BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:	)	**GPA DOCKET 25-16**
THE PETITION OF THE GUAM POWER AUTHORITY TO APPROVE PHASE IV RENEWABLE ACQUISITION AWARD TO PRU TAMUNING LLC, PRU MALOJLOJ LLC, PRU PULANTAT LLC, AND PRU BARRIGADA LLC FOR UP TO 18.4MW OF RENEWABLE ENERGY CAPACITY	)	**PUC COUNSEL REPORT**

INTRODUCTION

1. This matter comes before the Public Utilities Commission ["PUC"] pursuant to the Guam Power Authority's ["GPA"] Petition to Approve Phase IV Renewable Energy Acquisition Award to PRU Tamuning LLC ["PRU Tamuning"], PRU Malojloj LLC ["PRU Malojloj"], PRU Pulantat LLC ["PRU Pulantat"], and PRU Barrigada LLC ["PRU Barrigada"]for up to 18.4 MW of Renewable Energy Capacity.[1]

2. To accomplish its Phase IV Renewable Energy Acquisition plans, GPA issued GPA-IFB-012-23 (300,000,000-530,000,000 KWh of Renewable Energy) ["IFB"] and GPA received several bids in response to the solicitation, and one of the bids was from the Pacific Energy Corp. & Landscape Management Systems Consortium ["PEC & LMS"] for the PRU Tamuning, Malojloj, Pulantat, and Barrigada renewable energy projects.[2]

3. GPA requests that the PUC approve a partial award for the IFB to PEC & LMS for the PRU Tamuning, Malojloj, Pulantat, and Barrigada renewable energy projects. The partial award is in the form of four Renewable Power Purchase Agreements ["REPA"], one agreement each for the PRU Tamuning, Malojloj, Pulantat, and Barrigada renewable energy projects. The REPA's are for a term of twenty-five years with an option for five additional years, they are estimated to cost $40,032,517.34 for PRU Harmon, $40,378,940.47 for PRU Malojloj, $36,681,473.58 for

[1] GPA Petition to Approve Phase IV Renewable Energy Acquisition Award to PRU Tamuning, PRU Malojloj, PRU Pulantat, and PRU Barrigada for up to 18.4 MW of Renewable3 Energy Capacity , GPA Docket 25-16, dated August 7, 2025 [GPA Petition].

[2] GPA Petition at 8-9. 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.

PRU Pulantat, and $40,403,112.70 for PRU Barrigada for a total of $157,496,044.09 for the REPAs' base term of twenty-five years.[3]

BACKGROUND

4. In GPA Docket 22-08, the PUC conditionally approved GPA's 2022 Integrated Resource Plan [IRP].[4] The IRP GPA's plan to initiate procurement for renewable energy contracts for additional annual 300,000 MWH by 2025 and another 300,000 MWH by 2029 to achieve 50% Renewables by 2030.[5] The IRP's goal was to have 188 MW of renewable capacity by December 31, 2029 for a low load forecast scenario or 220 MW of renewable capacity by December 31, 2029 for a high load forecast scenario.[6]

5. In December, 2022, GPA issued the IFB for 300 to 500 million kWh of renewable energy in its Phase IV procurement for utility scale renewables and GPA opened the eleven bids submitted in response to the IFB in December, 2023.[7] PEC & LMS submitted four of those bids for the PRU Tamuning, Malojloj, Pulantat, and Barrigada renewable energy projects.[8] These projects are for the construction of four 4.6 MWAC capacity solar facilities to be constructed in Tamuning, Malojloj, Pulantat, and Barrigada and for their operation for a term of 25 years with a 5 year option to renew.[9]

6. On August 4, 2025, the Guam Consolidated Commission on Utilities ["CCU"] issued CCU Resolution No. 2025-22 authorizing GPA's management to petition the PUC for approval to award the REPA contracts to PEC & LMS for the PRU Tamuning, Malojloj, Pulantat, and Barrigada projects.[10]

[3] Id., at 14-17 NOTE: The annual price per Megawatt Hour (MWH) was multiplied by the Guaranteed Net Annual Generation (MWH/YR) for each year of each REPA to obtain these numbers.
[4] Order dated May 26, 2022 in GPA Docket 22-08 at 3.
[5] GPA Petition dated January 31, 2022 in GPA Docket 22-08 at 4.
[6] Id., at 8.
[7] Petition at 1.
[8] Id., at 13.
[9] Id., 1 and 13.
[10] Id., at 11.

ANALYSIS

7. GPA must obtain the PUC's approval for the PRU Tamuning, Malojloj, Pulantat, and Barrigada renewable energy projects. GPA's Contract Review Protocol requires that the PUC must review any contract or obligation which exceeds $1,500,000.[11] Here, as set forth above, the REPA's are estimated to cost $40,032,517.34 for PRU Harmon, $40,378,940.47 for PRU Malojloj, $36,681,473.58 for PRU Pulantat, and $40,403,112.70 for PRU Barrigada for a total of $157,496,044.09 for the REPAs' base term of twenty-five years. Thus, GPA must obtain the PUC's authorization for the REPAs because they, individually and collectively, exceed the $1,500,000 review amount.

8. The REPAs' $157,496,044.09 cost, if they provide the Annual Net Generation amount for the twenty-five year base term, is reasonable. The IFB set a bid price cap of $0.179/kWh which includes about $0.07/kWh for energy – shifting batteries and PEC & LMS' bids for the PRU Tamuning, Malojloj, Pulantat, and Barrigada projects were all within this price cap.[12] The REPAs also contain a 1% annual escalation in their annual prices for the twenty-five year base period, which is 1.7% less than the current U.S. annual inflation rate of 2.7%.[13] A comparison of the annual price per MWH for the REPAs to the REPA for the KEPCO – EWP-Samsung C&T Consortium solar farm project, also a Phase IV renewable energy project GPA awarded from the IFB, indicates only *di minimus* differences between those annual prices.[14] The REPAs will increase GPA's annual LEAC costs by $6,299,841.76, on average, for each year of the twenty-five year base term ($157,496,044.09 Total Cost / 25 Years = $6,299,841.76 Average Annual LEAC Cost). However, this cost will likely be reduced or neutralized by the reduction of GPA's existing fuel oil costs caused by using renewable energy from the REPAs at issue here. Generally, the price of oil would have to rise to approximately $131.25 per barrel for the annual cost of the REPAs at issue here to have a neutral effect on the LEAC ($6,299,841.76 Average Annual LEAC Cost / 48,000 barrels of fuel oil = $131.25 cost per barrel of

[11] Order dated February 15, 2007, GPA Administrative Docket at paragraph 1.
[12] GPA Petition at 8.
[13] Id., at 9 and U.S. Inflation Calculator at https://www.usinflationcalculator.com/inflation/current-inflation-rates/.
[14] Id., at 14-17 and Petition dated September 11, 2024 in GPA Docket 24-25 at 13.

fuel oil). GPA currently imports three million barrels of fuel oil annually.[15] GPA states that if all the Phase IV renewable projects are implemented, inclusive of the REPAs at issue here, it would reduce GPA's fuel oil consumption by 800,000 barrels annually.[16] The REPAs at issue constitute approximately 6% of the Phase IV Projects (18.4 MWac / 332.4 total Phase IV MWac = .06) and this would equate to the REPAs at issue here being attributed 6% of the reduction of 800,000 barrels of fuel or 48,000 barrels of fuel oil (800,000 barrels of fuel oil x 6% = 48,000 barrels of fuel oil). GPA does not state which of its types of fuel its estimate is based on but if applied to the Residual Fuel Oil [RFO] & Ultra Low Sulfur Fuel Oil [ULSFO] which is currently forecast to cost GPA a high of $110.40 per barrel up to January 31, 2026, then the implementation of the REPAs at issue here would result in a reduction in the annual LEAC of $5,299,200 (48,000 barrels x $110.40 per barrel of RFO & ULSFO = $5,299,200) reducing the annual LEAC costs of the REPAs at issue here to $1,000,641.76 ($6,299,841 Annual Average LEAC Cost of REPAs - $5,299,200 reduction of 48,000 barrels of RFO & ULSFO = $1,000,641.76).[17] Although the REPAs may increase the LEAC costs when the cost of RFO & ULSFO is less than $131.25 per barrel in the short-term, such cost increases will likely be off-set in the long-term. For example, GPA states that the price of a barrel of unspecified oil may rise to $200 per barrel due to geopolitical tension in our region caused by China and North Korea.[18] If this price increase to $200 a barrel for RFO & ULSFO occurs during the twenty-five year base term of the REPAs, then the overall annual LEAC costs will be reduced by $3,300,159 ($9,600,000 (48,000 barrels of RFO& ULSFO at $200 per barrel) - $6,299,841 Annual Average LEAC Cost of REPAs = $3,300,159 LEAC Cost Reduction). Finally, the four REPAs were reviewed and they contain identical terms regarding Representations and Warranties, Performance Requirements and Approvals, Events of Default and Remedies, Payment and Netting, and Interconnection and said terms are commercially reasonable. The REPAs are not signed by the Parties but are based on a prior contract that was approved by the Guam Office of the Attorney General. Based on the foregoing, the annual cost per MWH, the 1% escalation rate for the REPAs over the twenty-five year base term, and the contract provisions are reasonable.

[15] GPA Petition at 5.
[16] Id.
[17] $110.40 per barrel cost of RFO & ULSFO derived from Marianas Consulting Group, LLC Report dated June 17, 2025 in GPA Docket 25-13 at 4.
[18] GPA Petition at 5.

9. The PRU Tamuning, Malojloj, Pulantat, and Barrigada renewable energy projects are prudent. As shown above, the LEAC cost savings when the price of oil rises above $131.25 per barrel serve as an important hedge against rapid or prolonged increases in the price of oil. Additionally, these projects will add 18.4 MWac capacity to the Island Wide Power System which should mitigate the forecasted 100MW increase in the demand for energy by 2033 caused by the military build-up.[19] Accordingly, the projects are prudent.

10. The PRU Tamuning, Malojloj, Pulantat, and Barrigada renewable energy projects are necessary. Guam P.L. 29-62 mandates GPA's use of 50% renewable energy by 2035. If GPA all its Phase IV renewable energy projects inclusive of the 18.4 MWac from the PRU Tamuning, Malojloj, Pulantat, and Barrigada renewable energy projects, it will reach 39% renewable energy by 2028 which is just 11%under the 50% requirement GPA will have to meet by 2035. Therefore, to comply with P.L. 29-62 mandate of 50% renewable energy by 2035, the PRU Tamuning, Malojloj, Pulantat, and Barrigada renewable energy projects are necessary.

11. Based on the foregoing, the PRU Tamuning, Malojloj, Pulantat, and Barrigada renewable energy projects are reasonable, prudent, and necessary.

RECOMMENDATION

12. Counsel recommends that the PUC approve the partial award for the IFB to PEC & LMS for the PRU Tamuning, Malojloj, Pulantat, and Barrigada renewable energy projects.

[19] Id., at 3.

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

Dated this 22nd day of August, 2025.

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