



GUAM POWER AUTHORITY
ATURIDÁT ILEKTRESEDÁT GUAHAN
P.O.BOX 2977 • AGANA, GUAM U.S.A. 96932-2977

Issues for Decision

Resolution No. FY2023-07:

RELATIVE TO CANCELLATION OF THE CABRAS 41MW RESERVE FACILITY

What is the project's objective? Is it necessary and urgent?

Guam Power Authority (GPA) contracted with Guam Ukudu Power (GUP) for the construction of the Ukudu Power Plant and associated forty-one (41) MW reserve facility.

The 41MW reserve facility was required to be relocated to the Cabras industrial area to ensure the Ukudu Power Plant could be constructed using a minor source permit. The GUP lenders required that GUP and GPA obtain legislative approval for an exemption to construct the reserve facility within 1,200 feet of a school, and legislative approval of a 30-year lease for both the Ukudu and Cabras lots.

The GUP contractor Doosan indicated that the 41MW reserve facility contract would need to be finalized prior to March 31, 2022, otherwise costs would increase substantially due to increased labor and material costs.

The 41MW reserve facility contract could not be finalized by March 31, 2022, as PL 36-91 was signed April 11, 2022, and PL 36-104 was signed June 15, 2022, and when GPA approached GUP and Doosan costs had increased substantially rendering the project not economically feasible, which resulted in GPA's decision to cancel the 41MW reserve facility.



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

GPA RESOLUTION NO. FY2023-07

RELATIVE TO CANCELLATION OF THE CABRAS 41MW RESERVE FACILITY

WHEREAS, Guam Power Authority (GPA) contracted with Guam Ukudu Power (GUP) for the construction of the Ukudu Power Plant and associated forty-one (41) MW reserve facility; and

WHEREAS, the 41MW reserve facility was required to be relocated to the Cabras industrial area to ensure the Ukudu Power Plant could be constructed using a minor source permit; and

WHEREAS, the GUP lenders required that GUP and GPA obtain legislative approval for an exemption to construct the reserve facility within 1,200 feet of a school, and legislative approval of a 30-year lease for both the Ukudu and Cabras lots; and

WHEREAS, the GUP contractor Doosan indicated that the 41MW reserve facility contract would need to be finalized prior to March 31, 2022, otherwise costs would increase substantially due to increased labor and material costs; and

WHEREAS, the 41MW reserve facility contract could not be finalized by March 31, 2022, as PL 36-91 was signed April 11, 2022, and PL 36-104 was signed June 15, 2022, and when GPA approached GUP and Doosan costs had increased substantially rendering the project not economically feasible, which resulted in GPA's decision to cancel the 41MW reserve facility; and

WHEREAS, GPA will save \$2M in variable costs associated with operation of the 41MW reserve facility, and will receive a credit from GUP for the value of the project minus costs incurred by GUP and its contractor; and

NOW, THEREFORE, BE IT RESOLVED, by the Consolidated Commission on Utilities, subject to the approval of the Public Utilities Commission, as follows:

1. The General Manager of GPA is authorized to negotiate with Guam Ukudu Power for the cancellation of the 41MW reserve facility.

RESOLVED, that the Chairman certifies and the Board Secretary attests the adoption of this Resolution.

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DULY AND REGULARLY ADOPTED AND APPROVED THIS 24th day of JANUARY, 2023.

Certified by:

Attested by:

JOSEPH T. DUENAS
Chairperson
Consolidated Commission on Utilities

PEDRO ROY MARTINEZ
Secretary
Consolidated Commission on Utilities

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

The foregoing is a full, true, and accurate copy of the resolution duly adopted at a regular meeting of the members of 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: _____
Nays: _____
Absent: _____
Abstain: _____