

**CHUGACH ELECTRIC ASSOCIATION, INC.**  
**Anchorage, Alaska**

**REGULAR BOARD OF DIRECTORS' MEETING**  
**AGENDA ITEM SUMMARY**

**August 25, 2010**

***~ REVISED ~***

**ACTION REQUIRED**

**AGENDA ITEM NO. XIV.B.**

       Information Only  
  X   Motion  
       Resolution  
       Executive Session  
       Other

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**TOPIC**

Whether to direct the Chief Executive Officer to attempt to negotiate mutually agreeable terms for a proposed Fire Island Wind Project Offtake Agreement with CIRI.

**DISCUSSION**

For at least the past five years, this Board has expressed its support for developing wind on Fire Island as a potential source of energy for Chugach in various resolutions and motions. In November 2008, the Chugach Board passed a resolution adopting our 90/10 to 10/90 energy strategy in which we pledged to get to 10/90 -- 10 percent natural gas, 90 percent alternative energy by 2020. The Board renewed its commitment to the strategy in a resolution passed this past February. Additionally, our 90/10 to 10/90 Energy Strategy expressly provides that one of our mid term (2010-2020) action items includes looking for opportunities to "add economic renewable/sustainable projects to the generation mix."

Because we have committed to finding the right mix of economic renewable energy to meet the great challenge that we face with our current over reliance on increasingly expensive natural gas, it is important that we consider all appropriate alternatives. Since Chugach is CIRI's largest potential customer, CIRI has the incentive to enter into an agreement that meets Chugach's needs to obtain economical sources of renewable resource based energy. Additionally, there are time constraints associated with a \$50 million federal grant that CIRI seeks to lower the cost of the project which in turn, could benefit our members. The Board should therefore direct the CEO to enter into negotiations with CIRI to determine whether an affordable and acceptable Offtake Agreement can be achieved. Directing the CEO to enter into such negotiations does not commit

the Board to approving an Agreement and would not prevent the CEO from ending negotiations at any time.

**MOTION**

Move that the Board of Directors authorize the Chief Executive Officer to attempt to negotiate with CIRI terms for a proposed agreement or agreements to purchase wind power, interconnect, and integrate such power to Chugach's system, that the CEO determines are acceptable to Chugach, recognizing that any such agreements would be subject to Board approval and that it be defensible before the Regulatory Commission of Alaska.