

SOUTHEAST ALASKA INTEGRATED RESOURCE PLAN

ERRATA SHEET No. 1

This document includes a change related to the characterization of the Southeast Alaska Power Agency (SEAPA) found on page 1-4 of the Executive Summary. The revised bullet (“Future Role of SEAPA may Need to Evolve”) better reflects the intent of the finding and corrects inaccurate wording.

1.1 KEY FINDINGS

The key findings from this study include the following:

- **Historical Crossroad**--The current situation facing the Southeast region includes a number of issues that place the region at a historical crossroad regarding the mix of generation, demand-side management/energy efficiency (DSM/EE), end-use conversions, transmission, and transportation resources that it will rely on to economically and reliably meet future electric and heating needs.
- **Subregional Differences Require Solutions for Each Subregion**--Southeast Alaska has significant hydroelectric power resources, and many parts of the region enjoy the affordable and plentiful electricity from specific hydroelectric power projects that have been developed over the last century. Other subregions do not have this economic benefit and are forced to walk down the path of diesel fuel dependency. This has created a gap or chasm between communities, where stable and “well-to-do” communities exist near struggling communities and a notable absence of private sector economic activity are the norm. As a result of these subregional differences, Black & Veatch developed Preferred Resource Lists for each subregion as part of this study. These Preferred Resource Lists, which are summarized later in this section and discussed in more detail in Section 17.0, include a portfolio of resources that have been identified according to the specific circumstances faced by each subregion.
- **External Energy Drivers**-- Diesel fuel has evolved as the heating fuel and non-hydroelectric power generation fuel of choice over the last five decades. It was always perceived as being a stable priced fuel, which was easy to transport and use. The recent unprecedented increase in diesel prices has made the search for alternative fuels for heating, and development of economic renewable energy sources, a key part of energy planning for Southeast Alaska. These considerations are the foundation for this regional IRP.
- **Future Role of SEAPA May Need to Evolve**-- A joint action agency, Southeast Alaska Power Agency (SEAPA), operates as a generation and transmission entity serving southern Southeast Alaska. SEAPA is not regulated by the Regulatory Commission of Alaska (RCA), but is governed by its Board of Directors which is made up of its member utilities. SEAPA currently provides service to Petersburg, Wrangell, and Ketchikan. As the region moves forward, there may be a need for SEAPA to evolve in terms of the services that it provides, the assets that it operates, and the communities and other entities to which it provides those services.
- **Shortage of Storage Hydroelectric**--The Southeast region as a whole is currently short of hydro storage capacity. As a result, potential hydroelectric projects with storage capabilities are more valuable, particularly from a system integration perspective (i.e., matching of generation capability with electric demands in connected load centers) than potential run-of-the-river hydro projects.
- **Space Heating Conversions**--The “achilles heel” of the current hydro system is the recent trend towards conversion of oil space heating to electric space heating in those communities with access to low-cost hydroelectric. The relationship of the cost of fuel oil to the stable price of hydroelectric-based electricity has created a unique situation where, for hydroelectric rich subregions, it is economically advantageous for people individually to switch from heating with fuel oil to resistance electric heating. While this may seem a reasonable economic action for a resident to take to lower overall utility costs, it is and has