



CONSOLIDATED COMMISSION ON UTILITIES

Guam Power Authority • Guam Waterworks Authority
P.O.BOX 2977 • Agana, Guam 96932

RESOLUTION NO. 2016-39

RELATIVE TO THE APPROVAL OF THE NRG INTERCONNECTION COSTS REIMBURSEMENT CLAIM

WHEREAS, the Phase I Renewable Acquisition solicitation in 2011 GPA awarded Quantum Guam Power (Quantum) the 20MW Solar Renewable Energy Purchase Agreement (REPA) and Pacific Green Resources (PGR) the 9.35MW Wind REPA and the 5.65 MW REPA¹; and

WHEREAS, under the 20MW REPA Quantum was assigned the construction of the interconnection facilities which included the construction of the transmission line from Dandan solar PV site to Talofoto Substation, the upgrade of the Talofoto Substation and the construction of the Dandan Substation; and

WHEREAS, the REPA states that Quantum is responsible for interconnection facilities' costs up to \$9,186,544 based on the assumptions and estimates identified in the Phase I Renewable Acquisition System Impact Study completed in 2012. **The contract also states that GPA is responsible for costs in excess of this cap; and**

WHEREAS, On April 25, 2013, upon the acquisition of the 5.65 MW REPA from PGR, the Quantum interconnection cost's cap was increased to \$11,411,786 for the additional upgrades required at the Talofoto substation and the cable specification upgrade as requested by the contractor to increase the transmission line capacity; and

WHEREAS, Quantum Guam Power was acquired NRG Solar, LLC ("NRG"), a subsidiary of NRG Energy, on July 11, 2013 which included the 20MW and the 5.65 MW Renewable Energy Power Purchase Agreements; and

WHEREAS, in early 2014, NRG initiated construction activities and completed the construction activities in August 2015 as it initiated interconnection and solar facility testing; and

WHEREAS, NRG notified GPA that it has borne a direct cost of \$13,419,819 for interconnection in which exceeded the interconnection cost's cap of \$11,411,786 by **\$2,008,033**; and

WHEREAS, *NRG issued a notice for cost reimbursement in September 2015 totaling \$2,008,033; and*

WHEREAS, Section 1.4.2.2 of the agreement dated April 13, 2013 states that "the cost of developing, designing, procuring, constructing and installing the Interconnection Facilities shall be borne by

¹ Phase I Renewable Acquisition was the Multi Step Bid No. GPA-027-11 to acquire Renewable Energy Purchase Agreements up to 40MW of renewable. The 20MW REPA with Quantum Guam Power was signed on June 27, 2012 after PUC approval on June 11, 2012, PUC Docket 11-12. The 9.35MW and the 5.65 REPA with PGR was signed on March 14, 2013 after PUC approval on February 26, 2013, PUC Docket 11-12.

1 Interconnection Customer, but shall in no event exceed \$11,411,786.00. Any verified costs in excess of
2 such amount shall be reimbursed by GPA to Interconnection Customer, plus a capital recovery charge of
3 15% per annum.”; and

4 **WHEREAS**, NRG commissioned the solar facility in October 2015; and

5 **WHEREAS**, NRG has turned over the interconnection facilities as part of the solar facility
6 commissioning requirements; and

7 **WHEREAS**, GPA has reviewed the costs and based on a reevaluation of the initial assumptions and
8 the completed project, GPA has deemed these costs to be reasonable; and

9 **WHEREAS**, NRG has proposed a payment plan as follows:

- 10 • Payment over 3 year period beginning January 2017
- 11 • Scheduled quarterly payments
- 12 • 6% interest rate applied annually
- 13 • No interest if total amount is paid prior to January 2017; and

14 **WHEREAS**, the funding source for this will be from the *internal revenue CIP funds* as it is associated
15 with the turnover of the interconnection facilities (Dandan substation, transmission line and upgrades to
16 the Talofofu substation); and

17 **WHEREAS**, under the procurement protocol, GPA requires the PUC approval of payments in excess
18 of \$1.5 million.

19 **NOW THEREFORE, BE IT RESOLVED BY THE CONSOLIDATED COMMISSION ON UTILITIES, AS THE**
20 **GOVERNING BODY OF THE GPA, AS FOLLOWS:**

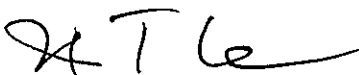
- 21 1. The General Manager is authorized to petition the Guam Public Utilities Commission for approval
22 of the NRG Interconnection Costs reimbursement claim totaling, \$2,008,033.00.

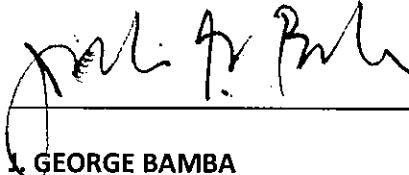
23 **RESOLVED**, that the Chairman certifies and the Secretary attests to the adoption of this Resolution.

24 **DULY AND REGULARLY ADOPTED AND APPROVED THIS 26th DAY OF JULY, 2016.**

25 Certified by:

Attested by:

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28 **JOSEPH T. DUENAS**

28 **GEORGE BAMBA**

29 Chairperson

29 Secretary

30 Consolidated Commission on Utilities

30 Consolidated Commission on Utilities

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

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

7 Ayes: 4

8 Nays: 0

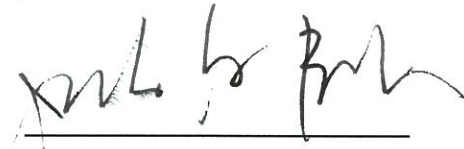
9 Absent: 1

10 Abstain: 0

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

13 **SO CERTIFIED** this 26th day of July, 2016.





J. GEORGE BAMBA

Secretary

Consolidated Commission on Utilities