

January 17, 2023

The Honorable Gary Stevens
President of the Senate
Alaska State Legislature
State Capitol Room 103
Juneau, AK 99801

Speaker of the House
c/o Chief Clerk of the House
Alaska State Legislature
Thomas Stewart Building, Room 202
Juneau, AK 99801

Dear Senate President Stevens and Speaker of the House,

As required by Alaska Statute 44.83.085, the Alaska Energy Authority (AEA) provides an update to the Legislature on the status of the Susitna-Watana Hydroelectric Project each year.

On December 26, 2014, Administrative Order (AO) 271 issued by then Governor Walker, sent the Project to abeyance and all discretionary spending came to an end by the close of calendar year 2017. AEA closed out the project yet preserved the value of the State of Alaska's investment and maintained the public value of the data collected through careful, thorough archiving. The Federal Energy Regulatory Commission's (FERC) updated Study Plan Determination (SPD) provides the State with certainty on what is needed for a complete FERC license application if the project is restarted.

With its SPD, FERC reaffirmed the scope of studies necessary for determining impact assessment and developing protection, mitigation, and enhancement measures. FERC validated the quality and integrity of work completed to date. To the extent which the project proposal does not change baseline conditions, FERC ruled AEA would not need to repeat the already-completed Integrated Licensing Process steps. If restarted, FERC may require additional scoping and/or modifications to the approved SPD.

The current status of the project is as follows:

- **Engineering** - The completed engineering feasibility report contains the information necessary for a license application and demonstrates the project is technically feasible.
- **Economics** - The benefit-cost and economic impact analysis concluded that if constructed, the project would generate billions of dollars in energy savings for the Railbelt and would provide significant long-term benefit to the economy.
- **Financing** - AEA investigated various financing models, some of which resulted in an estimated \$0.066/kilowatt hour SO-year average real price in 2014 dollars.
- **Licensing** - AEA is approximately two-thirds into the Integrated Licensing Process. Had the project not been shut down following FERC's issuance of the updated SPD in June 2017, the next steps would have been the implementation of the second study season, followed by preparation of final reports and a license application.

On February 22, 2019, Governor Dunleavy issued AO No. 309 rescinding, amongst others, AO No. 271, which resulted in the removal of the fiscal restraint previously ordered. This order has not changed the status of the project. .

As part of AEA's continuous and ongoing operational work in furtherance of its mission to "*reduce the cost of energy in Alaska*", AEA worked this past year to re-evaluate the necessary transfer of State selected lands within the Su-Wa area. This effort, although related to impacted lands in the Project area, was, and is, being pursued as part of a larger statewide effort to expedite conveyance of state-selected lands throughout the state. Other than this purely administrative function, AEA has spent no state funds on the development of the Su-Wa project since the issuance of AO No. 309 in 2019.

AEA is proud of the work completed to advance the Susitna-Watana Hydroelectric Project. The project would result in approximately 70% of the power generated in the railbelt originating from renewable sources, up from the current 15%, a nearly four-fold increase. The effort has yielded significant benefits in terms of knowledge produced and shared, and an understanding of this resource potential to offer stable, low-cost power to Alaskans over the 100-year life of the project upon completion.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read 'Curtis W. Thayer', with a long horizontal flourish extending to the right.

Curtis W. Thayer
Executive Director

Cc: Alaska Energy Authority Board
Alaska State Legislature