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Senator – 36th Guam Legislature

*Committee on Economic Development, Agriculture, Power and Energy Utilities,
and the Arts*

Senator Ridgell Asks Attorney General and Public Auditor to Weigh in on Questionable Ukudu Power Plant Contract to KEPCO

FOR IMMEDIATE RELEASE (October 26, 2021– Hagåtña, Guam) – The Office of Senator Clynt Ridgell has written to both the Attorney General and the Public Auditor regarding recent developments with a multi-billion-dollar contract for the construction of a 198-megawatt power plant at Ukudu near the Two Lover’s Point area. The contract, which was awarded to the multi-national, multi-billion-dollar corporation out of South Korea known as KEPCO, has been both delayed and significantly changed due to an inability to get the environmental permits necessary for its full construction at the Ukudu site.

Specifically, they were unable to obtain a Major Source Permit for the Ukudu site from the U.S. Environmental Protection Agency. The USEPA’s website defines a major source as a ‘stationary source or group of stationary sources that emit or have the potential to emit 10 tons per year or more of a hazardous air pollutant or 25 tons per year or more of a combination of hazardous air pollutants.’

GPA, the CCU and the PUC then opted to split the project up and construct part of the massive power plant at Cabras to allow them to apply for Minor Source Permits. They are proposing to keep most of the power plant at Ukudu while building a 41-Megawatt power plant down at Cabras all under the same contract. This will result in an increase to the costs of the contract by a little more than 4 million dollars annually.

This is a major departure from both the scope of work and cost of the original contract. The Office of Senator Clynt Ridgell has received inquiries as to the appropriateness of this change, and whether the new plan to locate 41MW at Cabras should have been subject to a separate procurement action or if the entire contract for the Ukudu power plant should be subject to new procurement action. Senator Ridgell has asked these questions of the Public Auditor, Benjamin J. Cruz.

Further, because of the inability to obtain this Major Source Permit, the Ukudu Power project has been delayed with a new date of completion being November 2023 and commissioning no later than April 2024. Once operational, GPA will purchase power from the plant’s operator for a period of 25 years. This means that if the plant is commissioned in 2024 the contract will last until 2049, a full four years after the requirement for 100% renewable energy.

P.L. 35-46, which Senator Ridgell co-sponsored, requires that one hundred percent of net electricity sales come from renewable energy by December 31, 2045. This new commissioning date and the ensuing twenty-five-year contract period, ending approximately in 2049, implies that the contract could be in direct conflict with P.L. 35-46. The Office of Senator Clynt Ridgell has

asked Attorney General Leevin T. Camacho whether or not this is, in fact, a conflict and whether or not this could render the contract null and void.

It is also concerning that this contract for the Ukudu plant that is now being modified and extended was awarded to KEPCO, which is essentially the same company that was sued for the explosion of the Cabras power plant in August of 2015. KEPCO is also the same company that is now being sued for the environmental damage caused to the Marbo cave area from the Mangilao solar plant project.

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