



BOARD MEETING MINUTES
Wednesday, February 25, 2015
Anchorage, Alaska

1. CALL TO ORDER

Chair Dick called the meeting of the Alaska Energy Authority to order on February 25, 2015 at 10:00 am. A quorum was established.

2. ROLL CALL: BOARD

Members present: Chair Russell Dick (Public Member); Vice-Chair Dana Pruhs (Public Member); Fred Parady (Acting Commissioner, Department of Commerce, Community and Economic Development [DCCED]); Wilson Hughes (Public Member); Crystal Nygard (Public Member); and Gary Wilken (Public Member).

3. ROLL CALL: STAFF, PUBLIC

Staff present: Sara Fisher-Goad (AEA Executive Director); Bryan Carey, Emily Ford, Jennifer Haldane, Daniel Hertrich, Michael Lamb, Sandra Moller, Doug Ott, Sean Skaling, Teri Webster, (AEA); and Mary Lynn Macsalka (Department of Law);

Others present: Mark Slaughter (CIE); Mark Dalton (HDR); James McConnell (McConnell and Associates); Alan Bailey (Petroleum News); Becky Long (Susitna River Coalition-phone); Sunny Morrison (Accu-Type Depositions).

4. AGENDA APPROVAL

The agenda was approved.

5. PRIOR MINUTES - Dec. 16, 2014; Jan. 14, 2015

MOTION: A motion was made by Vice-Chair Pruhs to adopt the minutes of December 16, 2014 and January 14, 2015. Motion seconded by Commissioner Parady.

Mr. Wilken asked if it has been determined when and how the maintenance plans for rural Alaska, referenced in the January minutes under Item 8, will be presented to the Board. Ms. Fisher-Goad informed she will get additional technical assistance and information and formalize a report to the Board. Vice-Chair Pruhs suggested a third-party service provider could complete the maintenance based on a contract.

Motion passed.

6. PUBLIC COMMENTS

Becky Long of the Susitna River Coalition noted she is an active stakeholder in the Susitna dam licensing process. Ms. Long expressed her frustration with AEA actively promoting the Susitna dam at forums and legislative hearing after Governor Walker issued an Executive Order putting the Susitna dam on hold until the state could rationally and logically discuss and evaluate the project stability and state's best interests.

Ms. Long requested an explanation as to why AEA's recent February 19th presentation to the Senate Finance Committee stated \$100 million would be needed to finish the preclicensing stage of the licensing process, when it was stated in AEA's FY 2015 budget, reference number 56220, and at the December 14th Board meeting that it would take over \$317 million to finish the preclicensing stage. Ms. Long asked to know which parts of the process were cut in order to decrease the amount of dollars by 2/3.

Ms. Long does not believe AEA should promote, as fact, which half the dam construction costs will be paid through a low interest federal loan from the Rural Utility Service (RUS). She noted there is no guarantee this is realistic and cited Senator Lisa Murkowski expressing her doubts the project would receive RUS funds because of significant associated hurdles.

Ms. Long stated the project has a total of \$33.5 million of unencumbered and encumbered funds. She recommended these monies be used for the gas line project or village electrical project. Ms. Long requested the Board's careful consideration of this project and believes AEA's facts are all too convenient in promoting the project.

Chair Dick informed Ms. Long's written comments have been forwarded to the Board and to the Executive Director, and will be responded to accordingly.

7. NEW BUSINESS

7A. Hydroelectric program overview

Ms. Fisher-Goad introduced Mr. Skaling, who provided an overview of the hydroelectric program. Mr. Skaling stated hydroelectric generates more energy than any other renewable energy source in Alaska. It is a stable renewable energy source and can be set up in multiple ways to carry the whole community load, to supplement diesel, gas, wind, or as a base load. It has a very long, useful life and is a mature technology.

The challenges include being expensive and taking a long time to develop. The types of hydroelectric used in Alaska include conventional dam, lake tap, and run of river. The AEA hydroelectric program prioritizes helping communities identify potential economical hydroelectric projects. The program provides technical assistance to those communities. The program effectively manages the Renewable Energy Fund (REF) grants and conducts evaluations of new applications. The program supports Alaska's goal of 50 percent renewable energy by 2025. The current status is roughly 24 percent of all electricity generated in Alaska comes from hydroelectric sources.

The funding sources for the hydroelectric program include REF grants for projects, US Army Corps of Engineer matching 50/50 funds with the state to identify possible rural hydro projects,

USDA rural energy grants and loans, tribal energy grants, and other potential future support from US Department of Energy (DOE).

Mr. Skaling showed a listing of hydroelectric program resources, including staff, memberships and boards. He explained the DOE's national hydropower long-term vision of attaining significant growth of hydro. Mr. Skaling provided a handout listing Alaska's current hydroelectric projects, new projects under construction, and proposed projects.

Mr. Hughes asked if Alaska's goal to be 50 percent renewable energy by 2025 is realistic, what steps are being implemented, and could this goal be reached without the Susitna-Watana project. Ms. Fisher-Goad noted the Railbelt has approximately 80 percent of the population and approximately 80 percent of the generation. A big hydro project would have to occur in the Railbelt to be able to reach the 50 percent renewable energy goal. She does not believe the goal will be met by 2025, and it would be difficult to meet the goal without the Susitna-Watana project. Wind energy resources have been advancing significantly from .3 percent to 3 percent, but this is not enough to reach the 50 percent renewable goal by 2025.

Mr. Wilken commented he had an extraordinary tour of Bradley Lake Hydro facility last August and highly recommends the facility tour. He believes this is a wonderful success story for the state and is even more supportive of the Susitna project because of the tour. Mr. Wilken asked if Senator Murkowski is in a position to add hydroelectric to renewables, which would enable more funding and support from the federal government. Ms. Fisher-Goad believes Senator Murkowski's position is very important to Alaska for energy development. The concept of hydro as a renewable is evolving, because there are a lot of programs that do consider hydro as an eligible renewable energy source.

Mr. Wilken asked if Alaska would benefit if the hydroelectric renewable energy definition was changed. Ms. Fisher-Goad noted Alaska recognizes hydroelectric as a renewable energy source and it would be helpful if hydroelectric was recognized nationwide as a renewable energy source.

Mr. Wilken recommended providing Senator Murkowski with a letter or a resolution, after the legislative session, which would set forth the benefit of adding hydroelectric to the renewable resource menu. Ms. Fisher-Goad agreed to work on that effort. She informed AEA has participated in discussions with the Governor's Office and Senator Murkowski's Office regarding energy projects and what could be helpful to Alaska in its priority of energy development. Ms. Fisher-Goad noted hydro projects, including Susitna-Watana, are eligible for RUS financing.

Ms. Nygard stated there seems to be a national priority to understand global climate issues. She requested further explanation regarding the technical assistance of cold climate guidance and data and what kinds of opportunities this may bring to Alaska. Mr. Skaling explained the cold climate guidance is mainly to assist northern communities to successfully develop and operate small hydro projects in cold climates.

Chair Dick requested an update from Ms. Fisher-Goad regarding the suggestion by Mr. Wilken at the last meeting to reaffirm the Board's support of the Susitna-Watana project and to provide this to the Governor and legislators. Ms. Fisher-Goad believes a reaffirmation of the Susitna-Watana project would be useful. She noted AEA met recently with the Senate Finance

Committee to specifically discuss the status of the Susitna-Watana project. Staff has also met with the Administration to discuss the work on the Susitna project and how to keep the project in an idle situation without any anticipated incoming funds over the new few years. The discussions included preserving the investment that has already been made, while leaving the project open for future efforts.

Mr. Parady highlighted that AEA is fully compliant with Administrative Order (AO) 271. He clarified AO 271 is not a stop-work order. It is a mechanism put in place for all six mega-projects to halt discretionary spending, as much as possible, and to consider next steps, given the more limited resources available to the state. Mr. Parady believes AEA was very responsive to AO 271 and the process of determining next steps for Susitna-Watana is ongoing. Mr. Parady stated the Governor's intent is to make a smart decision as to where to pause the Susitna project to ensure a restart is possible. The projects are not cancelled and are being managed to a logical point for next-step decision-making.

8. DIRECTOR COMMENTS

Ms. Fisher-Goad informed there is much activity within the regional planning and the AEA energy strategy efforts. Staff requests to provide an updated presentation to the Board later this summer on this activity. Ms. Fisher-Goad suggested inviting utility representatives to present information to the Board regarding the Bradley Lake cooperative management and the intertie.

Ms. Fisher-Goad noted staff is working on a diesel module in the Anchorage warehouse in April. This provides an opportunity to take a Board field trip to see one of the constructed powerhouse modules and answer operation and maintenance questions.

Ms. Fisher-Goad stated the three reports produced recently are the Annual Report, the Emerging Energy Technology Fund (EETF) Status Report, and the Renewable Energy Fund (REF) Status Report. She complimented Mr. Skaling's staff for their good work on the REF reports.

8A. Next regularly scheduled meeting Thursday, March 26, 2015

9. BOARD COMMENTS

Mr. Hughes expressed his appreciation for the excellent presentation.

Chair Dick extended the Board's appreciation to Ms. Fisher-Goad and staff for their work and especially their time spent providing presentations in Juneau.

10. ADJOURNMENT

There being no further business of the Board, the AEA meeting adjourned at 10:40 am.



Sara Fisher-Goad, Executive Director/Secretary
Alaska Energy Authority