



PRESS RELEASE

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FOR IMMEDIATE RELEASE

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AEA Board Approves Bonding for Transmission Upgrades and Battery Storage

Projects represent the largest investment in Bradley Lake since its construction more than 30 years ago

(Anchorage) – Today, the Alaska Energy Authority (AEA) Board of Directors unanimously approved an estimated \$175 million in bond financing to improve the efficiency and capacity of power from the Bradley Lake Hydroelectric Project. The bonding by AEA, in partnership with the Railbelt utilities, will be at no additional cost to ratepayers and with no burden on the State treasury. Closing of the bond transaction is expected to take place on or before December 2, 2022.

The bond proceeds will be used solely to pay for transmission line upgrades and battery energy storage systems that will reduce the constraints on the Railbelt grid by improving the Kenai Peninsula's transmission capacity to export power from Bradley Lake, while also allowing for the integration of additional renewable energy generation. Funding for the projects is coming from the excess payments made by the five Railbelt utilities after the Bradley Lake bonds were paid off. These projects include:

- Upgrade Transmission Line between Bradley Lake and Soldotna Substation
- Upgrade Transmission Line between Soldotna Substation and Sterling Substation
- Upgrade Transmission Line between Sterling Substation and Quartz Creek Substation
- Battery Energy Storage Systems for Grid Stabilization

The "Railbelt" refers to the interconnected electric grid that stretches approximately 700 miles from Fairbanks through Anchorage to the Kenai Peninsula. About 70 percent of Alaska's population is served by the Railbelt electric system. Four member-owned electric cooperatives and one city utility sell power to Railbelt customers. The Railbelt's energy systems have undergone significant change since they went into service more than 40 years ago. Over this period, loads have increased, transmission assets have aged, and greenhouse gases have become an increasingly important factor. In addition, cost-saving power sales between utilities

have increased, demanding more of the system, and soon, regional integrated resource planning will increase the benefits of sharing power throughout the region.

Owned by AEA, Bradley Lake is an important generating plant on the Railbelt and the largest hydroelectric plant in Alaska. Located approximately 27 miles northeast of Homer on the Kenai Peninsula, the 120-megawatt facility generates 10 percent of the total annual electrical energy used by Railbelt electric utilities and provides some of the lowest-cost power in the state to about 550,000 Alaskans from Homer to Fairbanks.

Bradley Lake is managed by the Bradley Lake Project Management Committee, which is comprised of a representative from each of the five Railbelt utilities and AEA. Each utility has paid a portion of the annual debt service on the original bonds since Bradley Lake was completed. The bonds were paid off in 2021 and under the Power Sales Agreement; the Railbelt utilities continue to make annual payments until 2050. These funds are now available to be used for upgrades related to the Bradley Lake project. The Department of Law has determined that the proposed transmission upgrades are required project work that benefits Bradley Lake and Railbelt ratepayers.

The Railbelt utilities are Chugach Electric Association (Chugach), Golden Valley Electric Association (GVEA), Homer Electric Association (HEA), Matanuska Electric Association (MEA), and the City of Seward.

The Alaska Energy Authority is a public corporation of the state. Its mission is to reduce the cost of energy in Alaska.

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For quotes and contact information, see below.

Perspectives:

Office of Governor Mike Dunleavy (Contact: Jeff Turner, (907) 310-4961)

"Today's announcement is a leap forward in the state's effort to modernize and diversify the Railbelt energy portfolio," **said Governor Mike Dunleavy.** "For consumers and businesses, the investment will lead to a more reliable power grid, carrying more electricity from a wider variety of sustainable energy sources like solar, wind, hydro, tidal, and hydrogen power. A more reliable grid will power growth in Alaska's economy and make us more energy independent."

Alaska Energy Authority (Contact: Brandy M. Dixon, (907) 771-3078)

"The AEA Board of Directors has become increasingly focused on grid resiliency since the Swan Lake Fire damaged 39 miles of transmission lines between Sterling and Cooper Landing on the Kenai Peninsula, which took four months to bring the line back into service costing an estimated \$12 million to Railbelt utility ratepayers," **said AEA Board Chair Dana Pruhs.**

"Upgrading this line represents one of the largest investments since Bradley Lake was constructed and reinforces AEA's commitment to ensuring access to safe, reliable, and affordable energy for all Alaskans."

Alaska Energy Authority (Contact: Brandy M. Dixon, (907) 771-3078)

"Governor Dunleavy charged AEA and the utilities to develop a plan to increase the reliability and resiliency of the Railbelt corridor. With this bonding approval, these transmission upgrades and battery storage can now be realized and benefit consumers through cost sharing, better cost alignment, increased reliability, and allow for additional new renewable projects to come online," **said AEA Executive Director Curtis W. Thayer.**

Chugach Electric Association (Contact: Julie Hasquet, (907) 717-9619)

"We are pleased to see this important funding move forward," **said Chugach CEO Arthur Miller.** "The projects that this funding supports will provide decades of benefit to Alaskans throughout the Railbelt. Improvements in transmission and energy storage infrastructure increases reliability and resiliency of the grid, creates operational efficiencies, supports the advancement of renewable generation, and allows us to continue providing affordable, reliable power to our members."

Golden Valley Electric Association (Contact: Meadow Bailey, (907) 451-5676)

"We thank AEA's Board of Directors for approving the bond package to finance the Bradley Lake Hydroelectric Required Project Work. The electricity produced from Bradley Lake is low cost, carbon free energy that benefits all Railbelt members. For Golden Valley Electric Association members, and all Railbelt communities, access to reliable, affordable energy is essential for economic viability. The Required Project Work will assist in ensuring that the benefits of the Bradley Lake Hydroelectric project continue to be received well into the future," **said GVEA CEO John Burns.**

Homer Electric Association (Contact: Keriann Baker, (907) 235-3302)

"Homer Electric Association continues to work with the state and the Railbelt utilities to secure funds necessary to modernize Alaska's aging transmission system and expand battery storage. Without the incorporation of batteries into transmission, we will quickly get to a point where we will not be able to meet our clean energy generation goals without new sources of system regulation. These upgrades are necessary to diversify our generation assets," **said HEA General Manager Brad Janorschke.**

Matanuska Electric Association (Contact: Julie Estey, (907) 355-4447)

"MEA joins the other Railbelt utilities in a shared vision to transform our electric system into a robust and resilient grid that fosters energy security and a diverse energy mix," **said MEA CEO Tony Izzo**. "We appreciate the leadership and commitment of the Governor and the Alaska Energy Authority in supporting these critical system upgrades as an investment in Alaska's future."

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