



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:) GPA Docket 25-06
)
GUAM POWER AUTHORITY'S)
PERFORMANCE MANAGEMENT) **ORDER**
CONTRACT FOR COMBUSTION)
TURBINE POWER PLANTS)
)
)
_____)

INTRODUCTION

This matter comes before the Guam Public Utilities Commission [“PUC”] for review and approval of the Guam Power Authority’s [“GPA”] Petition to solicit for a Performance Management Contract (PMC) for GPA’s Combustion Turbine (CT) Power Plants.¹

BACKGROUND

Since March, 2016, GPA has utilized a PMC for the management, operations, and maintenance of the Dededo, Macheche and Yigo CT plants.² On January 25, 2016, the PUC approved an Award of a Performance Management Contract for the combustion turbine power plants, to Taiwan Electrical and Mechanical Engineering Services [“TEMES”] for management, operation, and maintenance.³ At that time, faced with the prior explosion of the Cabras 3 & 4 plants, and the loss of 79MW in generation capacity, the PUC found that it was “critical to achieving sufficient system capacity that the availability of the Dededo CTs, and upgraded capacity for the Macheche and Yigo CTs,

¹ GPA Petition for Request to Approve a Performance Management Contract for the Combustion Turbine Power Plants, GPA Docket 25-06, filed January 7, 2025.

² Id. at p. 1.

³ PUC Order, GPA Docket 15-22, GPA’s Procurement of a PMC for the Combustion Turbine Power Plants, dated January 25, 2016, at p. 1.

be ensured.”⁴ Without the availability of the CTs, GPA would simply not be able to provide the total desired generation capacity.⁵

The original TEMES PMC Contract was for a 5-year base term.⁶ In GPA Docket 21-03, on November 30, 2020, the PUC approved a 5-year extension of the TEMES PMC Contract.⁷ The present TEMES PMC will expire in February 2026. GPA is filing its Petition now because it will require nearly one year to award the contract, including regulatory approvals and a mobilization period.⁸

The proposed Invitation for Bids will also include the Piti 7 CT within the scope of the PMC.⁹ GPA has stated that “Piti 7 provides critical generation capacity until the Ukudu Power Plant is commissioned and will provide the necessary reserve capacity going forward.”¹⁰

In GPA Resolution No. FY2025-01, the Guam Consolidated Commission on Utilities authorized the solicitation of a Performance Management Contract for GPA’s Combustion Turbine Power Plants.¹¹ The CCU found that “under the PMC contractor [i.e. TEMES] the CTs were able to perform maintenance and execute projects to maintain reliability and availability to support the Island Wide Power System (IWPS) most especially after the loss of Cabras 3 & 4 in August 2015, during the Cabras boiler

⁴ Id. at p. 2.

⁵ Id. at p. 3.

⁶ GPA Petition at p. 2.

⁷ PUC Order, GPA Docket 21-03, dated November 30, 2020, at p. 1.

⁸ GPA Petition at p. 3.

⁹ GPA Petition at Attachment 1(Contract Highlights & Comparison).

¹⁰ PUC Order, GPA Docket 24-21, GPA’s Petition to Approve the Contract with TEMES Inc. to Overhaul Piti 7, dated August 29, 2024, at p. 1.

¹¹ Guam Consolidated Commission on Utilities GPA Resolution No. FY2025-01, Relative to Authorizing the Solicitation of a Performance Management Contract for GPA’s Combustion Turbine Power Plants, adopted and approved on November 26, 2024.

incident in February 2022, during the extended outages of Piti 8 & 9 for the fuel oil conversion projects in 2022 and the recent capacity shortfalls post Typhoon Mawar and early 2024...”.¹²

GPA “plans to solicit for a new Performance Management Contract for the continued Management, Operation and Maintenance of GPA’s Combustion Turbine (CT) Power Plants for a 3-year base term and an optional two 1-year extensions in order to meet the increasing power demands and provide the reserve capacity for planned and forced generation outages...”.¹³

DETERMINATIONS

A. GPA HAS JUSTIFIED THE NEED TO SOLICIT A PERFORMANCE MANAGEMENT CONTRACTOR FOR THE CONTINUED MANAGEMENT, OPERATION, AND MAINTENANCE OF THE COMBUSTION TURBINE POWER PLANTS.

In GPA Dockets 15-22 and 21-03, the PUC recognized that the retention of a Performance Management Contractor for the Combustion Turbine Power Plants is beneficial and appropriate. The retention of a PMC is critical for ensuring that the CTs achieve sufficient system capacity and further upgraded capacity. Without the availability of these CTs, GPA would simply not be able to provide the total desired generation capacity.¹⁴

¹² Id. at p. 1.

¹³ Id. at pgs. 1-2.

¹⁴ PUC Order, GPA Docket 21-03, dated November 30, 2020, at p. 4.

Soliciting a PMC for the Combustion Turbine Plants is consistent with GPA's long-standing policy of seeking private contractors for the management of GPA's generation assets.

The Dededo, Macheche, and Yigo CT Power Plants in total make up the 89MW of total generating capacity of the peaking units for GPA's Island Wide Power System.¹⁵ The Piti 7 Plant provides up to 40MW.¹⁶ The generation capacity of the CTs must be maintained, as GPA believes that upcoming military, commercial and local government projects could increase loads by over 100MW in the next 5 years.¹⁷ In GPA Docket 24-21, dated August 29, 2024, the PUC recognized possible additions to GPA's load growth by 50MW for military load requirements over the next 10 years and private and government projects which could increase load by 36MW.¹⁸ The PUC also recognized that Piti 7, which has a full capacity of 40MW, is only producing 23MW at the present time.¹⁹

After the commissioning of the Ukudu Power Plant and the retirement of Cabras 1 & 2 Power Plants, the new Phase IV renewable projects with energy shifting are not expected to be commissioned earlier than 2028.²⁰ GPA anticipates that the CTs operations will provide peak support or production at night during peak demand periods and during baseload unit outages, as well as during low solar production

¹⁵ GPA Petition at p. 142.

¹⁶ Id. at p. 146.

¹⁷ Guam Consolidated Commission on Utilities GPA Resolution No. FY2025-01, Relative to Authorizing the Solicitation of a Performance Management Contract for GPA's Combustion Turbine Power Plants, adopted and approved on November 26, 2024, at p. 2.

¹⁸ PUC Order, Approval for TEMES Inc. Contract to Overhaul Piti 7, GPA Docket 24-21, dated August 29, 2024, at p. 6.

¹⁹ Id.

²⁰ Id.

periods during cloudy or rainy days.²¹ In addition, the Dededo CT has provided direct and uninterrupted service to the Anderson Air Force Base during Typhoon Mawar via an underground transmission line from the hardened CT facility to AAFB, which allowed for a faster recovery post-typhoon because the system had not completely blacked out.”²²

GPA’s Petition supports the continued retention of a Performance Management Contractor to maintain the load capacity and reliability of the Combustion Turbines. The PMC has repaired the CTs and brought them to an improved operational status. The CTs have provided reliable power to the IWPS.

B. THE FORM OF THE PROPOSED PMC IN THE SOLICITATION HAS BEEN PREVIOUSLY APPROVED BY THE PUC.

In the instant Petition, GPA has attached a draft PMC Contract. At present GPA only seeks authorization to issue its solicitation for a new PMC contract for the period after February 2026. The proposed contract form is similar to that which GPA and TEMES have used over the past 9-year period. The contract contains standard provisions for the protection of GPA and its ratepayers, such as bid and performance bond requirements, insurance, indemnification clause, termination for cause or convenience, performance guarantees, and overall responsibility for management, operations and maintenance of the Combustion Turbines.

C. THE COST FOR THE PROPOSED PMC CONTRACT IS CONSISTENT WITH THAT PREVIOUSLY CHARGED IN PRIOR YEARS OF THE PMC CONTRACT.

²¹ GPA Petition at p. 2.

²² Id.

The estimated cost for the draft PMC contract for the 3-year period will be in the range of \$5M, which includes over \$2.4M for fixed management fees and \$2.6M for reimbursable O & M costs.²³ It is also anticipated that Capital Improvement Project costs could exceed \$6M over the 3-year base term, based on historical cost.²⁴

The cost for the first 5 years of the PMC contract with TEMES was roughly \$5.9M (fixed management fees/routine O & M). The cost for the 5-year PMC extension was estimated to be in excess of \$7.3M.²⁵ The estimate of the proposed cost in the draft contract for fixed management fees and routine O & M, does not appear out of line with prior contracts. Of course, the final proposed cost will not be known until GPA obtains bid proposals through the solicitation.

In response to a PUC Request for Information to GPA, Assistant General Manager of Operations Jennifer Sablan has provided: (1) a Summary of PMC Costs, including Fixed Management Fees, Routine O & M, and CIP Project Costs for FY2020-2024; (2) a Summary of CIP Projects and Costs; and (3) Recommended CIP Projects for Contract Years 2026-2030.²⁶ Said materials are attached to the ALJ Report collectively as Exhibit "A".

ORDERING PROVISIONS

After review of the record herein, including GPA's Petition to solicit for a Performance Management Contract (PMC) for GPA's Combustion Turbine (CT) Power Plants and

²³ GPA Petition at p. 3.

²⁴ Id.

²⁵ PUC Order, GPA Docket 21-03, PMC Contract Extension for the Combustion Turbine Plants, dated November 30, 2020, at p. 7.

²⁶ Email from GPA Counsel Marianne Woloschuk to PUC ALJ Fred Horecky dated January 22, 2025.

the ALJ Report, for good cause shown, on motion duly made, seconded and carried by the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS** that:

1. GPA's Petition to solicit a Performance Management Contract for GPA's Combustion Turbine Power Plants 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 §§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]

Order
Performance Management Contract for
Combustion Turbine Power Plants
GPA Docket 25-06
January 30, 2025

Dated this 30th day of January 2025.



Jeffrey D. Johnson
Chairman



Joseph M. McDonald
Commissioner



Peter Montinola
Commissioner

Rowena E. Perez-Camacho
Commissioner



Michael A. Pangelinan
Commissioner



Doris Flores Brooks
Commissioner