Alaska Energy Authority (AEA)

Presentation for

Renewable Energy Alaska Project

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by

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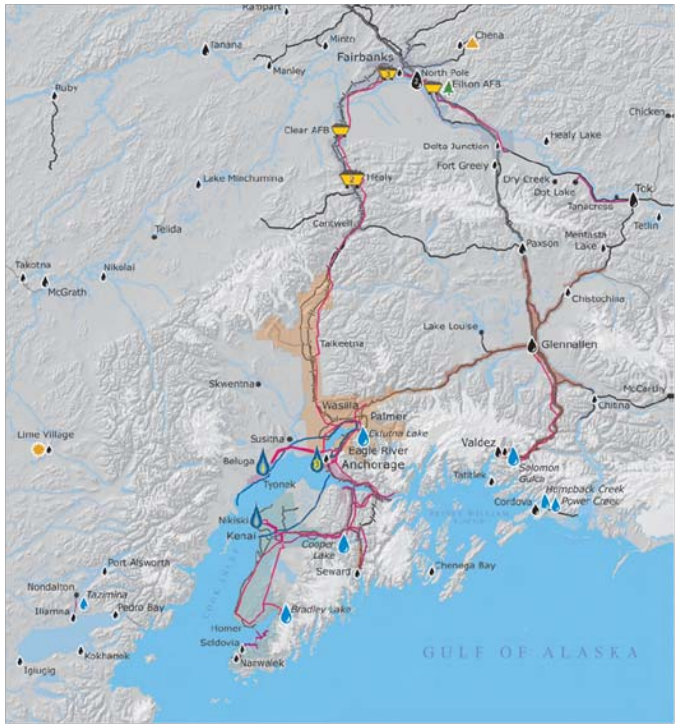
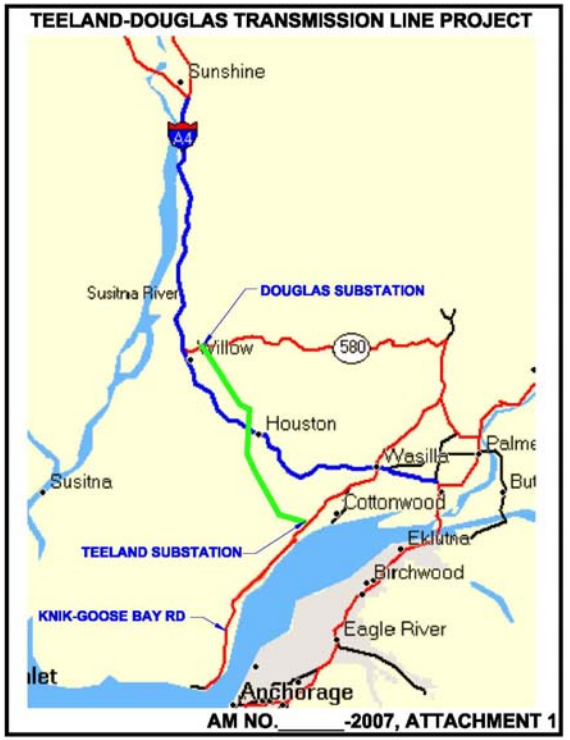
Railbelt Electric Grid – Unified System Operations Project

- Goals of Project
- Determine whether USO would benefit Railbelt Rate Payers and what type should be formed.
- Structure
  - Technical Conference in October 2007
  - Consultant Contract

Railbelt Unified System Operations





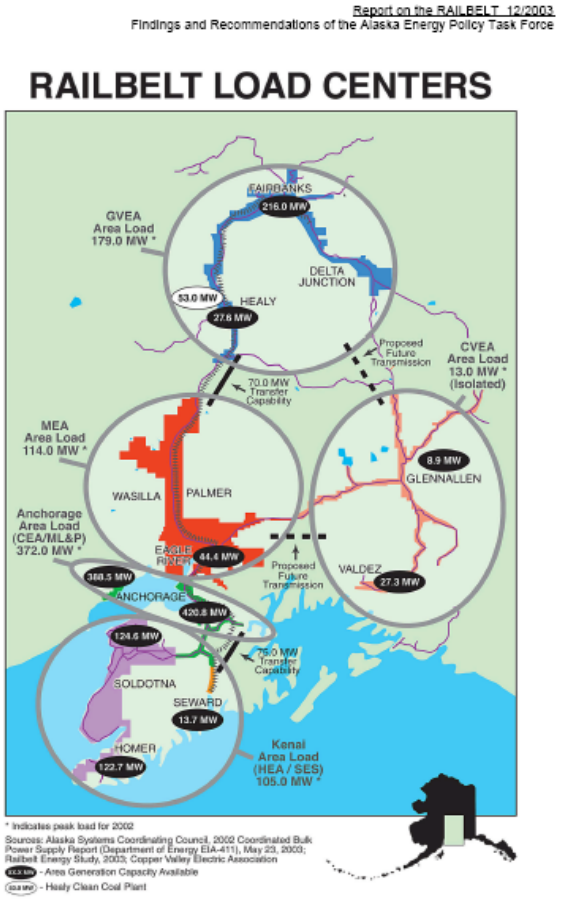
The Railbelt at a glance

Railbelt Unified System Operations

- Technical Conference
  - Experts in Network Architecture
  - Experts in Network Management
  - Instate utility experts
  - Fuel suppliers
  - Other stakeholders

Railbelt Unified System Operations

- Physical Extent of Railbelt
  - Stretches from Seldovia to Delta Junction
  - Discrete monopoly service areas
  - Ownership divided between certificated utilities and the Alaska Energy Authority



Technical Conference

- Goal:
  - Educate stakeholders and the public on the needs of utilities and consumers, and network structure
    - Physical extent
    - Regulatory and business structures now employed
  - Gather information on the Railbelt network
  - Proceeding to be published

Railbelt Unified System Operations

- Consultant Contract
  - Goal
    - Define the extent that collective planning should be employed for the Railbelt Network
    - Develop an implementation plan for any recommended network regulatory, ownership and management restructuring

- Consultant Contract – Collective Planning
  - Functional needs for network
  - Planning horizon – to be determined
  - Future attributes
    - Business structure and number of utilities
    - Regulatory structure
    - Future design and degree of interconnection required

Railbelt Unified System Operations

- Consultant Contract
  - Consider different options for USO functional responsibility
  - Does regional integrated resource planning make sense?
  - Different approaches to create regional power portfolio
  - Consider role alternate and renewable energy projects should play in power portfolio

Railbelt Unified System Operations

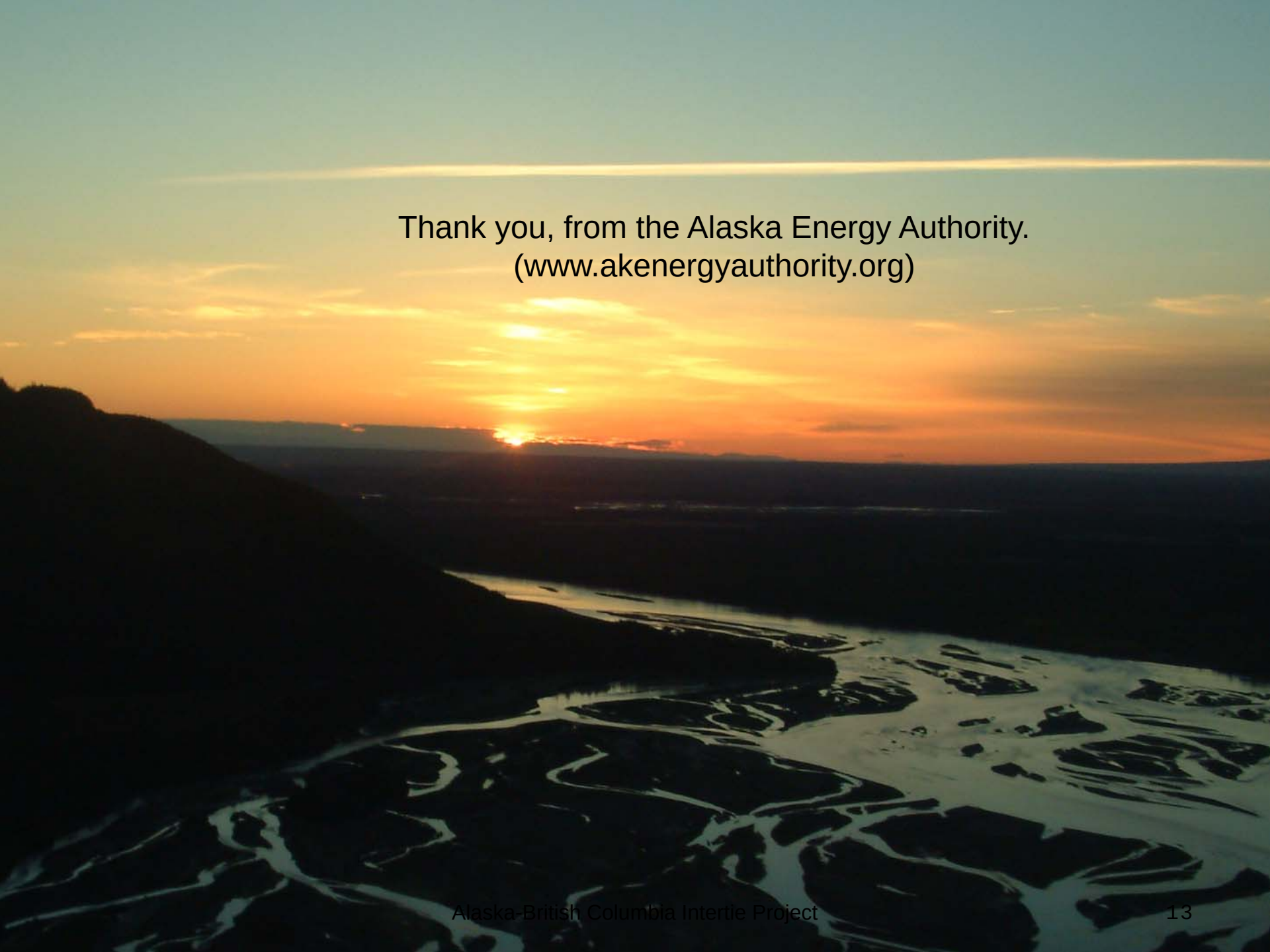
- Consultant Contract
  - Ownership of energy infrastructure
  - Fuel availabilities
    - External factors
    - Potential for gas supply from lower cook inlet, north slope, and coal
  - Robustness of transmission capacity
  - Network access rules

Railbelt Unified System Operations

- Consultant Contract
  - Develop a reasonable implementation plan
    - define actions for AEA, State of Alaska, utilities, and prospective IPPs to achieve unified grid operation
    - Identify new agreements necessary
    - Identify barriers to restructuring

Railbelt Unified System Operations

- Public process
  - Advisory Work group and steering committee envisioned
  - Recommendations to AEA on scope of the work
  - Public hearings for input from all stakeholders


Thank you, from the Alaska Energy Authority.
(www.akenergyauthority.org)