plants. If GPA does not exercise increase its generation capacity, the extensions, it remains unlikely that Cabras 1 and 2 will remain continuously online and this is currently causing and will continue to cause great disruption in GPA's ability to operate the island-wide power system until the new northern power plant is completed. If this contract is approved, these disruptions should cease because GPA will have both the temporary power generating capacity that it solicited for, and, through the contract, the repaired or replaced Yigo Diesel units that will be operating at GPA's Tenjo Vista location that will provide an additional 20MW until the new Ukudu Plant is commissioned.
13. Based on the foregoing, GPA's plan to solicit for a contract to repair or replace twenty Yigo Diesel units and to relocate, install, commission, and operate them adjacent to the Tenjo Vista Power Plant is reasonable, prudent, and necessary, and, once commissioned and operational, these units will help to prevent the current great disruptions in GPA's ability to operate the island-wide power system until the new northern power plant is completed.

⁹ PUC Order dated January 30, 2020 in GPA Docket No. 20-04 at 2.

ORDERING PROVISIONS

After careful review and consideration of the above determinations, GPA's Petition to Approve the Relocation of the Yigo Diesel Generators, the Report of PUC Legal Counsel, and the record herein, for good cause shown, and on motion duly made, seconded, and carried by the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS** that:

1. GPA's request for authorization to solicit for a contract, with a three-year base term and two one-year options to renew, to repair or replace twenty Yigo Diesel units and to relocate, install, commission, and operate them adjacent to the Tenjo Vista Power Plant, is approved.
2. 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 §§12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

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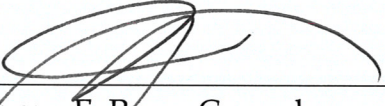
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Order
Petition of the Guam Power Authority
To Approve the Relocation of the Yigo
Diesel Generators
GPA Docket 24-11
February 29, 2024

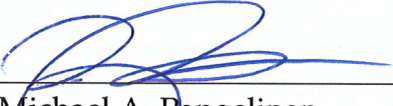
Dated this 29th day of February, 2024.



Jeffrey C. Johnson
Chairman

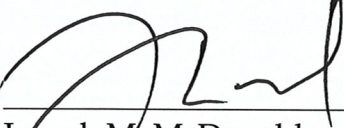


Rowena E. Perez-Camacho
Commissioner




Michael A. Pangelinan
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Joseph M. McDonald
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Doris Flores Brooks
Commissioner

Peter Montinola
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