



GPA RESOLUTION NO. 2020-14

RELATIVE TO AUTHORIZING THE GUAM POWER AUTHORITY TO RETIRE PITI #8 AND #9 SLOW-SPEED DIESEL UNITS AND TO PROCURE 60-MW INSTALLED CAPACITY FROM RENEWABLE ENERGY

WHEREAS, Piti #8 and #9 Slow Speed Diesel Units provide up to 88-MW Capacity of the island-wide power system and are crucial in ensuring that GPA is able to provide the required energy for the island between now and the commissioning of the new 198-MW Ukudu Power Plant; and

WHEREAS, ownership of the Piti 8 & 9 units transferred from Marianas Energy Company (MEC) to Guam Power Authority (GPA) on January 29, 2019 and the Guam Power Authority (GPA) extended the Energy Conversion Agreement with MEC until January 29, 2024 upon receiving CCU and PUC approvals, in order to ensure the units' availability and reliability; and

WHEREAS, the units are subject to Consent Decree and State Implementation Plan requirements to ensure compliance with USEPA requirements such as RICE MACT and upcoming requirements such as updated National Ambient Air Quality Standards; and

WHEREAS, the requirements include having a contract for the conversion of the units to burning ultra-low sulfur diesel (ULSD) by July 1, 2020 and full conversion to ULSD-firing by December 31, 2021; and

WHEREAS, GPA received a proposal from MEC and its subcontractor BWSC for the conversion of the units, with an estimated cost of \$20,645,925 for the upgrades excluding the fuel supply system which is separately funded and handled by GPA; and

WHEREAS, GPA awarded a new IPP Contract for a 198-MW Power Plant, and Phase II Renewable Resource Contracts for a total of 120-MW Solar PV Energy; and

WHEREAS, GPA anticipates capacity factor of the Piti #8 and #9 to be below 15 % after the new power plant and new renewable energy contracts commence operation in 2022; and

WHEREAS, GPA anticipates award of an additional 40-MW of renewable energy with energy storage systems through GPA's Phase III Renewable Resource Acquisition and has plans

1 for acquiring additional renewable resource with energy storage systems under a Phase IV
2 program; and

3 **WHEREAS**, it will therefore be prudent to plan and schedule the retirement of Piti #8
4 and #9 Units after the New Power Plant at Ukudu has commenced operation.

5 **WHEREAS**, it will also be prudent to execute 60-MW of the Phase IV Renewable
6 Acquisition Bid immediately so as to begin its operations soon after the New Power Plant at
7 Ukudu has commenced operation. A solar PV + Energy-shifting ESS is the preferred technology
8 for this Bid.

9 **NOW, THEREFORE, BE IT RESOLVED**, by the Consolidated Commission on Utilities as the
10 governing body of GPA, and subject to the review and approval of the Public Utilities
11 Commission:

- 12 1. GPA is approved to plan for the retirement of Piti #8 and #9 Slow Speed Diesel
13 Units after the New Power Plant at Ukudu has commenced commercial operation.
- 14 2. GPA is authorized to request USEPA to modify the consent decree to
15 address retirement of Piti 8 & 9 upon completion of the new 198-MW Ukudu
16 power plant, in lieu of conversion of units to ULSD by December 31, 2021.
- 17 3. GPA is approved to execute a Renewable Acquisition for 60-MW of
18 Solar-PV + Energy-shifting ESS.

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20 **RESOLVED**, that the Chairman certified, and the Board Secretary attests the adoption of
21 this Resolution.

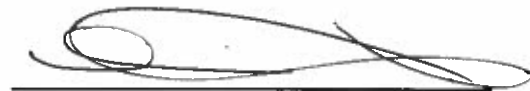
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23 **DULY AND REGULARLY ADOPTED AND APPROVED THIS 23RD DAY OF JUNE, 2020.**

24 Certified by:

Attested by:

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29 JOSEPH T. DUENAS
30 Chairperson
31 Consolidated Commission on Utilities

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29 MICHAEL T. LIMTIACO
30 Secretary
31 Consolidated Commission on Utilities

1 **I, Michael T. Limtiaco, Secretary for the Consolidated Commission on Utilities (CCU), as**
2 **evidenced by my signature above do certify as follows:**

3 The foregoing is a full, true, and accurate copy of the resolution duly adopted at a
4 regular meeting of the members of Guam Consolidated Commission on Utilities, duly and
5 legally held at a place properly noticed and advertised at which meeting a quorum was present
6 and the members who were present voted as follows:

7

8 Ayes: 4

9 Nays: 0

10 Absent: 1

11 Abstain: 0

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