



## CONSOLIDATED COMMISSION ON UTILITIES

Guam Power Authority | Guam Waterworks Authority

P.O. Box 2977 ~~Hagatna~~, Guam 96932 | (671) 648-3002 | guamccu.org

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30

### RESOLUTION NO. 2021- 19

#### AUTHORIZING MANAGEMENT OF THE GUAM POWER AUTHORITY TO AMEND THE CONTRACT FOR THE SUPPLY RESIDUAL FUEL OIL NO.6

**WHEREAS**, GPA entered into a contract under GPA-050-20, for the Supply of Residual Fuel Oil No.6 with Hyundai Corporation (hereinafter referred to as the “Contractor”); and

**WHEREAS**, the term of the contract is for an initial period of three (3) consecutive years to commence on September 01, 2020 and to expire in August 31, 2023, with option to extend for 2 additional years; and

**WHEREAS**, the fuel grades to be supplied under the contract consist of the Low Sulfur Fuel Oil (“LSFO”) with a sulfur limit of 1.19% by weight and High Sulfur Fuel Oil (“HSFO”) with a sulfur content limit of 2.00% by weight, respectively; and

**WHEREAS**, the Consent Decree between GPA and USEPA requires GPA to substitute the LSFO and HSFO and transition to Ultra-Low Sulfur Fuel Oil (“ULSFO”) with a sulfur limit of 0.2% by weight, no later than December 31, 2022; and

**WHEREAS**, pursuant to Section 14 (Government Laws and Regulations) of the contract, GPA and the Contractor have negotiated for the price of the substitute fuel; and

**WHEREAS**, evaluation of the price proposal submitted by Hyundai for the Fixed Premium Fee of the ULSFO (0.2% sulfur) is provided in **Exhibit A**; and

**WHEREAS**, the Fixed Premium Fee for the 0.2% ULSFO is \$79.000 per metric ton, linked to the Gasoil 10pm commodity posted on the Platts APAG Marketscan Report; and

31           **WHEREAS**, the estimated Fixed Premium Fee cost for the 0.2% ULSFO based on the estimated  
32 commodity price and annual supply quantity of 1,500,000 barrels (235,849 metric tons) has a value of  
33 approximately \$18,632,075 per year; and

34  
35           **WHEREAS**, GPA has determined that the Fixed Premium Fee for the 0.2% ULSFO is reasonable and  
36 provides the lowest cost for the Authority; and

37  
38           **WHEREAS**, the estimated contract unit cost for the 0.2% ULSFO based on the estimated commodity  
39 price of \$80.710 per barrel (or \$601.290 per metric ton @ 7.45 bbl/MT) plus the Fixed Premium Fee of  
40 \$79.000 per metric ton is equivalent to \$680.290 per metric ton. The estimated annual contract cost based  
41 on the estimated annual supply quantity has a value of approximately **\$160,445,636 per year**; and

42  
43           **WHEREAS**, the supply of the 0.2% ULSFO is anticipated to commence in January 01, 2022; and

44  
45           **NOW THEREFORE, BE IT RESOLVED**, by the CONSOLIDATED COMMISSION ON UTILITIES as the  
46 governing body of GPA, and subject to the review and approval of the Public Utilities Commission as follows:

- 47
- 48   1.     The General Manager of the Guam Power Authority is hereby authorized to enter into a contract  
49         amendment with **HYUNDAI CORPORATION** for the supply of 0.2% ULSFO commencing on or about  
50         January 01, 2022.
  - 51
  - 52   2.     The General Manager of the Guam Power Authority is hereby authorized an increase in obligating  
53         authority to the annual value of the contract estimated at **\$160,445,636 per year** and execute such  
54         agreements and documents necessary for a contract with **HYUNDAI CORPORATION**.

55  
56  
57           **RESOLVED**, that the Chairman of the Commission certifies and the Board Secretary attests the  
58 adoption of this Resolution.

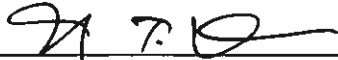
59  
60  
61  
62  
63  
64

65  
66  
67

**DULY and REGULARY ADOPTED AND APPROVED THIS 27TH DAY of JULY 2021.**

**Certified by:**

**Attested by:**



**JOSEPH T. DUENAS**

**MICHAEL LIMTIACO**

Chairperson  
Consolidated Commission on Utilities

Secretary  
Consolidated Commission on Utilities

68  
69

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

70  
71  
72

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

73  
74  
75  
76  
77  
78  
79  
80  
81  
82  
83  
84

|          |                  |
|----------|------------------|
| Ayes:    | <u>    3    </u> |
| Nays:    | <u>    Ø    </u> |
| Absent:  | <u>    2    </u> |
| Abstain: | <u>    Ø    </u> |



**EXHIBIT A**

**HYUNDAI PROPOSAL FOR ULSFO (0.20% sulfur)**

**Fixed Premium Fee = \$79.000/MT**

**ESTIMATED EXPENSES:**

|  |                            |                         |
|--|----------------------------|-------------------------|
| <b>A. Estimated Quantity:</b>  |                            |                         |
| <u>bbls/yr</u>   | <u>Conversion (bbl/MT)</u> | <u>MT/yr</u>            |
| 1,500,000  | 6.36                       | <b>235,849</b>          |
| <b>B. Reference Price (MOPS, Gasoil 10 ppm commodity):</b><br>(Sample date: July 01, 2021) |                            |                         |
| <u>MOPS (\$/bbl)</u>   | <u>Conversion (bbl/MT)</u> | <u>\$/MT</u>            |
| 80.710   | 7.45                       | <b>\$601.290</b>        |
| <b>C. Fixed Premium Fee (per contract), \$/MT</b>  |                            | <b><u>\$79.000</u></b>  |
| <b>D. Unit Cost (B+C), \$/MT</b>   |                            | <b>\$680.290</b>        |
| <b>E. PREMIUM FEE COST (A x C), \$/yr</b>  |                            | <b>\$18,632,075.47</b>  |
| <b>F. CONTRACT COST (A x D), \$/yr</b>   |                            | <b>\$160,445,636.79</b> |