



GPA RESOLUTION NO. 2021-01

RELATIVE TO AUTHORIZING THE GUAM POWER AUTHORITY TO CONVERT THE PITI #8 AND #9 SLOW-SPEED DIESEL UNITS TO BURN ULTRA-LOW SULFUR DIESEL FUEL

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 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 the Consent Decree; approved by the CCU and PUC and filed in Federal Court on February 6, 2020 by the Department of Justice (DOJ) on behalf of the U.S. Environmental Protection Agency (USEPA); which outlines the settlement between GPA and USEPA to comply with National Emissions Standards for Hazardous Air Pollutants for Stationary Reciprocating Internal Combustion Engines (RICE NESHAP); and

WHEREAS, the Consent Decree stipulated that GPA contract for the conversion of the units to burn ultra-low sulfur diesel (ULSD) by July 1, 2020 and for full conversion to ULSD-firing by December 31, 2021; and

WHEREAS, GPA resolution No. 2020-14, the CCU authorized GPA to plan for the retirement of Piti 8 & 9 and to request USEPA to modify the consent decree to retire Piti 8 & 9 in lieu of conversion to ULSD; and

WHEREAS, as a result of the delay of the commissioning date of the new Ukudu power plant due to COVID-19 and permitting issues, and USEPA's new National Ambient Air Quality Standards (NAAQS) effective April 2023, GPA determined that in order to comply with the April 2023 NAAQS, the Piti 8 & 9 plant capacity burning low sulfur residual fuel oil would need to be limited by as much as 20% which would have a significant impact on system reliability; and

1 **WHEREAS**, this reduction in system capacity would negatively impact system reliability
2 beginning in April 2023 and continuing on until the Ukudu power plant is commissioned; and

3 **WHEREAS**, to ensure system reliability between now and the commissioning of the new
4 Ukudu power plant, GPA will proceed with converting Piti 8 & 9 to ULSD thereby achieving
5 compliance with the both the RICE NESHAP and April 2023 NAAQS without impacting system
6 reliability; and

7 **WHEREAS**, GPA, USEPA and DOJ are in amicable discussions for the modification of the
8 consent decree due to delays resulting from COVID-19 and permitting issues; and

9 **WHEREAS**, GPA recently updated the consent decree timelines to USEPA and DOJ, for
10 their consideration, for the conversion of Piti 8 & 9 to ULSD, to contract with MEC by March 31,
11 2021 and complete the conversion by August 31, 2022; and

12 **WHEREAS**, the project to be implemented by MEC and BWSC provides a technical
13 solution and a concept that will fulfill the requirements to comply with USEPA rules in relation
14 to SOx and CO emissions including meeting the April 2023 NAAQS; and

15 **WHEREAS**, MEC submitted an updated proposal for the conversion of the units, with an
16 estimated cost of **\$14,141,045.28** as shown in **Appendix A**, excluding the fuel supply system
17 which is separately funded and handled by GPA; and


18 **WHEREAS**, MEC proposed to complete the conversion of Piti 8 & 9 to ULSD within 15
19 months after contract signing,

20 **NOW, THEREFORE, BE IT RESOLVED**, by the **CONSOLIDATED COMMISSION ON**
21 **UTILITIES (CCU)**, subject to the review and approval of the **PUBLIC UTILITIES COMMISSION**
22 **(PUC)**, as follows:


- 23 1. GPA is authorized to contract with MEC for the conversion of the Piti 8 & 9 Slow
24 Speed Diesel Units to burn Ultra Low Sulfur Diesel fuel at a cost of **\$14,141,045.28**
25 with a project completion date of 15 months after contract signing.
- 26 2. GPA shall fund the conversion with Cabras 3 & 4 insurance proceeds.

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

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4 **DULY AND REGULARLY ADOPTED AND APPROVED THIS 26TH DAY OF JANUARY, 2021.**

5 Certified by:
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10 JOSEPH T. DUENAS
11 Chairperson
12 Consolidated Commission on Utilities

Attested by:



MICHAEL T. LIMTIACO
Secretary
Consolidated Commission on Utilities

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14
15 **I, Michael T. Limtiaco, Secretary for the Consolidated Commission on Utilities (CCU), as**
16 **evidenced by my signature above do certify as follows:**

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

21
22 Ayes: 4
23 Nays: Ø
24 Absent: 1
25 Abstain: Ø
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