

Alaska Energy Authority
BOARD MEETING MINUTES
Thursday, January 30, 2025
Anchorage, Alaska

1. CALL TO ORDER

Chair Koplin called the meeting of the Alaska Energy Authority to order on January 30, 2025, at 9:00 am.

2. ROLL CALL BOARD MEMBERS

Members present: Clay Koplin (Public Member); Duff Mitchell (Public Member); Tony Izzo (Public Member); Robert Siedman (Public Member); Jenn Miller (Public Member); Ingemar Mathiasson (Public Member); Adam Crum (Commissioner DOR); Julie Sande (Commissioner DCCED).

A quorum was established.

3. AGENDA APPROVAL

There were no objections to the approval of the agenda as presented.

4. PRIOR MINUTES – November 18, 2024

MOTION: A motion was made by Mr. Izzo to approve the Minutes of November 18, 2024. Motion seconded by Ms. Miller.

A roll call was taken, and the minutes of November 18, 2024 were approved unanimously.

5. PUBLIC COMMENTS (2 minutes per person)

Chair Koplin advised members of the public that they can email their written comments to publiccomment@akenergyauthority.org. The cutoff for today's written public comments was yesterday at 4:00 p.m. Chair Koplin requested that members of the public who are online and who wish to comment to press star-nine on their phone to initiate the hand-raising function. Callers are requested to identify themselves for the record, and to keep their comments to two minutes in length. There were no members of the public online who requested to comment at this time.

A. Terra Energy Center Project Introduction

Chair Koplin requested the guest speakers from Terra Energy Center Project keep their presentation to 15 or 20 minutes, and to answer questions from the Board. Chad Schleusner, General Manager of Terra Energy Center, introduced Robert Powers of Terra Energy Center. Mr. Schleusner gave his professional background, which includes leading major projects across Alaska,

the Lower 48, and internationally. He noted that the team at Terra Energy Center is experienced in advancing the decarbonized biomass coal-fired power plant in the West Susitna, which is identified by AEA as one of the clean energy projects for the Railbelt.

Mr. Schleusner indicated that Terra Energy Center is working with a strong group of companies and industry experts to advance the project. This includes Sargent & Lundy who is a world-leading firm familiar with advancing carbon capture and major power plant projects. Additionally, there is a strong Korean-led EPCM consortium, collaboration with University of Alaska Fairbanks (UAF), power plant operators, pipeline development companies, major Alaska oil and gas operators, and several technical teams advancing the environmental studies, pipeline routes, CO₂ sequestration, plant design, and project financing.

Mr. Schleusner discussed that the work completed to date shows that a biomass and coal-fired power plant not only delivers cost competitive firm power supply, but is also the only in-state long-term energy supply that is not dependent on international commodity markets and price/delivery volatility related risks. Mr. Schleusner stated that Terra Energy Center is an Alaskan company providing Alaska power for Alaskans.

Mr. Schleusner reviewed his PowerPoint presentation. He discussed the identified energy reserves and resource coal onsite to power the Railbelt is 521 million tons (Mt). He noted that less than half of that amount could power a 1-gigawatt (GW) powerplant for over 30 years. Mr. Schleusner highlighted the significant environmental baseline data collection and permitting studies completed to date. Additional permitting studies will continue in 2025. He discussed the slide showing that the coal onsite is a uniquely clean coal fuel supply. Mr. Schleusner explained that without carbon capture and sequestration (CCS), coal is cleaner than imported liquefied natural gas (LNG). He noted that most of the U.S. is familiar with the coal plants from 50 years ago using 70-year-old technology. Mr. Schleusner stated that this project is a new build of a modern coal plant integrating modern technology to create a very low emission facility that meets current standards. The unique fuel supply has no methane, unlike LNG that has methane and leaks methane through the process and emits CO₂ when it is burned. A modern coal-fired powerplant has lower emissions than LNG, and is cleaner than wind with natural gas peakers.

Mr. Schleusner indicated there is enough fuel onsite to power Southcentral Alaska. The significance is that the gas can now be saved for heating and not be consumed by power production. He discussed that coal with carbon capture is the lowest cost option of identified firm power options in Alaska. Mr. Schleusner reviewed a recent University of Alaska Fairbanks (UAF) study focused on fuel costs in Alaska comparing coal to LNG and gas. Coal is the lowest cost fuel in Alaska for delivering energy. He discussed that one of the major risks associated with other energy options of wind, solar, and grid batteries include the short supply of materials. An additional risk is that they are subject to administrative policy changes, as shown by President Trump's recent executive orders.

Mr. Schleusner discussed that the proven carbon capture technology has been in use for decades. It is identified as the best system of emission reduction and is supported by the DOE. There are

over 5,000 miles of CO₂ pipelines throughout the U.S. which have been transporting CO₂ for decades. Mr. Schleusner indicated that CO₂ is a commodity and Terra Energy Center can deliver CO₂ security for the state. He highlighted the stakeholder support for the project. The DOE has granted funds to Alaska to develop CO₂ pipelines and storage verification. Mr. Schleusner referenced the public support as shown by the 2023 Dittman Public Research Poll of Anchorage residents identifying 65% supported coal with carbon capture and 65% opposed importing LNG.

Mr. Schleusner discussed the slide showing the DOE funded coal and carbon capture projects throughout the U.S. There is a current notice of funding opportunity (NOFO) that Terra Energy Center is working to support and deliver a concept paper by March 1, 2025. Mr. Schleusner summarized the collaborative process to procure the \$400 million grant from U.S. Department of Energy (DOE) and to move the project forward to a Final Investment Decision (FID) in 2026. Terra Energy Center offers predictable, cost-competitive, in-state power with low emissions. Mr. Schleusner reviewed the work in progress and the planned pre-front end engineering and design (PreFEED) work for 2025. He indicated two requests for AEA: 1) to provide a letter of support for the application to the DOE, and 2) to collaborate a plan to achieve FID in 2026 for a potential on-line power date of 2030. Mr. Schleusner stated that Terra Energy Center is part of the energy supply equation for Alaskan's economy and future growth. He believes this project merits close consideration by AEA and looks forward to working with AEA staff on the goal of secure and effective energy solutions for the Railbelt.

Mr. Izzo disclosed for the sake of transparency that Matanuska Electric Association (MEA) is working closely with Terra Energy, including a non-binding term sheet for a power purchase agreement. A confidentiality agreement is in place.

Ms. Miller asked Mr. Schleusner if he sees any risk that the DOE funding opportunity will be cancelled. Additionally, she requested more information regarding how strongly the project meets the objectives of that funding opportunity. Mr. Schleusner indicated there has been support for carbon capture since 2008. He does not believe that the 45Q Tax Credits are going to be rescinded. There is bipartisan support for this DOE funding and he believes there is high likelihood that the funding will move forward. Mr. Schleusner discussed that Terra Energy is in a very unique position as the only new build in the U.S. that has associated carbon capture. The DOE is keenly interested in the development of this power plant that integrates a carbon capture system on a commercial scale.

Commissioner Crum requested an overview of the timeline for the key components of the grant. Mr. Schleusner outlined that the concept paper is due March 1, 2025. Terra Energy would like to have letters of support to reference in the concept paper. The full application is due on July 1, 2025. There were no other questions.

Chair Koplin asked if anyone in the room wished to make a public comment.

Mead Treadwell, Chairman and Chief Executive Officer (CEO) of Qilak LNG, discussed that Qilak LNG is a second LNG project that is proposed to directly export LNG from the North Slope using

gas from the Point Thompson field. Mr. Treadwell expressed support for the previous presentation, and believes it is an important project to consider. He highlighted that there are six or seven LNG projects in Texas, and three or four LNG projects in Louisiana. Mr. Treadwell indicated that there is enough gas on the North Slope to support several LNG projects. He stated that Qilak LNG proposes to export four million tons a year. Prefeasibility and shipping studies have occurred, and the feasibility study is planned for this year.

Mr. Treadwell explained the purpose of his comments today is to ask AEA to consider utilizing Qilak LNG as well as AK LNG for delivery of LNG from the North Slope to Alaska communities. Mr. Treadwell commented, however, that he is not speaking for AK LNG in any way. Mr. Treadwell said that if Alaska is going to import LNG in Cook Inlet, he highlighted the opportunity to ship boxed LNG in ISO containers to communities, to mine sites, and to places that may need cheaper and more reliable fuel. Mr. Treadwell discussed that many of the power plants that AEA bought have the capability for dual fuel. He referenced that AEA conducted a study in 2014 in which ice-choked communities were ground ruled out of the study. There has now been enough advancement in the ISO container efficiency so that regasification may require only two deliveries a year to support a community's needs.

Mr. Treadwell referenced a study on alternatives conducted by the Arctic Domain Awareness Center and ASRC Federal and others that followed AEA's 2014 study. He noted that Qilak LNG has identified a contractor that is building the LNG storage facility on the North Slope for Hilcorp and appears to have one of the leading advances in technology on the ISO containers. Mr. Treadwell noted that approximately a quarter of Qilak LNG's four million tons per year could fulfill the needs of Enstar and other Southcentral gas. He discussed that the opportunities for trading and transportation are strong, and the opportunities to load ISO containers and barges to serve Alaska communities is fairly strong as well. Mr. Treadwell believes AEA would be a very good partner with Qilak LNG to update AEA's 2014 feasibility study.

Mr. Treadwell expressed appreciation to Governor Dunleavy for the supportive State policy toward the work being conducted by Qilak LNG and other entities. He believes it is prudent to advance several different concepts, and encouraged AEA to take a stronger role. There were no questions.

There were no other identified members of the public online or in-person who requested to comment at this time.

6. COMMITTEE REPORTS

A. Personnel Committee – Employee Policies and Guidelines

Curtis Thayer, Executive Director, noted that the Personnel Committee met. He requested that the Chair of the Personnel Committee, Mr. Izzo, provide an update. Mr. Izzo reported that the Personnel Committee met on January 28, 2025. The attendance included Mr. Izzo, Ms. Miller, and Commissioner Sande. Two action items were completed. The Committee elected Mr. Izzo as Chair, and Ms. Miller as Vice-Chair. The Committee was presented with and reviewed the updated

employee policies and guidelines document. The Committee was impressed with the work product as presented by AEA staff, and recommended by unanimous motion that the document be brought before and approved by the AEA Board. There were no comments or questions.

7. OLD BUSINESS - None

8. NEW BUSINESS

A. Resolution 2025-01 FY26 Operating and Capital Budget Submissions Ratification

Mr. Thayer explained that Resolution 2025-01 endorses the Governor's operating and capital budget. Included in the packet with the resolution are additional documents regarding the Governor's proposed budget as it relates to AEA, as well as comparisons to previous years' budgets. Mr. Thayer discussed the page that shows AEA's FY2026 Operating Budget Requests ranked by priority one through six. Priority Ranking 1 is the request for working capital from the State at \$3.5 million. For the last 30 years, AIDEA has provided this working capital. Mr. Thayer indicated there is a resolution for AIDEA to continue this position for FY26, beginning June 1, 2025.

Mr. Thayer discussed Priority Ranking 2 is for replacement funding for three positions to meet the Circuit Rider Program at \$710,000. The source is the PCE Endowment Fund. Priority Ranking 3 is for the data library administration, hosting, expansion, and digitization. This is a reappropriation of funds from a previous grant. Priority Ranking 4 is for the leased warehouse roof replacement. The warehouse is utilized rent-free from Department of Natural Resources (DNR) and a new roof is necessary. The ongoing issues include the options to replace the roof or to move to a smaller location. There are also issues with crime and a nearby homeless camp. Mr. Thayer discussed Priority Ranking 5 for \$80,000. Priority Ranking 6 of \$304,000 is to either pay for the current office space in this building that is currently rent-free from Alaska Industrial Development Export Authority (AIDEA) or to be used to look for office space elsewhere. Mr. Thayer noted that with the additional employees coming to the building, the size of the building is at capacity per the fire code.

Mr. Thayer highlighted that AEA has asked for a reappropriation in the supplemental budget of \$624,000 to update the accounting system, phone system, copiers, and a hardware refresh. These are back-office needs. These funds have been identified in a reappropriation and are expected to be seen in the supplemental budget.

Mr. Thayer discussed the priority rankings of the FY2026 AEA Capital Budget Requests. Priority Ranking 1 is a \$1.5 million placeholder toward the grid partnership and Grid Resilience and Innovation Partnership (GRIP) funding. The State has put in \$12.7 million. The utilities and AEA through bonding have put in \$50 million. Priority Ranking 2 is \$6.5 million for the Dixon Diversion Project that will optimize Bradley Lake and increase its energy production by approximately 50%. An additional request is that AEA and the utilities provide another \$6 million to reach the \$12.5 million that will allow the on-time FERC filing in January. Mr. Thayer noted that the funding for FY26 becomes available July 1, 2025. It behooves AEA and the utilities to acquire additional funding now so that the spring construction is not lost.

Mr. Thayer reported that Priority Ranking 3 is \$4 million for the bulk fuel upgrades. This is the same as last year's spending level. Priority Ranking 4 is \$5 million for powerhouse upgrades, which is also the same as last year's spending level. Mr. Thayer discussed that the formula funding for the Infrastructure Investment and Jobs Act (IIJA) and Grid Resilience has a \$13.4 million request, of which \$1.8 million is Unrestricted General Funds (UGF). Mr. Thayer noted that receipt authority amount will increase because there is additional eligible funding available that does not require additional match, but it does require receipt authority. Priority Ranking 6 is \$6.3 million, and the Legislature could possibly increase this amount. Priority Ranking 7 is \$42 million for federal receipt authority for the remaining balance of the Solar for All Program. Priority Ranking 8 is \$4.4 million for the Whittier-Cruise Ship Terminal Electrification Project. This is a partnership with Holland America, contributing \$6 million, and Chugach Electric Association (CEA). The State funding comes directly from the cruise ship passenger tax.

Mr. Thayer highlighted that Priority Ranking 9 and 10 each asks for a change in language. Priority Ranking 9 indicates that "AEA will apply for tax credits for projects funded by AEA, and will apply for revenue from tax credits received toward renewable energy projects or as matching funds for federal programs." Priority Ranking 10 states "AEA holds all corporation funds in interest-bearing accounts. Interest earned on federal grant funds and matching funds appropriated to AEA will be appropriated to AEA as matching funds that will hedge against inflation." Mr. Thayer discussed that the item is the AEA Supplemental Budget is for electrical emergencies in rural Alaska at the reappropriation amount of \$234,500. Mr. Thayer noted that the component details and the entries into the system are also included in the packet.

Commissioner Crum asked Mr. Thayer if there is an anticipated amount for the federal tax credits under Priority Ranking 9. Mr. Thayer indicated this is a broad federal receipt authority because the project eligibility and amounts are unknown. He noted that AEA has contracted with a national firm to identify qualified tax credits for Bradley Lake and the Dixon Diversion. However, after the activity over the last five days, the available tax credits may have changed. Commissioner Crum noted it is probably safe to say there will be some federal action in the next fiscal year to adjust the tax credits. He believes the broad receipt authority is an appropriate ask from the Legislature.

Ms. Miller expressed support for the broad receipt of the federal tax credits. She asked Mr. Thayer if AEA should broaden the ways those funds can be applied, such as fuel system upgrades in rural Alaska, or should it be specific to rural energy projects. Mr. Thayer believes the biggest opportunity for tax credits is the Dixon Diversion project. He is assuming that the tax credits will be applied to Dixon Diversion to lower the cost of the project to the consumer. Mr. Thayer assumes that the tax credits will stay with each particular project. There were no other comments or questions.

MOTION: A motion was made by Mr. Izzo to approve Resolution 2025-01, Fiscal Year 26 Operating and Capital Budget submission ratification as presented. Motion seconded by Ms. Miller.

A roll call was taken, and the motion to approve Resolution 2025-01 passed unanimously.

B. Resolution 2025-02 Use of Interest for Bradley Lake Required Project Work

Mr. Thayer explained that in 2022, the bonding resolution for the \$166 million in Series 11 Bonds included required project work items approved by the Department of Law (DOL). Since then, DOL has provided an opinion that some of the funding could be used for the GRIP match to reach the needed \$206.5 million. Mr. Thayer explained that the Bradley Lake Management Committee (BPMC) initially approved \$20 million and approved an additional \$30 million this year, totaling \$50 million. The master bond resolution needs to be upgraded. Work with the bondholders is ongoing and they are supportive of updating the resolution document from 2022. The one new section is the WHEREAS section beginning with, "WHEREAS, the AEA desires to amend the Tenth Supplemental Resolution and any other agreements related to the Series 2022 Bonds to permit the Authority to apply interest earnings on the proceeds of the Series 2022 Bonds deposited in the Eleventh Series Construction Account," which is language supported by the bondholders. Mr. Thayer noted that he discussed this resolution with the Railbelt utilities and requested that the BPMC approve a concurrent resolution at their next meeting on February 14, 2025. The Railbelt utilities' CEOs verbally agreed.

Mr. Thayer asked Mr. Billingsley if he missed any part of the process. Mr. Billingsley commented that procedurally, the next steps would be for the Board to pass this resolution, get concurrence from the BPMC, and then finally, amend the bond documents.

Mr. Siedman asked if the Series 22 Bonds are subject to arbitrage and federal tax withholdings, and if so, he inquired as to the process of resolving the taxes accrued by the interest. Mr. Billingsley stated that bond Counsel can answer his questions specifically, however, it will not have an impact on the taxes that are owed. Mr. Billingsley said there could be subsidies for the bonds, but it will not have an impact on the taxes. There were no additional questions.

MOTION: A motion was made by Vice Chair Mitchell to approve Resolution 2025-02. Motion seconded by Ms. Miller.

Mr. Izzo noted that for the sake of clarity, he will discuss the reasons for his support of this resolution. The State owns Bradley Lake. The utilities are the purchasers that take power off Bradley Lake and receive lowest cost power in the Railbelt, which is firm and dispatchable. The cost is approximately four cents per kilowatt hour. The utilities do not mark that price up at all. It is a complete pass-through. The members, the consumers from Homer to Seward to the Valley to Fairbanks, pay for all the costs associated on a pro rata basis. In essence, the Seward consumer is paying the same pro rata share as the Fairbanks consumer for the power. It is a great business model and allows earnings to directly benefit those same consumers. Mr. Izzo expressed appreciation to Mr. Thayer for a job well done.

Commissioner Crum concurred with the comments of Mr. Izzo. He believes this resolution is an appropriate use for AEA staff and the BPMC to identify possible gains back to the fund by using the interest accordingly. He expressed appreciation to the team for constantly reviewing ways to maximize the use of the public financing on each project. Commissioner Crum expressed support for the resolution, and complimented staff. There were no other comments or questions.

A roll call was taken, and the motion to approve Resolution 2025-02 passed unanimously.

C. Resolution 2025-03 Authorize AEA to borrow \$3.5 million from AIDEA for working capital.

Mr. Thayer provided background information on Resolution 2025-03. He explained that prior to the separation of the AEA and AIDEA Boards, AEA had an agreement for the last 30 years to borrow \$7.5 million for working capital from AIDEA without interest. When the AIDEA and AEA Boards were split, the AIDEA Board wished to no longer provide the \$7.5 million of working capital. In conversations with AIDEA Executive Director Randy Ruaro and with the AIDEA Board Chair, the AIDEA Board approved a resolution that AEA could borrow \$3.5 million working capital for FY2025 with a 5.25% interest rate. However, Mr. Thayer explained that AEA has no mechanism to pay that interest because there is no way to collect off the federal awards.

Mr. Thayer discussed that AEA worked with the State to take the AEA payroll out of the equation, and to use the State's Integrated Resource Information System (IRIS) payroll system. The State is providing the working capital. As AEA gets reimbursed for AEA's payroll, AEA reimburses the State. The working capital for the grants is still outstanding. The grants are primarily focused on rural Alaska. Based on AIDEA's Resolution G24-02 that was passed, it was agreed that AEA would have the availability for the working capital. The details are outlined in the included Memorandum of Understanding (MOU). Any interest earned on the account would be given back to AIDEA, which is the same procedure for the State.

Mr. Thayer noted that the Office of Management and Budget would like to extend the \$3.5 million working capital for another year into FY26. The memo included in the Board packet outlines this intent, and the resolution before the Board is for AEA to request to borrow \$3.5 million from AIDEA, including the conditions of the rent and reimbursement. Mr. Thayer explained that he is addressing this matter now because the next official meeting of AEA is in April, and this agreement is for July 1, 2025. He would like for the process to be seamless to apply for the FY2026 year. Next year's evaluation will occur with the parties to ensure the arrangement is effective.

Commissioner Crum asked, for the public's understanding, if this structure is similar to a line of credit for a private sector business. Mr. Thayer agreed. Commissioner Crum indicated his businesses and every business he knows of has a line of credit. There were no other comments or questions.

MOTION: A motion was made by Ms. Miller to approve Resolution 2025-03, authorizing AEA to borrow \$3.5 million from AIDEA for working capital, as presented. Motion seconded by Mr. Mathiasson.

A roll call was taken, and the motion to approve Resolution 2025-03 passed unanimously.

D. Utility Priority for Purchase of Bradley Lake Renewable Energy Certificates

Mr. Thayer explained that the AEA Board previously voted to consider selling Renewable Energy

Credits (REC Credits) related to Bradley Lake. Mr. Thayer stated that looking forward, the amount could be \$400,000 to \$500,000 a year. He took the issue to the BPMC. On December 19, 2024, the BPMC wrote a letter to Chair Koplín expressing support, however, they would like to have the first right of refusal of the credits. Mr. Thayer reported that since this letter was submitted, one of the utilities has conducted a further legal analysis on their position and differing opinion. Mr. Thayer discussed that AEA's intent of the effort to monetize REC credits was to take the funding and put it into the capital projects, such as Dixon Diversion and Bradley Lake, to benefit the rate payer. This effort is a work in progress, and additional conversations will occur with the utilities.

Ms. Miller expressed her hope that a Renewable Portfolio Standard (RPS) is passed by the Legislature that would provide a runway of notice of multiple years before it goes into effect. She would hate to see that the RECs were not monetized due to the fear of a penalty and therefore miss out on the monetary value for the rate payers.

Mr. Izzo commented that from a utility perspective, the concern is that an RPS would have the effect of raising rates and may be an unintended consequence as a result of not having Bradley Lake RECs. On the one hand, the RECs are being sold for the benefit of the rate payer, and then through legislation, there is a penalty and additional costs because the RECs were given away. When the megawatt hours are reviewed, the hope is that any legislation is based on actual energy and not necessarily what color the energy is. The amount of renewable energy being consumed is not going to change, and is not dependent on a penalty or no penalty. Mr. Izzo requested that any legislation avoid such an unintended consequence.

Vice Chair Mitchell commented that AEA has discussed RECs in previous Board meetings, including selling them and ways to combine smaller RECs from other projects across Alaska. He recommended that AEA move and resolve this issue expeditiously based on the current facts, rather than hypothesize regarding future legislation. The goal is for the sale of the RECs for the benefit of Alaskans and lowering Alaskans' cost of power. Vice Chair Mitchell hopes that the utilities will committedly resolve this issue expeditiously.

Vice Chair Mitchell commented on the portion of BPMC's letter stating, "granted an option to purchase its portion of the RECs," and asked Mr. Thayer if this request is at market value or a special rate. He highlighted that AEA is trying to maximize what the RECs can provide to Bradley Lake and to BPMC. Vice Chair Mitchell indicated that the letter is silent on the value proposition. He requested clarification and noted this might be part of the work in progress. Mr. Thayer agreed this is a work in progress and there was not a specific value placed on the credits at the time the letter was written. Mr. Thayer explained that the differing opinion of one of the utilities is that they do not believe that AEA has the right as the owner to sell the REC credits, rather that the utility already owns the REC credits. Mr. Thayer indicated those issues will have to be addressed and resolved. The ultimate goal is to benefit the rate payer.

Vice Chair Mitchell expressed appreciation for the clarification. He noted that as an AEA Board member and regardless of any utility's position, he is in accord with Mr. Thayer that these are, in fact, AEA REC credits and not the ownership of any of the utility REC credits. Vice Chair Mitchell indicated that he does not want to get bogged down on this issue, but would rather take a solid

approach of the position. He supports Mr. Thayer taking the stronger approach on behalf of AEA to decrease the cost of power for Alaskans.

Mr. Siedman noted that Resolution 2024-17 was discussed during a recent Board meeting, and the vote was unanimous to authorize AEA to sell the REC credits for the purposes mentioned by Vice Chair Mitchell, including lowering the cost of power and invest in the maintenance of infrastructure. Mr. Siedman commented that he wants to ensure that the sale is conducted legally. He explained that if the RECs are already being claimed, then they cannot be sold. Double-dipping is not allowed. Mr. Siedman emphasized the importance of understanding the circumstances so that the action of selling the RECs do not have an unintended adverse consequence.

Mr. Izzo commented that he has a different perspective compared to Vice Chair Mitchell. Mr. Izzo believes AEA needs to be careful. The mission is to reduce the cost of energy to Alaskans. He disclosed that MEA is not the utility challenging the RECs, nor does he represent the utility challenging the RECs. Mr. Izzo noted that his position has been consistent as an AEA Board member who voted to move forward with the process. However, new information has been introduced, and a utility is challenging the RECs. Mr. Izzo indicated that he does not want hubris to drive additional legal costs, legal challenges, or legislation that could result in a utility being forced to pay \$1.20 for something they legally had. Those consequences are contrary to reducing the cost of energy to Alaskans. Mr. Izzo expressed appreciation to Mr. Thayer and staff for their efforts and acknowledged that they have clearly identified an issue that must be resolved thoughtfully, rather than abruptly.

Ms. Miller expressed support for Mr. Izzo's comments. She indicated that it is not prudent to sell something that the utilities may have to pay for under an RPS. Ms. Miller believes that the ownership issue must be resolved. She noted that understanding the term commitment for selling the RECs could provide flexibility and comfort for the parties. Ms. Miller discussed that she has seen consideration for term commitments in contracts and on past projects to ensure that costs are not increased. She expressed appreciation for the work and good discussions of all the parties.

There were no other comments or questions.

Jennifer Bertolini, AEA, informed Chair Koplín that a member of the public who is on telephonically has their hand raised. Chair Koplín asked if there was any objection to allowing additional time for public comment. There was no objection.

Chair Koplín asked if the person on the line would like to make a public comment. Melis Coady, Susitna River Coalition, said she has a question for the representative from the Terra presentation. Ms. Coady noted that she has been curious about some of the information regarding the proposed Susitna clean coal project. She said it is hard to find information about the project, and that Terra Energy does not have a website. Ms. Coady commented specifically on the funding topic areas for the Department of Energy grants, and noted that the slide in the presentation said there is DOE funding up to \$40 million. However, the funding topic area that they are applying for is TA-2, which are for pilot projects. Although that category of funding has up to \$450 million of funding available, the plan is to award up to five projects. The minimum funding award amount

would be \$75 million and the maximum in that funding category is \$135 million. Ms. Coady asked if AEA staff has received materials and has an understanding of what funding amount is needed for the carbon capture technology, because it is unclear if they have that funding amount.

Chair Koplín noted that the materials presented to AEA are public information and the slideshow is available on the AEA website. Chair Koplín indicated the slideshow is the only information AEA has on the subject at this time. Chair Koplín thanked Ms. Coady for her comments and question, and reiterated the materials are available online.

There were no other public comments.

9. DIRECTOR COMMENTS

A. Economic Impact Analyses

Mr. Thayer discussed that he previously sent this publicly available report to the Board members. He noted that Conner Erickson, AEA Director of Planning, contracted with Northern Economics to review the economic impact to Alaska of the three biggest projects on the Railbelt; Sterling Substation to Quartz Creek (SQ) Substation transmission line update, Dixon Diversion project, and High Voltage Direct current (HVDC) submarine transmission line across Cook Inlet. The economic analysis is the result of the work completed by the independent, third-party Northern Economics and is being used as the base for AEA's conversations with funding partners, the Legislature, and were used in the Governor's state of the State address. Mr. Thayer discussed that the projects are operating concurrently and will create over 5,000 jobs and over a billion dollars in economic activity. The number of jobs include direct, indirect, and induced.

Chair Koplín clarified for the record that the data provided is the economic impact analysis during construction and not the intrinsic economic value to rates once the projects have been completed. Mr. Thayer agreed. There were no other comments or questions.

B. Owned Assets Update

- i. Dixon Diversion Video**
- ii. GRIP Video**

Mr. Thayer discussed that in 2024, Bradley Lake produced over 404,000 megawatt hours (MWh) and Battle Creek produced approximately 38,000 MWh. The Battle Creek project was completed in 2020, and has increased in its production of MWh each year. Mr. Thayer commented that the environmental studies performed in 2024 for the Dixon Diversion are currently being finalized. AEA met with a Board of Consultants and the Federal Energy Regulatory Commission (FERC) Dam Safety at Bradley Lake last summer and last fall. The FERC filing that is expected in January of 2026 is on target to be completed. The filing will occur sooner, if possible. The Governor's budget has funding for the Dixon Diversion, and the hope is that full funding will be achieved with the BPMC's concurrence.

Mr. Thayer reported that the Sterling to Quartz Transmission Line is currently under construction. Bradley Lake is not operational for the northern utilities, since it is islanded while the work is being completed. If there is a cold snap and the project must come back online, there are provisions with the contractor and CEA to bring the line back on within days. Mr. Thayer hopes to be able to share construction pictures and progress with the Board.

Mr. Thayer noted that one of the issues is a change order for up to \$2 million. He explained that the work is being conducted during the winter to work on wetlands. Mats must be used under the equipment when the temperatures are in the 30's and 40's. He noted that delaying the schedule was considered and the determination was made to keep to this year's schedule for a few reasons; there is no way of knowing if the weather will be any different next year, there is a limited amount of time that Bradley Lake can be down in a year, and CEA is coordinating and conducting their upgrade work simultaneously while Bradley Lake has its outage for 40 days, beginning from January 7th. There were no comments or questions.

Mr. Thayer requested Jim Mendenhall, AEA, to provide an update on the GRIP 3 HVDC Line. Mr. Mendenhall reviewed the memo provided in the packet. Stantec is reviewing the Initial Project Plan and Schedule, Conceptual Design, Preliminary Cable Design, Critical Environmental Analysis, and the Preliminary Cost Estimate. The initial report was shared with AEA, one of the engineers, and the Technical Working Group, which consists of representatives of the Railbelt utilities.

Mr. Mendenhall noted that the meeting last week included decisions regarding the transfer capability of 200 MW and the preference by the majority for a bipole, rather than a monopole. There is cost component for the bipole capability. He highlighted the review of cable routings, the best way to land the cable, and the transfer capacity between Soldotna and Nikiski.

Mr. Mendenhall noted the eight-year project schedule. He stated that the meeting last week was very productive. However, it is not productive that IJJA and Department and Energy (DOE) are pretty much shut down. The official kick-off meeting that was scheduled to occur tomorrow is postponed. There is no conversation, and the DOE is not answering the phone. Mr. Mendenhall believes they were given guidance not to talk to anyone. Even under those considerations, AEA believes this is still a good infrastructure project, and AEA is optimistic it will continue.

Mr. Mendenhall discussed that Stantec's plan is to prepare an initial project estimate to be ready mid-February for the legislative meetings, and to have a final report out in late March of 2025. He reiterated that AEA has \$62.7 million in State and matching funds from the utilities. An additional \$143 million must be secured as a starting point.

Mr. Izzo thanked Mr. Mendenhall for his update. Mr. Izzo commented on the uncertainty related to the funding for IJJA and the Inflation Reduction Act (IRA). He reported that through the statewide trade organization, the regulated utilities have been requested to list out information for the federal delegation on what projects are pending and what the impacts might be. Mr. Izzo asked if there was any additional information in terms of inquiries. Mr. Thayer discussed the big

picture, and advised that AEA received the same notice. He commented on the confusion with the President's executive orders. Mr. Thayer noted that all of AEA's IJA funding, AEA's IRA funding, and Denali Commission funding is currently on hold. He stated that a draft list identifying the affected projects has been provided to the Board. The federal amount on hold is approximately \$550 million, and the non-federal required match component on hold is an additional \$254 million, which totals approximately \$800 million on hold for AEA.

Mr. Thayer discussed that AEA is sending out notices to all of the contractors and subrecipients, directing them to stop spending money and to hold steady until AEA informs them otherwise. Mr. Thayer commented that anything that deals with Diversity, Equity, and Inclusion (DEI) or the Justice40 is removed from any federal award and is no longer being paid for, as of January 27, 2025. He explained that some of AEA's federal funding included sections on Justice40, which will not be reimbursed and is out of contention. Mr. Thayer discussed that some of the funding is being reviewed on a case-by-case basis. He gave the example of \$12.7 million worth of State funding for GRIP. Mr. Thayer instructed staff to use the State funding and go back for the match after the fact, because there are deadlines for the Legislature and Stantec needs to provide those details. He noted that much of AEA's federal funding does not have a State match component, and AEA is unable to move forward because there is no funding. This situation goes into AEA's \$3.5 million line of credit, which is normally the churn. Mr. Thayer explained that AEA has submitted bills and if they are not getting reimbursed, then that line of credit will quickly be diminished, which is a concern.

Mr. Thayer noted that the AIDEA Board Resolution says the line of credit can be up to \$7.5 million. He believes it is important to have the conversation with Mr. Ruaro for the additional cash flow. He thinks that ultimately, the majority of AEA's program funding will be fine, and that the President's executive orders are a look-back for transparency. Mr. Ruaro understands that. He explained that a President's executive order cannot overturn an act of Congress, unless Congress decides to act. Mr. Thayer believes that the review period will vary, and he does not know if it will be a week, a month, or 90 days. Mr. Thayer explained that AEA is ensuring that all of the billing has been submitted to the federal government, so that when the federal government starts paying bills, the bills will be in the queue.

Mr. Thayer believes AEA is managing the case-by-case and day-by-day circumstances the best they can. The project list will be updated as changes occur. He discussed that AEA would update the Denali Commission awards with the communities affected. Mr. Thayer indicated that Mr. Billingsley is monitoring the legal side of the funding hold. Mr. Thayer stated that he will keep the Board apprised as additional information is learned. There were no other comments or questions.

Mr. Thayer discussed that the Board previously viewed AEA's video on Bradley Lake. He requested to play the updated Dixon Diversion video.

A brief at-ease was taken. The Board reconvened its regular meeting.

The Dixon Diversion video was played. Mr. Thayer indicated that this video was shown last week to the House and Senate Resources Committee. Mr. Thayer requested to play the GRIP video. The

GRIP video was played. Mr. Thayer requested to play the final video focused on AEA's efforts in rural Alaska. The video focused on rural Alaska was played. Mr. Thayer explained that the videos were created to show the interested parties in Juneau and elsewhere the work and assessments AEA has completed over the last couple of years. He thanked Brandy Dixon, Tim Sandstrom, Chris McConnel, Bryan Carey, Mr. Mendenhall, and other AEA staff for providing the context and script for the videos. Mr. Thayer indicated that narration will be added to the videos that do not have narration. There were no comments or questions.

C. Railbelt Transmission Organization (RTO) Update

The RTO Update is included in the packet. There were no questions.

D. Denali Commission Update

Mr. Thayer discussed the Active Denali Commission Awards list included in the packet. The federal government hold on funding has affected and paused funding for every one of the projects. The list presented was created prior to the federal government funding pause. There were no questions.

E. PCE Endowment

Mr. Thayer explained that the Power Cost Equalization (PCE) program is funded through the PCE endowment and managed by the Permanent Fund Corporation (PFC). Monthly reports are given to AEA by the PFC, and Pam Ellis, AEA Controller, tracks the earnings. Mr. Thayer indicated that AEA does not have statutory authority to determine how the funds are invested. As shown in the provided chart and schedules, the PCE fund ended in November 2024 with a little more than \$1 billion. There were no questions.

F. IJJA Update

Mr. Thayer discussed that the information outlining the AEA IJJA/IRA Funding Opportunities is regularly provided to the Board. The highlighted sections include the notice of award on January 6, 2025, and notice of conditional awards on January 15 and 16, 2025. Mr. Thayer indicated this list was created prior to the federal government funding pause for IJJA and IRA. He explained that the money from the notice of award on January 6, 2025 is not yet obligated to AEA, and that money might be in question. Additionally, AEA is closely following the status of the two conditional awards of \$36 million each. Both awards were given to AEA a couple of years ago, and AEA is currently in the application period, but now the status is in flux.

Mr. Thayer informed that AEA will continue to submit the applications by their due dates. One has already been submitted, and one is expected to be submitted by the Friday deadline. AEA is assuming that when everything picks back up, the applications will be processed as normal, since the federal funding was acquired a couple years ago and the receipt authority from the State

occurred in a previous fiscal year. The total conditional award amount in question is \$74 million in rebates and energy efficiency.

Mr. Thayer discussed that AEA submitted applications prior to the government funding pause for a couple of other programs that are listed as Pending. He noted that AEA will continue to work on and submit applications that are listed as Considering. The High Energy Cost Grants 2025 – USDA RUS, for example, is traditionally applied for and was active prior to IIJA. Mr. Thayer indicated that the program may not be affected because of this. AEA is acting as normal, submitting applications and filing the billing, until such time as different information is known. There were no questions.

i. Home Energy Rebates and Training for Residential Energy Contractors

Mr. Thayer noted that the memorandum regarding the Home Energy Rebates and Training for Residential Energy Contractors Update was created prior to the federal government funding pause that occurred last week.

Ms. Miller highlighted that it might be too early to know, however, she asked Mr. Thayer if he has a sense of what portion of the funding is related to Diversity, Equity, and Inclusion (DEI) or Justice40, because that funding seems more at risk. Mr. Thayer explained that every application submitted included a required DEI component, as directed by President Biden's executive order. President Trump's executive order rescinded that mandate. Mr. Thayer advised that all DEI and Justice40 components are being stripped out and will not be paid for. AEA is notifying their subrecipients that the DEI and Justice40 components are no longer part of the award because they will not be paid.

Mr. Thayer asked Mr. Billingsley to comment. Mr. Billingsley indicated that AEA received a notice from DOE, specifically, stating that DOE is not going to pay for anything that is DEI related. Additionally, there is the broader executive order regarding DEI. Mr. Billingsley informed that all of the applications addressed DEI and discussed the ways that DEI would be implemented. Mr. Billingsley explained that in most of the applications there is not a budget line item associated with DEI. He anticipates that AEA will be able to perform most of the scope of work and will receive the full amount of reimbursement. Mr. Billingsley noted that if AEA outlined a specific DEI activity, that activity might not be reimbursed. He believes the situation is fairly manageable, except in instances where the programs are entirely DEI-related or in instances of very specific budget line items associated with DEI. The situation is evolving quickly.

Ms. Miller expressed appreciation for the clarification. She summarized that the federal grant funding is paused for review, and that any DEI or Justice40 budgeted initiatives will not receive funding after the pause is lifted.

Mr. Mendenhall commented regarding the GRIP project, that some upfront costs have been spent on the Community Benefits Plan with the consultant. The funds were included under the administrative section. There is not a specific line item or specific budget amount for the

Community Benefits Plan. Work on all the Community Benefits Plans has ceased. AEA has acknowledged to DOE that work on all the Community Benefits Plans has ceased.

Ms. Miller commended staff and Mr. Thayer for their additional efforts during this dynamic situation and addressing the issue in a thoughtful manner. There were no other comments or questions.

G. AEA Brochures / Publications

Mr. Thayer explained that AEA was asked to develop what he views as a pitch sheet for AEA for the Governor's trade mission to the United Arab Emirates (UAE). The informational document included in the packet will be shared with legislators in Juneau. It provides a great overview of AEA's activities, and highlights the current Dixon Diversion project and GRIP projects. Mr. Thayer noted that Ms. Dixon spearheaded the brochure effort and believes it is a good work product.

Mr. Thayer noted an additional request from the Governor to identify the Railbelt transmission projects is also included in the packet. AEA worked with the different utilities on a transmission study and developed the publication identifying the location of the projects, the type of upgrade, and the latest cost estimates. The numbered list from one through 19 are not in priority order, but rather are in location order from Dixon Diversion northward. The projects highlighted in green indicate there is funding in progress. The two projects in Fairbanks are undertaken by Golden Valley Electric Association (GVEA). The Quartz Creek to Anchorage project is undertaken by CEA.

Mr. Thayer discussed that the companion page identifies clean energy projects and uses a similar format that lists the location of the project, the type of the project, and the latest cost estimates by year, if known. Again, the numbered list from one to 17 are not in priority order, but rather are in location order from Dixon Diversion northward. Mr. Thayer indicated that this information will be updated, as needed. There were no comments or questions.

H. Legislative Submittals

Mr. Thayer explained that AEA is required by statute to provide the Legislature with specific reports. The reports are shared with the Board at the time they are submitted to the Legislature. Mr. Thayer noted the reports are included in the packet as part of public notification. Mr. Thayer stated that pending standard submittals include the Capital Project Status Report, Renewable Energy Fund recommendations, and revised estimate of need to withdraw from Capital Reserve Fund. There were no comments or questions.

I. Legislative Update

Mr. Thayer commented that he is pleased that the AEA Bill Tracker of legislation is a short list. He expects the number of bills to increase. Mr. Thayer explained that depending on the legislation and the effects on AEA, staff may have to complete a bill analysis and a fiscal note. The current two bills do not require any AEA activity at this time. There were no comments or questions.

J. Community Outreach

Mr. Thayer discussed the included outline of the community outreach activities that have occurred during the previous six months. He noted that all public outreach activities related to IJA funding, including the National Electric Vehicle Infrastructure (NEVI) projects, which were scheduled for the next month have been paused because the funding and reimbursement is paused and questionable. AEA is in partnership with Department of Transportation (DOT). Mr. Thayer indicated that he and senior management will still be out in the community conducting other outreach. There were no comments or questions.

K. Articles of Interest

Mr. Thayer indicated that the current articles of interest relate specifically to AEA, and are included for the public's benefit. There were no comments or questions.

L. Next Regularly Scheduled AEA Board Meeting – Thursday, April 24, 2025, 9:00 am.

MOTION: A motion was made by Ms. Miller to enter into executive session to discuss confidential financial matters related to Bradley Lake that the immediate disclosure of which would have an adverse impact on the Authority. Motion seconded by Mr. Izzo.

A roll call was taken, and the motion to go into executive session passed, with Commissioner Sande absent.

10. EXECUTIVE SESSION: 11:05 a.m. – Discuss confidential financial matters related to Bradley Lake.

The Board reconvened its regular meeting at 11:30 am. Chair Koplín advised that the items discussed during Executive Session were financial matters related to Bradley Lake, the immediate disclosure of which would impact the Authority. The Board did not take any formal action on matters discussed while in Executive Session.

11. BOARD COMMENTS

Mr. Mathiasson expressed appreciation for the good updates during the meeting.

Mr. Siedman noted the great meeting, and looks forward to the April meeting. He looks forward to hearing about the federal freeze, and hopes it gets figured out sooner than later. He believes Alaska has more on the line than any other state because many of the projects are in progress. Halting the projects even for a moment throws a wrench in the process.

Commissioner Crum expressed appreciation for the content provided and for the efficient

meeting.

Vice Chair Mitchell echoed Commissioner Crum's sentiment regarding the efficient meeting. He commented on the commotion of President Trump's executive orders. Vice Chair Mitchell was pleased to see in President Trump's executive order that the kinetic movement of water, which is code for tidal hydrokinetic and hydropower, was pronounced alongside coal, natural gas, and nuclear. Vice Chair Mitchell stated that as a Co-Chair of the Legislative Affairs Committee with National Hydropower Association (NHA), there are many agencies and many trade groups monitoring and watching what is happening. Vice Chair Mitchell communicated his understanding that there will be cutbacks and concerns. He noted the importance of monitoring and keeping eyes on the situation, but he believes the media has been sensationalizing. He believes the Administration's funding pause is like any other Administration's actions to have their priorities and people placed into the programs. Vice Chair Mitchell tempered that the actions are reasonable, and everyone will just have to wear through and standby for the outcomes. He echoed comments that with Governor Dunleavy being very close and the executive order to unleash Alaska's natural resources, he believes AEA should stand well to watch how this unfolds.

Mr. Izzo expressed appreciation to staff for the well-run and efficient meeting. He understands the amount of effort and preparation required.

Chair Koplín echoed the appreciation for the efficient meeting. He complimented staff and the Personnel Committee for their good work and for developing the new personnel manual. A Director's Evaluation Form is being created and will soon be presented to the Board. Chair Koplín commented that he recently read the 2023 assessment of global innovation, and UAE was ranked at the top with the U.S. The UAE is well-capitalized, and Chair Koplín believes they are a great potential partner for Alaska's businesses and industries. The UAE has been participating in the Alaska Sustainable Energy Conference.

Chair Koplín commented that he is glad to see the Susitna Watana Project again in the context of renewable energy. He has reviewed reports on the Bonneville Dam and Snake River Dam in Columbia with record salmon runs occurring recently. Chair Koplín commented on the flooding impacts on communities on the Susitna River, and he believes the state needs to reassess the flooding impacts, the water storage, and wildfire mitigations.

Chair Koplín expressed appreciation for the public comment. There have been some changes, and boxed LNG for Cordova has been reviewed. Technology advancement and cost metrics have occurred. He believes that the clean coal opportunity is great. Chair Koplín feels it is helpful that the requests that were brought to AEA were specific.

Mr. Thayer mentioned that he was reviewing information on the 15-year-old Susitna Watana Project yesterday. He noted that if the project had stayed on schedule, there would have technically been a grand opening ribbon cutting ceremony next year.

Chair Koplín thanked staff again.

12. ADJOURNMENT

There being no further business of the Board, the AEA meeting adjourned at 11:35 am.

Curtis W. Thayer, Executive Director

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