



# GUAM POWER AUTHORITY

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**FOR IMMEDIATE RELEASE**

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## **GPA Recommends to the CCU Maintaining Current LEAC as Ukudu Power Plant Helps Shield Customers from Global Fuel Price Spike**

(Fadian, Mangilao) — Guam Power Authority (GPA) General Manager John M. Benavente, P.E., has recommended maintaining the current Levelized Energy Adjustment Clause (LEAC) through the remainder of the current review period, which runs from January 1 through July 31, 2026, as the utility continues monitoring global fuel market volatility following the geopolitical conflict between the United States and Iran known as Operation Epic Fury.

Fuel markets reacted sharply in early March following the conflict, with international ultra-low sulfur diesel prices rising significantly within days. GPA's analysis shows that continued volatility in global oil markets could affect fuel deliveries later this year depending on how prices stabilize in the coming months.

Despite this uncertainty, GPA is recommending that the LEAC remain at its current level while the utility continues to monitor global fuel markets and manage fuel purchases carefully.

A key factor helping to protect Guam customers from the full impact of global fuel volatility is the 198-megawatt Ukudu Power Plant, which came fully online in late December. Because the modern combined-cycle facility is highly efficient and uses significantly less fuel to generate electricity than older units, GPA's analysis shows that the plant is substantially reducing the potential impact of global fuel price increases on customer bills.

Under current projections, an average residential customer using 1,000 kilowatt-hours per month could see increases ranging from about \$11 to \$39 under modeled fuel price scenarios, depending on how global fuel markets evolve. In practical terms, the Ukudu Power Plant is reducing the potential impact of global fuel price spikes on customer bills by more than half.

GPA's analysis also shows that the Ukudu Power Plant could reduce potential system fuel exposure by more than \$50 million over the next several months compared with operating the system without the new plant. This translates to an approximate 53 percent reduction in customer impact under modeled fuel price scenarios, where customers could see much smaller increases on their monthly bills than they would have without the plant.

"Ukudu is proving to be a game-changer for Guam's power system," said Benavente. "At a time when global fuel markets are experiencing significant volatility, the efficiency of this plant is helping shield our residents and businesses from much larger increases that would have otherwise occurred."

GPA also addressed questions raised regarding liquidated damages associated with the project's commissioning timeline.

The Energy Conversion Agreement (ECA) governing the Ukudu Power Plant includes liquidated damages provisions designed to protect customers from additional fuel costs if the project was delayed. As reflected in the Public Utilities Commission order, those funds are being applied toward fuel costs incurred while the plant was being completed so that ratepayers do not bear the full burden of operating older, less efficient generators such as Cabras, which require more expensive fuel during that period.

“Our customers should not bear the cost of a delayed project,” Benavente said. “We took steps to ensure those costs were absorbed through the liquidated damages provisions, so families and businesses would not be responsible for the additional fuel needed while Ukudu was being completed.”

The utility noted that fuel pricing in Guam is directly tied to global energy markets and geopolitical events beyond the island’s control. Recent increases in gasoline prices locally reflect the same international price pressures affecting electricity generation fuel.

GPA will continue monitoring global fuel markets and will provide updated projections as additional fuel cargo pricing becomes available in the coming months.

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