

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY

February 18, 2008

ACTION REQUIRED

AGENDA ITEM NO. X.H.

 Information Only
 X Motion
 Resolution
 Executive Session
 Other

TOPIC

Senate Bill No. 246 – To Establish Working Group to Analyze the Potential of Susitna Hydro Project

DISCUSSION

On Friday, February 8, 2008, Chair Vazquez was contacted by Senator Joe Thomas' staff and informed that the attached bill (Senate Bill 246) was introduced regarding the study of the Susitna Hydro project. They requested she testify in support of the bill on behalf of Chugach. Elizabeth did not commit to that and requested the bill be sent to her for review and distribution to the Board and Management.

This bill does not contain a monetary amount for the study and it is unclear who is in charge. Also, the time frame is one year shorter (than HB 336), the report of findings must be submitted "to the legislature not later than January 1, 2009."

In addition, the creation of a "working group" composed "of at least one representative" from 5 state Departments (Natural Resources, Environmental Conservation, Fish & Game, Labor and Workforce Development and Commerce, Community, and Economic Development) and the Alaska Energy Authority appears to be premature.

What is needed initially is a good request for proposals in order to obtain a top notch update of the previous studies.

MOTION

Move that the Board of Directors hereby support the effort to establish a working group to analyze the potential of Susitna Hydro project.

SENATE BILL NO. 246

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIFTH LEGISLATURE - SECOND SESSION

BY SENATORS THOMAS, Therriault. Wilken

Introduced: 1/19/08

Referred: Resources, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act establishing a working group to analyze the potential of a hydroelectric power**
2 **project on the Susitna River; and providing for an effective date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
5 to read:

6 **LEGISLATIVE FINDINGS.** The legislature finds that

7 (1) the high cost of energy in Alaska inhibits economic growth and is a rapidly
8 increasing burden to families in Alaska;

9 (2) combustion turbines in the Railbelt are over 30 years old and will need to
10 be replaced within the next 10 years at a cost between \$1,000,000,000 and \$2,500,000,000;

11 (3) the operational life of a hydroelectric project can exceed 100 years, while
12 power plants producing electricity from gas, oil, or coal need to be replaced or retrofitted
13 several times during that time period; and

14 (4) the operating and maintenance costs of renewable hydroelectric power are

1 stable and predictable in comparison to the operating and maintenance costs of power
2 generated from fossil fuels.

3 * **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to
4 read:

5 SUSITNA RIVER HYDROELECTRIC POWER ANALYSIS. (a) The governor shall
6 establish a working group to analyze the hydroelectric potential of the Susitna River.

7 (b) The working group established in (a) of this section shall consist of at least one
8 representative from each of the following:

9 (1) the Department of Natural Resources;

10 (2) the Department of Environmental Conservation;

11 (3) the Department of Fish and Game;

12 (4) the Alaska Energy Authority;

13 (5) the Department of Labor and Workforce Development; and

14 (6) the Department of Commerce, Community, and Economic Development.

15 (c) In conducting the analysis, the working group established in (a) of this section
16 shall consult with

17 (1) Railbelt electric utilities;

18 (2) Native corporations and other landowners in the affected area;

19 (3) Mat-Su Resource, Conservation, and Development Council, Inc.; and

20 (4) the Fairbanks Economic Development Corporation and the Anchorage

21 Economic Development Corporation.

22 (d) The working group established in (a) of this section shall prepare a report that
23 includes

24 (1) the projected midrange and long-range electric energy supply and demand
25 in the Railbelt;

26 (2) the appropriate size and design of a project to meet the energy needs of the
27 Railbelt;

28 (3) the type of transmission lines recommended for reliable delivery of power;

29 (4) the extent to which hydroelectric power could be substituted for power
30 generated using other fuels in the Railbelt, and the amount of other fuels that could be made
31 available to other regions of the state;

1 (5) a comparison of the construction, operation, and maintenance costs over
2 the life of the project to the costs of other power sources over the same time period;

3 (6) financing options;

4 (7) a comparison of emissions from hydroelectric power generation to
5 emissions from other methods of power generation;

6 (8) government permitting and licensing requirements for the project;

7 (9) the timeline for design, permitting, and construction of the project;

8 (10) the effect of the project on wildlife and land use;

9 (11) the number and types of direct and indirect jobs that would be created by
10 construction and operation of the project;

11 (12) the potential of power from the project to stimulate new industries and
12 economic activity; and

13 (13) a review of previous government studies of Susitna hydroelectric power.

14 (e) The governor shall submit a report of the findings of the working group and shall
15 make recommendations regarding construction of a Susitna hydroelectric project to the
16 legislature not later than January 1, 2009.

17 * **Sec. 3.** This Act is repealed February 1, 2009.

18 * **Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).