



CONSOLIDATED COMMISSION ON UTILITIES

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

RESOLUTION NO. FY2023-21

RELATIVE TO THE APPROVAL EXTENSION OF CABRAS 1&2 POWER PLANT PERFORMANCE MANAGEMENT CONTRACT (PMC)

WHEREAS, Taiwan Electrical & Mechanical Services, Inc. (TEMES) was awarded the Performance Management Contract (PMC) for the Cabras 1&2 Power Plant beginning October 1, 2020 for a base term of three years with an option to extend for 2 additional one year terms; and

WHEREAS, GPA received a letter from TEMES in April 2023 of its intent to terminate the PMC contract on September 30, 2023, the end of the base term; and

WHEREAS, discussions with TEMES found the reasons for the termination were primarily due to increased labor wages, additional work and work hours to support the aged condition of the plant and to augment reduction in skilled GPA personnel, concerns with performance metrics and limited life extension projects due to the planned plant retirement; and

WHEREAS, the Cabras 1&2 Power Plant is required to be permanently retired under the Consent Decree by October 31, 2024 after the commissioning of the Ukudu Power Plant; and

WHEREAS, the Ukudu Power Plant had sustained significant damage by Typhoon Mawar, which has impacted the commissioning schedule with a recovery plan being developed; and

WHEREAS, the Cabras 1&2 Power Plant is one of two baseload plants necessary to meet the daily demand and the extension of the PMC is critical to ensuring the plant is operational through 2025; and

WHEREAS, a PMC is required to continue to provide the plant management, technical support and procurement administration for the operations and maintenance of the Cabras 1&2 Power Plant; and

WHEREAS, GPA has met with TEMES and have negotiated the following terms for consideration:

- 1 • Fixed Management Fee:
 - 2 ○ Extension Year 1 = \$2,641,162
 - 3 ○ Extension Year 2 = \$2,773,220
- 4 • O&M Budget (Reimbursable Expense):
 - 5 ○ Extension Year 1 = \$1,350,000
 - 6 ○ Extension Year 2 = \$1,350,000
- 7 • PMC Staff:

8 Increase from 6 to 8 personnel to support additional work and work hours:

- 9 1. Plant General Manager
- 10 2. O&M Manager
- 11 3. Administrative Procurement & Supply Assistant
- 12 4. Outage Planner/Materials Manager
- 13 5. Performance Engineer
- 14 6. O&M Plant Engineer
- 15 7. Mechanical Engineer
- 16 8. Instruments and Electrical Engineer

- 17 • Equivalent Availability Factor (EAF):
 - 18 70 % based on the Maximum Capacity Factors below
 - 19 ○ Cabras 1 – 40MW
 - 20 ○ Cabras 2 – 45MW

21 **NOW BE IT THEREFORE RESOLVED**, the Consolidated Commission on Utilities
22 does hereby approve the following:

- 23 1. The CCU authorizes the GPA General Manager to petition the PUC for approval of
24 the extension of the Cabras 1&2 Power Plant PMC for Fixed Management Fee of
25 \$2,641,162 for Extension Year 1 from October 1, 2023 to September 30, 2024 and
26 \$2,773,220 for Extension Year 2 from October 1, 2024 to September 30, 2025,
27 totaling \$5,414,382 and the for the Reimbursable O&M Expenses of \$1,350,000 per
28 extension year, totaling \$2,700,000 for a grand total of \$8,114,382.00.

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

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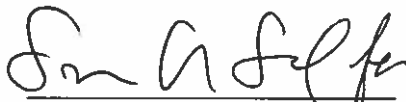
DULY AND REGULARLY ADOPTED, this 3rd day of July 2023.

Certified by:



FRANCIS E. SANTOS
Acting Chairperson

Attested by:



PEDRO ROY MARTINEZ
Secretary

I, **Pedro Roy Martinez**, Secretary of the Consolidated Commission on Utilities (CCU) as evidenced by my signature above do hereby certify as follows:

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

AYES:	<u>4</u>
NAYS:	<u>0</u>
ABSTAIN:	<u>0</u>
ABSENT:	<u>1</u>



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