

GUAM POWER AUTHORITY

Notice of Intent to Acquire Renewable Energy Resources

January 2009

The Guam Power Authority (GPA) intends to acquire renewable energy resources in 2009 consistent with its goals developed in its Integrated Resource Plan (the 2008 IRP) and as adopted by the Guam Public Utilities Commission. GPA plans to acquire the renewable energy resources in two stages. The Final Draft 2008 IRP dated May 2008 is available on GPA's website:

<http://guampowerauthority.com/operations/strategicplanning/GPAIRP.html>

As discussed in the 2008 IRP, GPA's goals are to:

- Meet or exceed the renewable resource portfolio standard adopted by the Guam Legislature in 2008. The minimum requirement outlined by the Legislature is 5 percent of GPA resources will be from renewable generation by December 31, 2015.
- To the extent applicable, GPA's renewable portfolio goal implementation may assist the Department of Defense and other key corporate customers achieve their own renewable resource acquisition goals.
- Diversify its fuel sources for generation and utilize renewables as a part of the implementation. Currently 100 percent of GPA's generation is based on oil products.
- Acquire renewable resources that will result in cost savings to the customers of GPA.
- Initially acquire up to 80 MW of renewable resources by 2013. It is recognized that a larger amount of resources could be acquired if it is economically and technically feasible to do so.

GPA intends to develop two solicitations in the next 12 months. These are referred to as the Phase 1 and Phase 2 solicitations. They are generally described as follows:

Phase 1 – Solicitation

It is anticipated that GPA will release the first of its two-stage "Request for Bid" for renewable energy resources in the First Quarter of 2009. This request will seek bids in which the following apply:

- Proposals to include a firm fixed price (or similar pricing formulation) for delivery of energy for a period of at least 10 years.
- GPA will pay for the actual amount of energy produced by designated renewable resources that is delivered to its transmission grid.



- While there is no restriction on the type of renewable resource technology bid, the Phase 1 acquisition will focus on bids that can be operational within 30 months of the award(s).
- Bids are price competitive.

It should be noted that under certain circumstances GPA may:

- At its sole discretion, choose to “prepay” all or a portion of the energy to be delivered under an accepted offer.
- Require a transmission interconnection study be undertaken so as to assure the proposed resource can be integrated successfully into GPA’s transmission system and generation operations. The proposer will be required to pay for the studies undertaken by GPA.

Phase 2 – Solicitation

It is anticipated that GPA will release a “Request for Proposal” and/or “Request for Bid” in the Third or Fourth Quarter of 2009. This request will seek proposals in which the following apply:

- Acquisition of renewable resources that require longer lead time to develop.
- Include participation by GPA in project development, construction, operation, maintenance or ownership options.
- Include elements related to risk sharing or performance rewards that are compatible with GPA’s goals.
- While there is no restriction on the type of renewable resource technology to be proposed, the Phase 2 acquisition will focus on bids that can be operational within 60 months of the award(s).
- Proposals are price competitive.

It should be noted that under certain circumstances GPA may:

- At its sole discretion, choose to “prepay” all or a portion of the capacity and or energy to be delivered under an accepted offer.
- Require a transmission interconnection study be undertaken so as to assure the proposed resource can be integrated successfully into GPA’s transmission system and generation operations. The proposer will be required to pay for the studies undertaken by GPA.

As mentioned above, GPA will be seeking bids and proposals for “price competitive” renewable resources. GPA currently uses oil related fuels for electricity production. GPA’s forecast of future oil prices that was developed as a part of the IRP process can be found on the GPA website listed above. It is GPA’s goal to select offers that are the most price advantageous when viewed in the context of other factors in the offer. GPA reserves the right to select all, some or none of the offers made, at its sole discretion.



Questions on this Notice of Intent to Acquire Renewable Energy Resources may be addressed as follows:

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