ALASKA ENERGY AUTHORITY

Alaska Energy Authority
BOARD MEETING MINUTES
Thursday, July 10, 2025
Anchorage, Alaska

1. CALL TO ORDER

Chair Koplin called the meeting of the Alaska Energy Authority to order on July 10, 2025, at 9:00 am.

2. ROLL CALL BOARD MEMBERS

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

A quorum was established.

3. AGENDA APPROVAL

Curtis Thayer, Executive Director, indicated that Item 6A. actually belongs under Item 9. Executive Session.

MOTION: A motion was made by Mr. Siedman to approve the agenda with the exception of moving Item 6A. Renewable Energy Credits into executive session. Motion seconded by Mr. Izzo.

A roll call was taken, and the amended agenda was approved unanimously.

4. PRIOR MINUTES – April 17, 2025

MOTION: A motion was made by Ms. Miller to approve the Minutes of April 17, 2025. Motion seconded by Mr. Siedman.

A roll call was taken, and the Minutes of April 17, 2025 were approved unanimously.

5. PUBLIC COMMENTS (2 minutes per person)

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

6. OLD BUSINESS - None

7. NEW BUSINESS

A. Budget Update

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i. FY25 Budget to Actuals

Mr. Thayer discussed the document included in the Board packet entitled FY25 Operating Budget to Actuals through April 30, 2025. Projection totals to the year ending June 30, 2025 are also listed. The budget format is now separated into four components: AEA Facilities, Rural Energy Assistance, Power Cost Equalization, and Statewide Projects. Mr. Thayer explained that the majority of the Statewide Projects are the Infrastructure Investment and Jobs Act (IIJA) projects. Since these budget components are new this year, there is no comparison to last year's budget.

Mr. Thayer reviewed the components. The AEA Facilities are projected to be at 80% of budget; Rural Energy Assistance at 67% of budget; Power Cost Equalization at 93% of budget; and Statewide Projects at 13% of budget. Mr. Thayer explained that the 13% projection is primarily due to the Grid Resilience and Innovation Partnership (GRIP) Cook Inlet Power Link (CIPLink) that was projected to spend $15 million, and only spent approximately $1 million. The spending is expected to ramp up now that the grant agreement is approved. There were no comments or questions.

ii. FY26 Budget

Mr. Thayer reviewed AEA's FY26 Operating Budget included in the Board packet. This format is also different. It shows the comparison on the FY25 Adjusted Base, the FY26 Governor's budget, and the FY26 Authorized budget. Of the total $67 million budget, $47 million is for the Power Cost Equalization (PCE) program. Mr. Thayer noted that the funding sources are also listed on the one-page summary, as well as the employee position counts. There are 58 full-time positions, and the 12 non-permanent positions are connected to the federal projects. Mr. Thayer gave the example that the CIPLink project is an eight-year project, which will be reflected as eight years of non-permanent employees. This number will fluctuate depending on the projects.

Mr. Thayer discussed the FY26 Operating Budget, which is separated by component. He noted that a comparison of the FY26 components to the FY25 components can be completed next year. Mr. Thayer reported that the Construction in Progress (CIP) receipts aligned with projected expenses. The request for an increment for the data library was granted for $250,000. The library has over 11,000 data points and continues to expand. Mr. Thayer reviewed that the Legislature rejected the request for $304,000 to pay rent for the facility to Alaska Industrial Development and Export Authority (AIDEA). AEA is not paying rent for the building.

Mr. Thayer showed the pie graph on page three that represents the FY26 Operating Budget, excluding the PCE grants. The graphic shows the restrictions of each bucket of funding that is clearly defined for spending. The status update on page four delineates the GRIP, IIJA, and Solar for All federal receipt authority and general fund match requests that were granted by the Legislature. Mr. Thayer discussed the Bulk Fuel and Power House federal receipt authority and general fund match requests that were received. The Governor's budget included $6.5 million for the hydroelectric development at Bradley Lake. However, considering the tight budget constraints, the Legislature and the Governor reduced the amount to $4 million. Mr. Thayer explained that the bonding interest that the Board previously approved was added to the budget for a total of $10 million this year. The budget will be used for the Federal Energy Regulatory Commission (FERC) filing in January. Mr. Thayer indicated that AEA would request the $2.5 million shortfall in this year's budget.

Mr. Thayer discussed that the Governor asked for $6.3 million in the budget for the Renewable Energy Grant Fund (REF) Round 17. The Legislature granted the total amount. However, the requests for the REF grant funding totaled over $20 million. Mr. Thayer noted that the $4.4 million for the Whittier Cruise Ship Terminal Port Electrification that the Governor requested was granted by the Legislature and uses the Ocean Ranger and Passenger taxes for funding.

Mr. Thayer explained that AEA was very fortunate in its capital budget results. AEA's total ask in the Governor's capital budget was approximately $86.8 million, and the Legislature granted approximately $84.4 million.

Mr. Thayer reviewed the FY25 Supplemental Budget requests listed on page five. The Legislature was able to reappropriate $234,000 worth of funds from an old grant for the Electrical Emergency Response line item. The Administrative Services Updates line item is primarily for new phones and upgrades to the Navision system. The funding is reappropriated from an old Emergency Technology Fund grant. Additionally, there are continuing issues with vandalism and theft to the warehouse on Commercial Drive that is next to a homeless encampment. The $100,000 budget item will be used for roof repairs and possibly to start the process of finding a different facility. Mr. Thayer noted that the pie chart graphic showing the FY26 Capital and the FY25 Supplemental Budget is on page six.

Mr. Thayer indicated that discussion would occur during executive session regarding the process for developing the FY27 budget. There were no comments or questions.

iii. FY27 Budget Process

Mr. Thayer directed members' attention to the document within the Board packet entitled Budget Deliverables and Timeline draft. It outlines the budget development process that AEA must follow in collaboration with Office of Management & Budget (OMB) and the Governor's Office for final release of the Governor's proposed budget on December 15, 2025. The deadlines are typically short, with a week or two-week turnaround. Today's meeting of July 10, 2025 is highlighted on the budget process timeline. Mr. Thayer discussed that work on the Management Plan is occurring now. He commented that AEA's Finance Committee is welcome to interject themselves in the process and to receive additional updates.

Commissioner Crum complimented Mr. Thayer on his diligent work on the budget and for representing AEA during the difficult process. He expressed appreciation to Mr. Thayer for his time and efforts in positioning AEA for strength.

Commissioner Sande commented that she has the opportunity of being a member of both the

AEA Board and the AIDEA Board. She is confident that the questions will be raised regarding the rent and the long-term plan for the rent. Commissioner Sande expressed her understanding that the State is currently in a difficult revenue year. However, it is common practice for one State agency to pay another State agency for rent. She asked for the long-term plan for paying rent.

Mr. Thayer requested to defer the discussion regarding the long-term plan for paying rent to executive session. There was no objection.

Mr. Siedman noted that he does not see on the agenda an item for discussion regarding the IIJA and the grid efficiency upgrades. He commented on the recent Reconciliation Bill, including the topic of Investment Tax Credits (ITC) and the tightening of timelines. Additionally, a recent executive order from the Trump Administration directs the Treasury to tighten terminology within 45 days regarding beginning of construction (BOC). Mr. Siedman asked Mr. Thayer if there is anticipated pushback or potential loss of funds pertaining to the Grid Resiliency Program and/or the Solar for All Program.

Mr. Thayer responded that there is no anticipated pushback or potential loss of funds. Staff has followed the bill very closely and has worked very closely with National Association of State Energy Officials (NASEO). Staff provided the information that was required for the GRIP projects. Mr. Thayer explained that if the funds were obligated by Congress and if the funds were not rescinded in the Big Beautiful Bill, then the funds stand. Mr. Thayer commented that none of AEA's programs were rescinded. He noted that there are rumors regarding the Solar for All Program. However, until the Program Officer informs AEA of a different course of action, the program will move forward.

Mr. Thayer informed that additional GRIP discussion will occur later in the meeting. He summarized that all applicants that received GRIP funding received a data request from the Department of Energy (DOE). Staff completed the extensive data request which contained hundreds of pages. Mr. Thayer commented that AEA's responses were within the top 10 responses to DOE. He explained his understanding that if a program is transmission or generation related, it is not a cause for concern. Staff is closely watching $74 million, of which $37 million is in the home rebates program and $37 million is in the energy efficiency program. Currently, staff has been told that both programs are moving forward. However, the project officers for those programs are being changed and clarification has not been received.

Mr. Thayer explained that the National Electric Vehicle Infrastructure (NEVI) program was rescinded. However, AEA received notification recently that the rescission was being rescinded, and to look for new guidance. The NEVI funding runs through the Department of Transportation (DOT) budget. AEA has a Memorandum of Understanding (MOU) with DOT to carry out the front office work. DOT has directed AEA to proceed. The bills that have been presented have been paid. Additional guidance on the $52 million NEVI program is expected.

Mr. Thayer discussed that in addition to AEA's own research of the bill, AEA has been in contact with NASEO and with the delegation, and there are no known issues with AEA's $454 million funding. Mr. Thayer indicated that President Trump's budget makes changes, but not to AEA's major projects. Adjustments to AEA's budget may need to occur, because the changes may relate to other projects that may not receive the federal match, but have Unrestricted General Funds (UGF) attached that could possibly be used elsewhere. Mr. Thayer reiterated that AEA has not paused any projects and has not been told that there is a red flag on any of AEA's projects. There were no other comments or questions.

B. Audit Update

Mr. Thayer noted that Pam Ellis, AEA Controller, is available to answer any questions regarding the FY25 Annual Audit. Mr. Thayer discussed the audit schedule included in the Board packet. BDO is the auditor for AEA, and has worked with AEA on previous audits. There were no questions or comments regarding the audit schedule.

C. AEA Travel Plan

Mr. Thayer discussed the included memorandum regarding travel planning, travel requests and travel authorizations. Each year, the Governor's Office distributes travel authorization guidance and suggests that the public corporations follow similar guidance. The memorandum updates AEA's travel authorization per the Governor's Office guidance. The AEA Board does not typically approve the updates. However, the Governor's Office asks staff if the Board is aware of the updates. Mr. Thayer is including this information to ensure the Board is aware of the updates. Also attached are the 22 pages of the FY26 Travel Plan documents and estimates of travel costs. Mr. Thayer commented that AEA typically is under budget for travel expenses.

Mr. Thayer requested that the Board entertain a motion to approve the presented travel memorandum and travel plan that has been submitted to OMB. There were no questions.

MOTION: A motion was made by Ms. Miller to approve the May 22, 2025 Travel Plan Memorandum and the corresponding Travel Plan for FY26 travel as presented and included in the Board packet. Motion seconded by Mr. Izzo.

Mr. Izzo recognized Mr. Thayer for providing a tremendous amount of clarity and transparency. Mr. Izzo is impressed with the cost of the travel compared to the significant amount of travel that is needed to support the various programs in this very large state. He complemented Mr. Izzo for the good job.

Chair Koplin expressed appreciation for the structure of the agenda that shows the audit schedule, the work plan schedule, and the deliverables for budget, which is clearly shown for the Board and for the public. The transparent information and structure help the Board understand the staff's significant day-to-day workflows. There were no other comments or questions.

A roll call was taken, and the motion to approve the May 22, 2025 Travel Plan Memorandum and the corresponding Travel Plan for FY26 travel as presented and included in the Board packet passed unanimously.

D. Willow Expansion PPF Loan

Mr. Thayer reviewed the AK Renewable Energy Partners LLC (AK REP) Board of Directors Summary included in the packet. He explained that Aleut Energy LLC (AEG) has stated its desire to purchase the ownership of AK REP. Mr. Thayer noted that AK REP has an existing Power Project Fund (PPF) loan liability. Mr. Thayer recommended entering into executive session to discuss and review the confidential information related to this item. He noted that the eight-page document prepared by Conner Erickson, AEA Director of Planning, is attached to the agenda and is available for public review.

As required by statute, Ms. Miller disclosed a conflict with regard to this matter. Ms. Miller has equity shares in the holding company that owns the borrower for this loan. Additionally, Ms. Miller is a guarantor for this loan. Ms. Miller recused herself from this matter.

Chair Koplin noted that as Chair and the designated supervisor for purposes of this ethics issue, Chair Koplin accepted Ms. Miller's recusal. He noted that Ms. Miller will not be able to participate in the discussions, deliberations or informal advocacy regarding this matter. With the conditions satisfied and consistent with advice from the Alaska Attorney General's Office, the AEA Board may continue with considering and resolving this matter.

Mr. Mathiason commented that he is having issues with the remote connection, and if he is disconnected from the meeting, he will rejoin promptly.

Mr. Izzo commented that in line with the acknowledgement of a potential conflict, he deferred to Counsel, and disclosed that Matanuska Electric Association (MEA) is the buyer of the power from the project. MEA is aware of the transition and has no concern. Additionally, MEA does not have a financial interest, other than the power that is produced. Mr. Izzo provided the disclosure and should there be a perceived conflict or material conflict, it could be addressed now.

Chair Koplin expressed appreciation to Mr. Izzo for the transparency. Chair Koplin indicated that he does not see a conflict. Chair Koplin asked Mr. Thayer if he has any comments. Mr. Thayer indicated that he is looking at Counsel for a response. Mr. Billingsley commented that he is just finding out this information and has not had an opportunity to fully review the information. However, at this point, he could not identify any issues.

Chair Koplin reiterated that he does not see a conflict related to Mr. Izzo's comments of transparency. There was no objection. There were no other comments or questions.

MOTION: A motion was made by Mr. Siedman to enter into executive session to discuss confidential financial matters related to the Willow Expansion PPF loan. This is supported

by the Open Meetings Act, AS44.62.310, which allows a Board to consider confidential matters in executive session. In this case, the matters entail confidential commercial and financial information, the disclosure of which would cause competitive harm. Motion seconded by Mr. Izzo.

A roll call was taken, and the motion to enter into executive session passed with Mr. Mathiasson offline and Ms. Miller recused.

i. EXECUTIVE SESSION: 9:39 am.

The Board reconvened its regular meeting at 10:01 am. Chair Koplin advised that there are two recusals for conflicts of interest, and one Board member is absent. The quorum of five was established. Chair Koplin advised that the Board did not take any formal action on the matters discussed while in Executive Session.

MOTION: A motion was made by Mr. Siedman to approve the conveyance of all ownership interests in AK Renewable Energy Partners LLC to Aleut Energy LLC, subject to the conditions listed in Exhibit A., which was presented as part of the Board packet, and B) authorize AEA's Executive Director to take all necessary actions to effectuate the conveyance and approved changes to PPF Loan Agreement #40901143, and related documents, provided such changes do not materially detriment the Authority or substantiate deviate from the current Loan Agreement. Motion seconded by Commissioner Crum.

Chair Koplin asked if Mr. Mathiasson has any comments or questions regarding the motion. Mr. Mathiasson indicated that he does not have any comments or questions at this time.

Commissioner Crum publicly thanked the staff for their due diligence on this matter. He appreciated staff's recommendation.

Mr. Siedman echoed Commissioner Crum's comments and recognized staff for providing the substantive information. There were no other comments or questions.

A roll call was taken, and the motion passed, with Ms. Miller recused and Mr. Izzo abstained.

Chair Koplin thanked AEG for making themselves available and attending today's meeting.

Ms. Miller returned to the meeting.

8. DIRECTOR COMMENTS

Mr. Thayer acknowledged that the Governor held the Sustainable Energy Conference in June. AEA was very involved in the conference participating in boards and panels, and Mr. Thayer gave an AEA presentation immediately prior to the luncheon keynote speaker. Mr. Thayer commended the

Governor for encouraging the attendance of the Secretary of Interior, the Secretary of Energy, and the EPA administrators to the conference. The conversations and sessions with these important representatives were very good.

Furthermore, Mr. Thayer reminded members that he attended the UAE's Sustainability Conference in Abu Dhabi with the Governor in January. He discussed that the United Arab Emirates (UAE) sent a delegation to the Governor's Sustainable Conference, and staff participated in those meetings. Staff has scheduled a call for this Monday morning with another group that wants to discuss investment opportunities in transmission or generation in Alaska. Mr. Thayer commented that the preliminary asset level of interest for infrastructure investment projects in Alaska is not in the millions of dollars, but rather up to $5 billion in investments. Mr. Thayer believes that the Governor's Sustainability Conference in 2026 will continue to grow in its success. He discussed that Andrew Jensen, Governor's Office, spearheaded and coordinated the conference, and continues to receive status updates, particularly from the American Ambassador to the UAE.

Mr. Thayer continued his comments noting that he advocated that NASEO hold their Western states meeting in Alaska. This occurred the week after the Sustainability Conference. The Governor participated in that meeting, and the attendance included 50 colleagues from the Western states. Mr. Thayer expressed appreciation to Brady Dixon, AEA Communications Director, for coordinating those efforts.

Mr. Thayer discussed that AEA submitted an application for UAE's Zayed Sustainability award. The prize is $1 million. Finalists will be announced this fall. AEA's team included Ms. Dixon, Tim Sandstrom, Jim Mendenhall, Chris McConnel, Josie Hartley and others. Mr. Thayer requested the Board's indulgence to play the two-minute summary video that was submitted as part of the application. There was no objection.

Chair Koplin commented that he participated in the Alaska Sustainable Energy Conference. He emphasized that AEA staff, particularly Mr. Thayer, and the Governor's Office, particularly Mr. Jensen, and others who organized the effort did a great job. Chair Koplin highlighted that this is the first time that three cabinet members visited Alaska at the same time. The cabinet members were able to tour the Arctic. Chair Koplin was able to spend much time with the Department of Energy's senior staff. They had a very successful visit, and left with a new first-hand appreciation for how solar, wind, logistics, fossil fuels, and development revolve around energy, and Alaska's unique challenges and opportunities.

Chair Koplin mentioned that he attended the recent meeting with Abu Dhabi representatives, AEA staff, and Mr. Thayer regarding the billion-dollar projects that AEA submitted after the Governor's January meeting. Chair Koplin noted that the Abu Dhabi representatives complemented AEA staff for their effective preparation of the prospective billion-dollar projects, with one representative indicating it was the best work product seen from a state office. They were very impressed that AEA staff produced this high-level work product in three months. Chair Koplin is hopeful for the opportunity of the Zayed Prize. That would be a noteworthy achievement for AEA.

Mr. Thayer provided additional context regarding the January UAE trip he attended with the

Governor's Office, during which they met with Dr. Sultan Al Jaber, a high-ranking gentleman and President of the Abu Dhabi National Oil Company (ADNOC). Mr. Thayer indicated that the news outlets have reported that ADNOC is purchasing Santos. Mr. Thayer commented that they are making investments. They have billions of dollars that they want to invest, and they want to make part of those investments in North Slope operations. AEA strives to capture those cascading investments. There were no other comments or questions.

A. Owned Assets Update:

i. Cook Inlet Power Link (CIPLink)

Josi Hartley, Project Manager, noted that this project is also known as the GRIP project. The conclusion of the first budget period was June 30, 2025. The project "Go / No Go" decision point between AEA and DOE was also at this time. On May 9, 2025, AEA submitted a formal recommendation to DOE in support of a "Go" decision for the CIPLink project. The recommendation was based on the preliminary design documents which confirm that the project can be completed on time and within the allotted budget. The DOE technical staff concurred with the recommendation and supported moving the project forward into the next budget period and work phase.

Ms. Hartley discussed that following that decision point, AEA received a data request from DOE. She explained background information leading up to the data request. The DOE Inspector General released a report highlighting that the Grid Deployment Office (GDO) lacked sufficient internal controls and oversight to oversee the GRIP program activities and recommended that DOE take action to make improvements to the program. That finding resulted in DOE issuing a formal request to 179 individual projects, including CIPLink. AEA staff prepared a comprehensive response package that included information about the proposed technology, the design documents, detailed schedule, three-statement financial model, economic, national security consideration narratives, Tribal impact statements, attestations from leadership, questionnaires from the Board, and a number other required detail. She thanked the Board for providing the questionnaires in a timely manner. Ms. Hartley indicated that the response package was due on June 16, 2025, and was delivered to DOE a couple of days early on June 13, 2025.

Ms. Hartley extended appreciation to everyone who participated in the effort to prioritize and ensure that the submission was timely. One follow-up question was received from the DOE Process Review Team on June 26, 2025 at 5:00 a.m. The requested turnaround time for the response was by close of business that same day. Despite the time challenge, staff was able to meet the same day deadline and provided the requested information. There have been no further questions or comments from the Process Review Team since, and staff is in a holding pattern awaiting further response regarding the submitted materials.

Ms. Hartley discussed that in addition to submitting the data request package, staff submitted the National Environmental Policy Act (NEPA) questionnaire to support the second budget period and the scope of work. DOE provided a categorical exclusion determination 10 days following the submission. Staff was happy with the determination, and hopes this is a signal for future NEPA assessments. Ms. Hartley explained that the first budget period for the grant ended June 30, 2025. The next budget period is expected to be two years; July 1, 2025 through June 30, 2027. During this period, the procurement process will begin, including supplier arrangements, productions slots for the cables and converters, engineering design studies, and environmental field work to support the NEPA application to be submitted.

Ms. Hartley reviewed that the expected cost over the next two years is approximately $62 million, which is reflective of the budget that was provided to DOE. A large portion of the budget is focused on securing the production slots for the cables and converters. Ms. Hartley indicated that the DOE Project Officer informed AEA this week that the continuation agreement for the next period will not be processed until the DOE Process Review Team has completed their review of the project. The timeline for that is still unknown, possibly a couple of weeks or more. Staff continues to work on the project in the meantime to remain on schedule.

Ms. Hartley gave an overview of the current financials. Approximately $1.1 million has been expended on the project to date. Staff is actively working to secure additional match funding to support the project. The main focus is with the Loan Programs Office (LPO). Conversations are ongoing regarding the collaborative, multi-step process to apply for an LPO project loan. Staff has secured $64.2 million to support the CIPLink project. This combined State funds and Bradley bonds. An additional $142.3 million is being sought to meet the match requirements. A detailed update and discussion regarding the financing plan are scheduled for August.

Ms. Miller commended Ms. Hartley and the team for completing and submitting the information requested, which is contained within a four-inch-thick binder. Ms. Miller believes the team provided a strong showing for Alaska to keep the project on good footing.

Mr. Siedman echoed Ms. Miller's comments, and extended his appreciation to staff for their efforts. He noted the similar agency staffing constraints around the whole country. Many employees in the program took the early buyout. Mr. Siedman commented that the GDO was not established under congressional authority, rather it is part of the Inflation Reduction Act (IRA). Whereas the Office of Energy Efficiency and Renewable Energy (EERE) was established under congressional authority. Mr. Siedman suggested the possibility of asking DOE to transfer some of these programs to a different department if issues persist.

Commissioner Crum expressed appreciation for the update. He likes the new name CIPLink. He directed his question to Mr. Thayer if it is anticipated there would be a budgetary request for this project next year. Mr. Thayer responded that discussion would occur in executive session. There was no objection.

Mr. Izzo extended thanks to Ms. Hartley and the team. He discussed his perspective as a Railbelt utility and the criticality of this project. The Railbelt is referenced as a grid in Alaska, but it does not qualify as a grid in the Lower 48. There are capacity constraints and challenges with fuel supply. This project facilitates increased efficiency with Bradley Lake and the expansion of Dixon Diversion. It is a clear effort in line with AEA's mission to lower the cost of energy for Alaskans. Mr. Izzo expressed that his appreciation is such that it is difficult for him to acknowledge in words.

Chair Koplin commented that the Board understands the accomplishment of staff through this project. He noted that meeting the federal timelines or exceeding the federal timelines provides an advantage for the project and shorter turnaround times for the project. The credibility of the agency and the responsiveness bodes well for this critical project, as well as building trust for future projects and funding. He thanked staff for their efforts. There were no other comments or questions.

ii. Dixon Diversion

Mr. Thayer announced that he and Mr. McLaughlin will travel to Bradley Lake tomorrow with about 15 guests, including Chugach Electric Association (CEA) Board members, Regulatory Commission of Alaska (RCA) commissioners, and legislators. There will be two planes.

Ryan McLaughlin, AEA Infrastructure Engineer, gave the update on the Dixon Diversion project. Mr. McLaughlin discussed that the design of the Dixon Diversion is advancing with the target of 30% design by January 2026. This is also the target date for submitting the Draft License Amendment Application (DLAA) to FERC. Most of the effort has been focused on the diversion dam and intake area to optimize the engineering constraints, including the National Wildlife Refuge boundary proximity, the amount of sediment to come through, and the elevation change between the inlet and outlet. Progress continues.

Mr. McLaughlin noted the first meeting of the Board of Consultants was held in February 2025. They are currently reviewing the scope of work for the Probable Maximum Flood (PMF) study. The next meeting of the Board of Consultants is scheduled in late October to review the design, the results of the PMF study, and the ongoing seismic study.

Mr. McLaughlin discussed that the Drilling Plan Program (DPP) was submitted to FERC. Comments have been returned. The work will occur in September. The holes will be through Bradley Lake dam and at the toe of Bradley Lake dam to evaluate the seismic stability of the dam. Monitors will be installed to monitor the phreatic surface within the dam as the water level changes. Additionally, core samples will be taken to verify the recorded rock type and gradation in the dam. These steps will inform the design for the dam raise.

Mr. McLaughlin reviewed that the hydrology work continues on the Martin River for both acquiring and monitoring discharge measurements. This data will inform and refine the energy estimates this winter. The project is in its second year of environmental studies that reflect the approved and posted Dixon Study Plan. The studies include aquatic, terrestrial, and cultural resources. The fish run studies in the Lower Martin River will help determine the minimum instream flow when the project is built. Mr. McLaughlin discussed that the DLAA will include a 14-foot pool raise. He noted that this design gives the flexibility to decrease the raise to seven-foot, if needed.

Mr. McLaughlin reiterated Mr. Thayer's previous comments that $4 million was received in FY26 funds from the State to continue the licensing work for Dixon Diversion. He is confident that this level of funding will extend through the draft and final license amendment application, and fund the engineering and environmental work for both this summer and next summer. In addition to the field trip that will occur tomorrow, a tour of Bradley Lake occurred with the FERC Commissioner Judy Chang. She was able to visit the Dixon Diversion project site and discussed the importance of the project within Alaska.

Mr. Siedman understands that the project is going to potentially add the significant amount of 190 gigawatt-hour (GWh) of energy to the Railbelt. He commented on the recent Reconciliation Bill, and his understanding that the Dixon Diversion does not necessarily qualify for the Investment Tax Credit (ITC). Given all of the background information and efforts by Alaska Senators, he asked if there is a way to potentially utilize the ITCs. Mr. Siedman gave an example of the potential financial impact discussing that one of the projects he worked on qualified for 30% ITC, 10% ITC for domestic content, and10% ITC for being an energy community. All of Alaska is considered an energy community. Mr. Siedman indicated that the total of 50% of the project cost was significant.

Mr. Thayer reviewed that the Bradley Lake Management Committee (BPMC) has discussed the projects at Bradley Lake. The dam raise and diversion is an amendment to the FERC license. There have been discussions regarding the possibility of increasing the generation during the license renewal process. Mr. Thayer believes that the initial cost to add additional generation was very expensive in excess of $300 million to $400 million, which is too big of a cost to take on, considering the current Dixon Diversion project, the CIPLink project, and others.

Mr. Thayer discussed that the way the bill is drafted, it is correct that the Dixon Diversion project does not qualify because the project does not increase generation, it increases storage. The nameplate capacity remains the same. However, there is language that the Secretary of Energy can help with the definition. Staff has spoken to the delegation regarding the possibility that the Secretary of Energy could include storage and the work that is occurring at Bradley Lake as part of the definition. Additional conversations would occur after the bill is passed.

Mr. Thayer reiterated that there is space and design for a third generator, however there would need to be significant work at the site at a significant expense for the process to occur now. Additionally, any generation work at this point would delay the diversion work that is ongoing. There were no other comments or questions.

iii. SQ and SS Line

Bill Price, AEA Senior Infrastructure Engineer, gave the update on the Sterling to Quartz Creek Substation (SQ) Line and Soldotna Substation to Sterling Substation (SS) Line upgrades. Mr. Price indicated that not much has changed since the memorandum included in the Board packet was delivered. In general, the SQ is on schedule. The Environmental Assessment (EA) will be discussed next week in a public meeting. If the schedule does not change, the SQ upgrade will go out to bid this fall and winter for materials, and construction will begin next winter.

Mr. Price indicated that the SS Line upgrades were supposed to occur this winter. However, the steel price came back very high, and no resolution has been reached. The Bradley Lake O&D Committee meeting will occur next Friday, and discussions will occur regarding value engineering cost savings, new bidders, and what can be done about the high prices from an engineering project management perspective. Additionally, there will be discussions if it is even possible to complete both the SQ Line upgrades and the SS Line upgrades next season. It would be a significant amount of work at the same time.

Mr. Price commented that it is possible that the SQ schedule could change, but those discussions have not been finalized. There were no comments or questions.

iv. Battle Creek Bond Subsidies from IRS

Mr. Thayer discussed that the memorandum in the packet regarding the Battle Creek Bond Series 7 debt service payments and IRS subsidies is for informational purposes. He explained that the New Clean Renewable Energy Bonds (NCREBS) rebate from the IRS is approximately $500,000 and is normally received in January and July. However, within the prior 18 months, the IRS process changed from issuing by ACH to issuing by paper check. During this change, a paper check was lost and returned, and a subsequent payment was delayed. These issues have continued. Mr. Thayer emphasized that Ms. Ellis and Mark Ziesmer have been pursuing the timely receipts and have engaged Senator Dan Sullivan. The NCREBS for January 2025 have not yet been received. Mr. Thayer discussed that the BPMC is aware of the situation and has agreed to use their R&C account funds for the bond payments. Those funds will be replaced when the NCREBS funding is received. Mr. Thayer reiterated this item is included to inform Board members of the status. There were no comments or questions.

B. Rural Programs

i. Power Cost Equalization (PCE) Endowment fund Update

Mr. Thayer explained that the information included in the PCE report is received from the Alaska Permanent Fund Corporation (APFC), who by statute, oversees the endowment. AEA has no involvement in the investments, but the funds are carried on the books. The average ending market value of the fund as of June 30, 2025 was $961 million. The earnings for the fund in the previous closed fiscal year was $68 million, which exceeds the PCE costs of $47 million. The next batch goes to community assistance in rural Alaska through Department of Commerce. If additional funding remains, it can be used for powerhouse and the Renewable Energy Fund. Mr. Thayer reiterated that this item is for informational purposes. There were no comments or questions.

C. Renewable Energy & Energy Efficiency Update:

Audrey Alstrom, AEA Director Alternative Energy, reviewed the Renewable Energy and Energy Efficiency (REEE) project list and update.

i. Electric Vehicles / NEVI

Mr. Thayer noted that at the time the report was drafted, the NEVI program was suspended. However, since June 27, 2025, parts of the NEVI program have been reinstated. Ms. Alstrom invited Ms. Hartley to provide the electric vehicle (EV) update. Ms. Hartley discussed there have been a number of developments to the NEVI program within the last week. A lawsuit was filed by 14 states to restore their NEVI funding, which claimed that the Trump Administration had violated provisions within the Impoundment Control Act. A federal judge issued a preliminary injunction that restored access and obligation to NEVI funds through the Federal Highway Administration (FHWA) to those 14 states that were party to the lawsuit. The Trump Administration has not appealed the decision. It is expected to move forward.

Ms. Hartley explained that the last update was that FHWA was planning to issue new program guidance in the spring, following the rescission of prior plan approvals. The new guidance is expected to form the State plans, which would then restore access to the funding. However, no guidance has been provided. The new update is that the proposed guidance has moved from FHWA US Department of Transportation (DOT) to OMB. Ms. Hartley indicated that she is unsure of how long OMB's review process will take. Once the review passes through OMB, it will be released to the public for a 30-day comment period, and then passed to states. The states will be required to issue a new NEVI plan.

Ms. Hartley discussed that the Government Accountability Office (GAO) issued a decision finding that the Trump Administration violated the provisions within the Impoundment Control Act, and constituted an unauthorized withholding of budget authority. This decision further pushes the Trump Administration to release access to the NEVI funds. Additionally, other relevant context includes the US DOT FY26 budget and the President's FY26 budget highlights show that the Trump Administration intends to cancel the FY26 NEVI funding, along with any unobligated balances from prior years, which would basically cancel all of Alaska's NEVI funding. However, staff received feedback from NASEO and American Association of State Highway and Transportation Officials (AASHTO) that those budget proposals reflect more of a wish list, since the funds were appropriated by Congress, and it would take an act of Congress to repeal the appropriation of those funds. Furthermore, being that the cancellation was not within the Reconciliation Bill, it likely would come through the Surface Transportation Bill. Again, sources within NASEO and AASHTO believe that scenario is unlikely due to the political friction it would cause.

Ms. Hartley summarized the comments that staff is more optimistic that the NEVI funding will be restored, and that staff will have an opportunity to propose a new plan to the Trump Administration to potentially move forward with some of the sites that have been planned over the last couple of years. There were no comments or questions for Ms. Hartley.

ii. Solar for All

Ms. Alstrom reported that AEA received $62 million for the Solar for All effort. The funding is split 50/50 with AEA and Alaska Housing Finance Corporation (AHFC). AEA's portion focuses on rural community solar and AHFC focuses on residential solar. AEA is also partnering with the Alaska Municipal League on outreach, and with Alaska Center for Energy and Power (ACEP) and National Renewable Energy Laboratory (NREL) for technical assistance. Since receiving the grant last year, approximately $500,000 has been expended.

Ms. Alstrom commented that there have been some questions and rumors regarding the possibility of the elimination of the Greenhouse Gas Reduction Fund and the Solar for All program by the passage of the Reconciliation Bill. However, speaking with the project officer at the Environmental Protection Agency (EPA) and with partners at NASEO, the current understanding is that the Solar for All funds were obligated, and like other obligated funds, they are safe to be expended toward the grant.

Ms. Alstrom explained that since last fall, staff has drafted and received approval of the revised workplan that basically removed all prior conditions on the grants. AEA has access to all the funds now. The stipulation is that the current phase is the planning phase, and then another revised workplan must be submitted to the EPA to inform them that all of the planning is complete and the plan is ready for the execution phase. AEA has until December to submit that revised workplan and await approval to move into the execution phase. Staff anticipates the revised workplan will be submitted significantly before the December deadline.

Ms. Alstrom reviewed that AEA has hosted numerous outreach activities, including a Railbelt utility meeting in support of AHFC's efforts on the residential solar aspects of the program. Additionally, AEA held a couple of Solar Advisory Panel meetings. The panel consists of members representing different organizations in rural Alaska to help develop the rural community solar efforts. Important feedback was provided on the selection process and how to best roll out the community solar portion of the program. Furthermore, AEA held a Solar Working Group meeting to provide updates to the public. There were no comments or questions.

iii. State Energy Program (SEP)

Ms. Alstrom discussed that the SEP funds are split 50/50 with AHFC. A no cost extension until this fall was received for funds that were not expended for a grant that expired in June. An application was submitted for the upcoming fiscal year's SEP annual formula funds. Ms. Alstrom noted that the SEP-BIL is moving forward, and the Energy Efficiency and Conservation Block Grant (EECBG) projects have been selected and are moving forward. AEA is awaiting DOE finalization of the Home Rebate applications submitted in January. Ms. Alstrom reiterated earlier comments that there has been changeover at DOE.

Ms. Alstrom highlighted that the Training Residential Energy Contractors (TREC) program in partnership with AHFC continues to move forward. There were no comments or questions.

iv. Biomass

Ms. Alstrom discussed that one of the Wood Innovations Grants has been completed and is being closed out. Its scope included feasibility studies in many communities, such as Dillingham, Cordova, Glennallen, Galena, and Elim. An additional Wood Innovations Grant is ongoing, providing a biomass training last fall, and a scheduled train-the-trainer session in August 2025. Ms. Alstrom indicated there are a few other biomass grant applications that were submitted to the United States Department of Agriculture (USDA) that are awaiting responses. There were no comments or questions.

D. Planning update:

i. Net Metering Pilot Program Update

Mr. Thayer announced that Han Zhang has joined the AEA Planning team as a project manager, and an additional project manager is expected to begin on December 21, 2025.

Conner Erickson, Planning Director, gave the update on the Net Metering Pilot Program. Mr. Erickson explained that the Net Metering Pilot Program is a government sponsored initiative with funds being received through the Governor's Office to stand up a pilot program with the intent to provide additional incentive payments to equalize net metering payments to current net metering members among the Railbelt utilities. This would provide a supplemental reimbursement rate that is equivalent to the full retail rate, versus the rate afforded under the current regulation. AEA is currently in the process of establishing the program. The utilities are apprised of the structure of the program and are providing comments. After the program design is confirmed, the program will launch in approximately three weeks. The program will be used to identify how AEA may promote net metering changes and net metering legislation in the future. There were no comments or questions.

ii. Renewable Energy Grant Fund Update

Mr. Thayer discussed that the information provided gives an overview of the closure of the REF Round 17, as discussed earlier, and the proposed timeline for REF Round 18. Mr. Erickson expressed appreciation for the support of the Legislature and the Governor for the $6.3 million allocated in the proposed budget to fund the top five recommended projects for the REF Round 17. He noted that the money was funded through a direct transfer from the PCE Endowment Fund and not via the waterfall effect. Mr. Erickson reiterated his thanks for the continuance and evidence of support of the program and its efficacy in developing and catalyzing renewable energy development across the state.

Mr. Erickson explained that preparations are underway and on schedule for the REF Round 18 Request for Applications (RFA) target date of this Monday. The application submission period will close on September 12, 2025. After which, the annual evaluation of the applications will begin. The recommendations will then be presented to the REF Advisory Committee (REFAC) for review.

The necessary deliverables will be provided to the Legislature as required under statue in January. There were no comments or questions.

E. Railbelt Transmission Organization (RTO) Update

Mr. Thayer commented that Karen Bell, RTO Program Manager, has spent a considerable amount of time and focus on the RTO for the last six months. He noted that Kelly Rajab is in attendance and is in her third week as a financial analyst.

Karen Bell, RTO Program Manager, discussed that the RTO met its statutory deadline and submitted its proposed Open Access Transmission Tariff (OATT) to the RCA on July 1, 2025. The tremendous effort included collaboration between AEA, all of the Railbelt utilities, and the Railbelt Reliability Council (RRC). Ms. Bell indicated there is still work to complete in the timeframe after the July 1, 2025 submittal. The RTO requested the RCA approve the terms and provisions in its tariff, as well as a formulaic approach and methodology to its annual transmission revenue requirement. The RTO is not asking for the rate to be effective at this time. Several activities need to occur at both the RTO level and the individual utility level, including the completion of studies, updating recent financial information, and coordinating the change in timing with the current tariffs. The proposed OATT that was submitted is open for public comments at the RCA until July 16, 2025.

Mr. Thayer recognized Mr. Izzo for being the Chair of the RTO since January. Mr. Thayer commented that he and Mr. Izzo have spent close to 100 hours in governance meetings since January, and that Ms. Bell has spent thousands of hours on this issue.

Ms. Miller expressed appreciation to Ms. Bell for the update. She commended and congratulated Ms. Bell and the team for establishing the RTO and submitting the OATT within the tight statutory timeline. Ms. Miller believes the RTO has launched with good credibility and feels that the Legislature will view this in a bright light. She reiterated her appreciation for the diligent effort in managing the numerous stakeholders.

Mr. Izzo echoed Ms. Miller's comments regarding AEA's fantastic efforts. He commented that had the Legislature not set the aggressive deadline, he does not believe the timeframe would have been the same. Mr. Izzo reiterated that thousands of collective hours were spent on meeting that deadline. He stated that this process was a proven reminder to him regarding the effectiveness of legislative and regulatory deadlines. There were no other comments or questions.

F. Canceled Funding Opportunity (OCED – ERA Concept Papers)

Mr. Thayer stated that the memorandum regarding the canceled DOE Office of Clean Energy Demonstration (OCED) submittals is for informational purposes. At the previous Board meeting, staff discussed that AEA expended effort and submitted the four listed applications, even though DOE was at the same time freezing funding for other programs. Since the previous meeting, AEA was notified that the four grant programs that AEA applied for were cancelled. Mr. Thayer reiterated that it was odd that DOE froze programs at the same time DOE was taking applications for other programs. There were no comments or questions.

G. Community Outreach

Mr. Thayer discussed that AEA continues to be engaged in the community through news, media, and meetings. Later today, AEA will host a tour of the Nelson Lagoon powerhouse that was built in Palmer. AEA contracts to have the powerhouses built. Before they are shipped to Nelson Lagoon, AEA invites the local media, Board members, legislators, Governor's Office, and the public to tour the powerhouse and to showcase the efforts locally. Today's tour will include approximately 12 people.

Mr. Thayer gave an anecdotal example of the importance of these local powerhouse tours. He noted that during a legislative session several years ago, all of the funding for the powerhouses got zeroed out. Mr. Thayer contacted the legislative Chair who requested an explanation of the funding request, whereby Mr. Thayer reminded her that she toured the open house for the powerhouse. She remembered the tour and restored the funding. The goal of the tours is to maintain the level of exposure for these projects. There were no comments or questions.

H. Articles of Interest

Mr. Thayer highlighted that the articles of interest are included in the Board packet.

I. Next Regularly Scheduled AEA Board Meeting – Thursday, October 30, 2025, 9:00 a.m.

Mr. Thayer reviewed that the next regular meeting is scheduled for October 30, 2025, during which time the audit will be discussed. Board members will receive the audit before the meeting. No findings are expected. There were no comments or questions.

J. Special Committee on Project Finance Options Meeting – August (exact date TBD)

Mr. Thayer noted that the Special Committee on Project Finance Options Meeting is scheduled for August 27, 2025 via Teams. Board members will be invited. The goal of the Special Committee is to examine the different financing options for both the Dixon Diversion project and the CIPLink project to narrow the choices to the best two or three alternatives. The Special Committee will also work with the BPMC and with the RTO to review the financing options. Mr. Thayer noted that the AEA Board is the ultimate decision-maker on these options. Staff will keep the Board apprised of the process and will provide modeling in order for the Board to deliver feedback to move the projects forward without delay. There were no comments or questions.

MOTION: A motion was made by Ms. Miller to enter into executive session to discuss confidential personnel matters and confidential information related to AEA strategic

planning. This is supported by the Open Meetings Act, AS44.62.310, which allows a Board to consider confidential matters in executive session. In this case, the Board believes that these are subjects which would have an adverse effect upon the finances of AEA, or are protected by law due to rules governing personal privacy, certain business information, and deliberative process. Motion seconded by Mr. Izzo.

Mr. Siedman requested a friendly amendment to add the discussion on the Renewable Energy Certificates as it impacts the finances of AEA. There was no objection to the friendly amendment.

A roll call was taken, and the motion to enter into executive session as stated including the friendly amendment passed unanimously.

9. EXECUTIVE SESSION – 11:04 am. Discuss confidential:

A. Personnel matters
B. Information related to AEA Strategic Planning
C. Renewable Energy Certificates (RECs)

The Board reconvened its regular meeting at 11:58 am. Ms. Miller advised that she would close out the meeting, as Chair Koplin had to catch a plane. Ms. Miller advised that the Board did not take any action while in Executive Session.

10. BOARD COMMENTS

Mr. Izzo commented on the great meeting. He commended Mr. Thayer and staff, particularly Ms. Hartley, Ms. Bell, Mr. Price, Mr. Erickson and others who provided excellent updates. He noted that staff seems to be effective and focused on addressing the significant challenges. Staff's efforts are noticed and appreciated.

Mr. Siedman echoed Mr. Izzo's comments. He reiterated appreciation to staff for their dedicated efforts on all of the projects, as well as additional efforts such as the Sustainability Conference.

Mr. Mathiasson echoed the comments of appreciation for the good meeting and good updates. He understands the amount of time staff has dedicated to successfully reaching the imposed time deadlines.

Ms. Miller noted that she was appointed for a one-year term, and her term expires on August 1, 2025. Ms. Miller announced her decision not to renew her term is due to personal reasons. She expressed that it has been an honor serving with the Board. Ms. Miller commented that AEA is a major bright spot for the State, providing hope to relieve the state's high energy costs. She believes Mr. Thayer has done a tremendous job leading the organization. Ms. Miller appreciates the format that staff report on their individual work items and receive recognition for their efforts. She enjoyed serving on the Personnel Committee and receiving feedback from the staff, who express their motivation for the mission of AEA. Ms. Miller commented it has been a pleasure serving on the Board. She commended the Board and AEA for their efforts.

11. ADJOURNMENT

There being no further business of the Board, the AEA meeting adjourned at 12:04 pm.

Clay Koplin, Chair

Curtis W. Thayer, Secretary