

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

OPERATIONS COMMITTEE MEETING
AGENDA ITEM SUMMARY

January 14, 2009

ACTION REQUIRED

AGENDA ITEM NO. XV.

Information Only
 Motion
 Resolution
 Executive Session
 Other

TOPIC

Renewable Energy Committee Proposal for Renewable Energy Policy - Economic Model

DISCUSSION

The Chugach Electric Association Board of Directors created the Renewable Energy Committee (REC) by resolution in August 2006. Following the initial appointment of members, the REC has been meeting regularly to formulate advice and recommendations related to renewable energy and energy efficiency and conservation policy matters in accordance with its mandate.

The REC recommends that the Chugach Electric Association Board of Directors enhance the utility integrated resource planning by valuing benefits not presently considered when evaluating generation supply alternatives. This enhancement will clarify existing Board policy to use integrated resource planning precepts in utility planning activities and will also promote the evaluation of different generation supply alternatives on the basis of a level playing field.

MOTION

Move that the Operations Committee recommend the Board of Directors to adopt Board Policy No. 136, requiring additional economic criteria when evaluating the economic benefits of various generation alternatives in utility generation planning.

Goal

Establish a renewable energy policy for Chugach Electric Association (Chugach).

Objective

To accomplish this goal it is necessary to enhance the modeling standards employed for determination of "cost effectiveness."

The model shall assign economic value to benefits not presently internalized when evaluating generation supply options.

Content

Therefore,

Chugach shall assign and explain economic values for the following benefits of different power-

To accomplish this goal it is necessary to enhance the modeling standards employed for determination of "cost effectiveness." The model shall assign economic value to benefits not presently internalized when evaluating generation supply options.

II. Content

Chugach shall assign and explain economic values for the following benefits of power generation options:

- Greater security through energy-supply diversification.
- Planning certainty provided by level pricing over time.
- Smoothing effect against fuel price volatility.
- Hedge against fuel price increases.
- Least-cost determined by life-cycle accounting, including decommissioning.
 - Avoided-cost of carbon emissions.
- Carbon-credit sales.
- Capacity additions calculated through statistical averaging, negative load, and peak-shouldering.

III. Responsibility

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