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PUC Approves 2025 Deadline for Ukudu and GPA's $13.6M Savings Plan for Customers

(Fadian, Mangilao) – The Public Utilities Commission (PUC) has granted approval for amendments to the Energy Conversion Agreement (ECA) between Guam Power Authority (GPA) and Guam Ukudu Power, LLC (GUP). The amendments, initially approved by the Consolidated Commission on Utilities (CCU) in March, set an accelerated deadline for the Ukudu Power Plant project, which is projected to generate approximately $13,688,556 in fuel cost savings for GPA customers.

John M. Benavente, P.E., General Manager of Guam Power Authority, expressed his appreciation for the PUC's decision, stating, "Rising fuel costs impact every facet of our lives and pose a significant challenge to our island's financial well-being. By securing approval for these amendments, we will not only be lowering energy bills for customers but also providing much-needed relief to families and businesses from continued escalating expenses and keeping those funds in the local economy."

The amendments to the ECA provides for an incentive with early commissioning date by September 15, 2025 and a strict deadline for completion by September 30, 2025, with penalties imposed for any delays thereafter. This adjustment was necessary due to Typhoon Mawar damaging fuel and water storage tanks, resulting in a commissioning delay from April 2024 to January 2026. With the amendments, the new plant is expected to begin testing by early 2025. To facilitate the testing phase, fuel procurement will need to be completed by the end of 2024, coinciding with the expected completion of the pipeline, which is crucial for the plant's operations. As of June 30, 2024 the project reached the 88.35% completion mark, which includes the accumulated progress of engineering, procurement, and construction of the plant and supporting infrastructure.

After the Ukudu Power Plant is commissioned, customers can expect a significant reduction in their power bills. The current rate of 26 cents per kWh will drop to about 13 to 16 cents, saving customers an average of $130 to $102 per bill (savings are highly dependent on the cost of fuel). This reduction is attributed to the retirement of Cabras and the adoption of more efficient generation methods using less expensive fuel. Using more efficient fuel (Ultra Low Sulfur Diesel or ULSD) will result in 879,000 fewer barrels of fuel imports annually.

The current reliance on older baseload generators requires significant consumption of expensive fuel, leading to substantial annual costs. Retiring Cabras 1 & 2 will directly benefit customers by reducing their bills. GPA's long-term goal of providing sustainable and affordable energy has faced challenges, but recent smart investments in solar energy and battery storage will soon deliver the intended direct relief to Guam's families.

With an accelerated date for commissioning the Ukudu Power Plant and an overall reduction in costs from $571 million to $527 million, Guam's energy infrastructure is poised for a brighter, cleaner, and more robust future. The CCU and PUC's approval of the accelerated deadline aligns with GPA's Clean Energy Master Plan and GPA's long-term goal of providing safe, clean, and sustainable energy for Guam.

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