RESOLUTION NO. 2016–02

AUTHORIZING MANAGEMENT OF THE GUAM POWER AUTHORITY TO PETITION THE PUC AND AWARD SERVICES FOR A PERFORMANCE MANAGEMENT CONTRACT FOR GPA’S COMBUSTION TURBINE POWER PLANTS

WHEREAS, the Guam Power Authority (GPA) has utilized Performance Management Contracts (PMC) for the management, operations, and maintenance of the base load power plants; and

WHEREAS, PMCs have provided GPA valuable assistance for continued operation and maintenance of power plants, including completion of major projects to meet availability, reliability, and efficiency standards; and

WHEREAS, GPA has 25 MW in Solar PV Renewables contributing to the island-wide power system, and the impact of major surges or intermittency in the day from these renewable energy supply requires the dispatching of units that can react quickly to the surges, such as the Combustion Turbine units; and

WHEREAS, GPA intends to continue the addition of renewable energy to its power system, through projects such as, but not limited to Phase II and Phase III of Renewable Resource Acquisition; and

WHEREAS, GPA Combustion Turbine power plants have had significant operations and maintenance issues resulting in systemic long-term unavailability and capacity derations; and

WHEREAS, the Dededo Combustion Turbine Unit 1 (CT1) and Unit 2 (CT2) have been out of service since 2010 and 2004 respectively; and

WHEREAS, the Dededo Combustion Turbine power plant has mechanical and environmental compliance issues that must be resolved prior to proceeding with re-commissioning of the units to support the reserve capacity requirements; and

WHEREAS, GPA has completed repairs of the generator for CT1 as well as the smoke stacks for both units; and

WHEREAS, repairs are pending on the CT2 generator, the switchgear for CT1, as well as auxiliary systems, fuel tank and control systems for both units; and

WHEREAS, re-commissioning of the units provides opportunities to better support the Department of Defense with their critical mission at Andersen Air Force Base and NCTMS including
serving these facilities through adverse weather using an existing underground 34.5KV line between the power plant and Andersen Air Force base; and

WHEREAS, Yigo CT and Macheche CTs will require recapitalization for life extension to support peaking and reserve unit requirements; and

WHEREAS, GPA’s energy conversion agreement (ECA) with Taiwan Electrical and Mechanical Engineering Services (TEMES) will expire on December 2017 resulting in the turnover of the Piti 7 facilities to GPA; and

WHEREAS, GPA requires the remote start capability for its CTs to better support system operating reserve requirements, optimize GPA’s ESS in its contingency reserve function, and improve power system restoration back to normal after a unit trip event; and

WHEREAS, a PMC would help GPA to expeditiously assess the units, make the necessary repairs, and render the units available to meet system demand; and

WHEREAS, GPA, through Resolution NO. 2015-46 completed IFB GPA-001-16 Invitation for Bid for a Performance Management Contract for GPA’s Combustion Turbine Plants; and

WHEREAS, Taiwan Electrical and Mechanical Engineering Services, Inc. (TEMES) was determined to be the most responsive, responsible and qualified Bidder based on Qualitative Proposal Evaluations and Price Proposal Evaluations completed by the GPA Bid Evaluation Committee (Exhibit A)

WHEREAS, GPA will reallocate O&M budget to fund Fixed Management Fee and O&M Budget Payments for the CT PMC Contract for FY 2016 (Exhibit B); and

WHEREAS, GPA will utilize 1999 Excess Bond Funds, and reprogram the allocation of 2010 Bond Funds (Exhibit C) to fund the rehabilitation of Dededo CT plant; and

WHEREAS, approval is requested to allow the General Manager to petition the PUC to approve and award services for a Performance Management Contract for the Combustion Turbine Power Plants with TEMES and to reallocate O&M Budget, 1999 Bond Funds and 2010 Bond Funds.

NOW, THEREFORE, BE IT RESOLVED, by the CONSOLIDATED COMMISSION ON UTILITIES subject to the review and approval of the Public Utilities Commission as follows:

1. The General Manager is authorized an increase in obligating authority in the amount of $5,980,246 for the first five years of the Contract, to fund the Fixed Management Fee and O&M Budget for the Dededo CT, Macheche CT and Yigo CT Plants.
2. The General Manager is authorized to enter into a Performance Management Contract for GPA's Combustion Turbine Power Plants with Taiwan Electrical and Mechanical Engineering Services, Inc. (TEMES).

3. The General Manager is authorized to reallocate O&M Funds illustrated in Exhibit B to fund Fixed Management Fee and O&M Budget for the CT PMC for FY 2016.

4. The General Manager is authorized to reprogram 1999 and 2010 Bond Funds as illustrated in Exhibit C to fund the rehabilitation of Dededo CT.

RESOLVED, that the Chairman of the Commission certifies and the Secretary of the Commission attests the adoption of this Resolution.

DULY and REGULARLY ADOPTED this 26th day of January 2016.

Certified by: 

[Signature]

JOSEPH T. DUENAS
CHAIRMAN

Attested by: 

[Signature]

J. GEORGE BAMBA
SECRETARY
SECRETARY'S CERTIFICATE

I, J. George Bamba, Secretary for the Consolidated Commission on Utilities do hereby certify that the foregoing is a full, true, and correct copy of the resolution duly adopted at a regular meeting of the members of Guam's Consolidated Commission on Utilities, duly and legally held at the meeting place thereof on January 26, 2016, at which meeting of all said members had due notice and at which at least a majority thereof were present, and

At said meeting said resolution was adopted by the following vote:

Ayes: 4

Nays: 0

Absent: 1

Abstain: 0

As of the date of this certification, said original resolution has not been amended, modified, or rescinded since the date of its adoption, and the same is now in full force and effect.

SO CERTIFIED this 26th day of January, 2016.

J. GEORGE BAMBA
Secretary
Consolidated Commission on Utilities
<table>
<thead>
<tr>
<th>SELLER</th>
<th>MAKE AND MODEL</th>
<th>QUANTITY</th>
<th>PRICE</th>
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<tbody>
<tr>
<td>Item 1</td>
<td>Item Description</td>
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<tr>
<td>Item 2</td>
<td>Item Description</td>
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**Total:** $3,000.00
## EXHIBIT B

Re-allocation of O&M Funds

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<tr>
<th>ITEM</th>
<th>BUDGET / BALANCE</th>
<th>REALLOCATION</th>
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<tbody>
<tr>
<td>Generation O&amp;M Budget – Combustion Turbine Plants</td>
<td>Est. $500,000</td>
<td>Transfer to Dededo CT PMC</td>
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<tr>
<td>Generation O&amp;M Budget – Generator</td>
<td>$300,000</td>
<td>Transfer to Dededo CT PMC</td>
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<tr>
<td>Assessment (Major O&amp;M)</td>
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<td>CT PMC</td>
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<tr>
<td><strong>TOTAL INCLUDING REALLOCATION</strong></td>
<td><strong>$800,000</strong></td>
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| **TOTAL REQUIRED FUNDS FOR FY2016**            | **$665,000**                  |                    |
## EXHIBIT C

### REPROGRAMMING BOND FUNDS

<table>
<thead>
<tr>
<th>ITEM</th>
<th>BUDGET / BALANCE</th>
<th>REALLOCATION</th>
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<tbody>
<tr>
<td><strong>1999 Bond Funds (Excess)</strong></td>
<td>$840,000.00</td>
<td>Allocate to Dededo CT</td>
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<tr>
<td></td>
<td></td>
<td>Refurbishment/Rehabilitation</td>
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<td><strong>2010 Bond Funds</strong></td>
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<tr>
<td>Underground Fuel Pipeline Conversion</td>
<td>$1,994,000</td>
<td>Allocate to Dededo CT</td>
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<tr>
<td>&amp; Fuel Metering</td>
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<td>Refurbishment/Rehabilitation</td>
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<tr>
<td>P003 Underground Extension to Port Authority</td>
<td>$661,000</td>
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<td>Agat Village Pole Hardening &amp; Hybrid</td>
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<td>Cabras 1&amp;2 CIPs</td>
<td>$1,427,000</td>
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<td>Cabras 3&amp;4 CIPs</td>
<td>$1,048,000</td>
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**TOTAL REALLOCATION** $6,032,000

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**TOTAL ESTIMATED COST FOR REHABILITATION OF DEDEDO CT** $5,800,000

- **2014 Bond Funds Allocated** ($736,000)
- **(Dededo CT Return to Service)**
- **1999 & 2010 Reallocated Bond Funds** $6,032,000