

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:)	GPA DOCKET 26-09
)	
AMENDED PETITION OF THE GUAM)	
POWER AUTHORITY TO APPROVE)	PUC COUNSEL REPORT
AWARD OF PERFORMANCE)	
MANAGEMENT CONTRACT FOR)	
COMBUSTION TURBINE POWER)	
PLANTS)	

INTRODUCTION

1. This matter comes before the Public Utilities Commission ["PUC"] pursuant to the Guam Power Authority's ["GPA"] Amended Petition to Approve Award of Performance Management Contract for Combustion Turbine Power Plants.¹
2. The existing extension of the PMC will expire on July 31, 2026.²
3. GPA requests that the PUC approve award of a new PMC contract for GPA's combustion turbine power plants to Marianas Energy Corporation ["MEC"] for \$4,010,207 for the contract's three-year base term, and two optional one-year extensions at \$1,333,845 per year, or \$2,667,691 for both years, for a total amount of \$6,677,898, and GPA will use its revenue funds to pay those costs.³

BACKGROUND

4. The scope of GPA's PMC contract for its Combustion Turbine Units (CT) includes the Dededo CT, Macheche CT, Yigo Ct, and Piti 7 CT.⁴ The Dededo CT Plant is located in Dededo and Dededo CT Unit #1, currently rated at 23 MW, was installed

¹ GPA Amended to Approve Award of Performance Management Contract for Combustion Turbine Power Plants, GPA Docket 26-09, dated March 11, 2026 [GPA Petition]. NOTE: GPA's original petition that was filed on March 6, 2026 had the same title, however, there was a clerical error wherein portions of the petition argued that the existing PMC contract be extended. GPA has since confirmed the clerical error and resolved it by filing the amended petition. Therefore, GPA's original petition will not be considered here. See GPA Responses to PUC Counsel Information Requests, GPA Docket 26-09 at PUC-1-2

² PUC Order dated September 25, 2025 in GPA Docket No. 25-19 at 5.

³ GPA Petition at 2 and GPA Responses to PUC Counsel Information Requests, GPA Docket 26-09 at PUC-4. 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.

⁴ Id., at 11 and 18.

in 1992 and Dededo CT #2 , currently rated at 22 MW, was installed in 1993.⁵ The Macheche CT Plant is located in Macheche, in the northern part of Guam and was installed in 1993 and had an original capacity of 22 MW. It is currently being dispatched as a peaking unit with a maximum capacity of 20MW.⁶ The Yigo CT Plant is located in Yigo, further north from the Dededo CT Plant and was installed in 1993 with an original capacity of 22MW, and it is currently being dispatched as a peaking unit with a maximum capacity of 19MW.⁷ The Piti 7 CT Plant is located in Piti on the way to the Port Authority of Guam, adjacent to the old Piti Power Plant and MEC 8 and 9. Piti 7 was installed in 1998 with an original capacity of 40MW, it has since been de-rated to 32 MW due to high temperature exhaust alarms currently has a rated capacity of 40MW and is used as a peaking unit only if any of the GPA's baseload generators are down for maintenance.⁸

5. On March 1, 2016, GPA entered into a five-year PMC with Taiwan Electrical and Mechanical Engineering Services, Inc.["TEMES"] for the management, operation, and maintenance of the Dededo CT, Macheche CT, Yigo Ct, Piti 7 Ct, and the Tenjo Vista, Talofof, and Manenggon power plants.⁹ On November 30, 2020, the PUC approved a five-year extension of the GPA-TEMES PMC Contract for the Dededo CT, the Macheche CT, and the Yigo CT plants.¹⁰ On September 25, 2025, the PUC approved a five-month extension of the GPA-TEMES PMC for the Dededo CT, Macheche Ct, Yigo CT, Piti 7 CT, and the Tenjo Vista, Talofof, and Manenggon power plants which will expire on or about July 31, 2026¹¹
6. On January 30, 2025, the PUC authorized GPA to solicit for a new PMC for the Dededo CT, the Macheche CT, the Yigo CT, and the Piti 7 CT plants.¹² GPA subsequently issued GPA-IFB-015-25 (Performance Management Contract for GPA's Combustion Turbine Power Plants: Dededo CT 1 and 2, Macheche CT, Yigo Ct, and Piti 7 CT (TEMES 7) (Multi-Step)).¹³ Two bidders TEMES and MEC made it to Phase 2 of the multi-step bid process. GPA determined that MEC submitted the

⁵ GPA Petition dated January 7, 2025 in GPA Docket No. 25-06 at 138.

⁶ Id., at 139.

⁷ Id.

⁸ Id., at 140.

⁹ PUC Order dated September 25, 2025 in GPA Docket No. 25-19 at 1.

¹⁰ Id., at 8.

¹¹ Id., at 2 and 5.

¹² PUC Order dated January 30, 2025 in GPA Docket No. 25-06 at 1, 2, and 7.

¹³ GPA Petition at 1-2.

lowest bid because for the PMC Contract's base term plus extensions, which was the basis of the award, TEMES bid \$7,823,190.38 and MEC bid \$6,677,898.¹⁴

7. On February 24, 2026, the Guam Consolidated Commission on Utilities ["CCU"] issued CCU Resolution No. FY2026-13 authorizing GPA's General Manager to award MEC the PMC for GPA's CT Power Plants subject to the review and approval of the PUC.¹⁵

ANALYSIS

8. GPA must obtain the PUC's approval for the award of the PMC Contract to MEC. GPA's Contract Review Protocol requires GPA to obtain the PUC's prior approval for any contract or obligation which exceeds \$1,500,000.¹⁶ Here, as shown above, the total cost of the GPA-MEC PMC Contract is \$6,677,898 which exceeds the \$1,500,000 review threshold. Therefore, GPA must obtain the PUC's approval for the GPA-MEC PMC Contract.
9. The \$6,677,898 cost of the GPA-MEC PMC Contract is reasonable. The five-year extension of the existing PMC contract cost \$7,320,171.¹⁷ Here, the three-year base term plus the two optional one-year extensions cost \$6,677,898 which is \$642, 273 (\$7,320,171 - \$6,677,898 = \$642, 273) cheaper than the existing PMC contract for the same time period. This reduction in price may be the result of two factors. First, the existing PMC contract includes the Tenjo Vista, Talofofu, and Manenggon power plants and the new PMC contract does not. Second, and most important, is the fact that GPA's solicitation for the new PMC resulted in actual price competition with MEC's \$6,677,898 bid being \$1,145,292.38 lower than TEMES' \$7,823,190.38 bid (\$7,823,190.38 - \$6,677,898 = \$1,145,292.38). Therefore, the \$6,677,898 cost of the GPA-MEC PMC Contract is reasonable.
10. The GPA-MEC PMC Contract is prudent. The PUC has previously found that PMCs for GPA's CT plants ensure that the CT plants achieve sufficient system capacity and further upgraded capacity and that PMC's for the CT plants is consistent with GPA's long-standing policy of seeking private contractors for the

¹⁴ Id., at 6.

¹⁵ Id., at 4.

¹⁶ PUC Order, Administrative Docket, Contract Review Protocol for GPA, at 1.

¹⁷ GPA Petition in GPA Docket No. 20-03 at 4.

management of GPA's generation assets.¹⁸ Additionally, GPA attached a draft PMC Contract and it contains standard provisions for the protection of GPA and its ratepayers such as bid and performance bond requirements, insurance and indemnification clauses, termination for cause or convenience, performance guarantees and it requires MEC to take overall responsibility for the management, operations, and maintenance of the Dededo CT, the Macheche CT, the Yigo CT, and the Piti 7 CT.¹⁹ Hence, the GPA-MEC PMC Contract is prudent.

11. The GPA-MEC PMC Contract is necessary. Although the Ukudu Power Plant is online, Cabras 1 & 2 are due to be retired on or about May, 2026 and the new Phase IV renewable energy projects are not due to be commissioned until 2028. GPA requires the potential 129MW of its CT plants to provide peak support or production at night during peak demands periods and during periods of baseload unit outages or lower solar unit production, such as prolonged overcast or rainy days.²⁰ Additionally, the PUC has previously found that the generation capacity of GPA's CT plants must be maintained because anticipated military, commercial, and local government projects could increase loads by over 100MW by 2030.²¹ Hence, the GPA-MEC PMC Contract is necessary.
12. Based on the foregoing, the GPA-MEC PMC Contract and its \$6,677,898 cost are reasonable, prudent, and necessary.

RECOMMENDATION

13. Counsel recommends that the PUC grant GPA's Amended Petition to approve the GPA-MEC PMC Contract for the Dededo CT, the Macheche CT, the Yigo CT, and the Piti 7 CT and its \$6,677,898 cost.

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¹⁸ PUC Order dated January 30, 2025 in GPA Docket No. 25-6 at 3-4.

¹⁹ GPA Petition at 8-56.

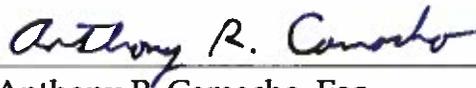
²⁰ PUC Order dated January 30, 2025 in GPA Docket No. 25-6 at 4-5.

²¹ Id., at 4.

PUC Counsel Report
Amended Petition of the Guam Power
Authority To Approve The Performance
Management Contract For Combustion
Turbine Power Plants
GPA Docket 26-09
March 13, 2026

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

Dated this 13th day of March, 2026.



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