PRESS RELEASE
Brandy M. Dixon
Communications Director
(907) 771-3078

FOR IMMEDIATE RELEASE
December 15, 2021

AEA Statement on Governor Dunleavy's Budget Proposal for Fiscal Year 2023

(Anchorage) – Today, Governor Mike Dunleavy unveiled his proposed budget for the next fiscal year. The Alaska Energy Authority (AEA) is pleased that significant investments in energy for Alaska are expected and that increased support for alternative and renewable energy technologies is also planned.

"The Governor's proposed budget includes several opportunities to upgrade Alaska's energy infrastructure, improve energy efficiency, and make other timely investments in rural and urban communities — all of which contribute to providing affordable, reliable energy for Alaskans," **said AEA Board Chair Dana Pruhs**.

"This investment reflects the Administration's commitment to AEA's mission to reduce the cost of energy in Alaska," **said AEA Executive Director Curtis W. Thayer**. "The Governor's proposed budget provides the support we need to optimize the state's existing energy infrastructure while we simultaneously grow the state's investment in renewable energy technologies."

The Governor's proposed budget:

- Fully funds the **Power Cost Equalization (PCE)** program, which provides economic assistance to communities and residents of rural electric utilities where the cost of electricity can be three to five times higher than for customers in more urban areas of the state. AEA, along with the Regulatory Commission of Alaska, administers the program that serves 82,000 Alaskans in 192 communities that are primarily reliant on diesel for power generation.

- Provides $1.5 million for **Electric Vehicle (EV) Infrastructure** to complete the development of a statewide EV fast-charging network along the National Highway System corridors, including the Marine Highway, that will meet the Federal Alternative Fuel Corridor criteria of stations located every 50 miles. For Alaska to be eligible to receive its $50 million apportionments of EV Program funds from the Infrastructure Investment and Jobs Act, AEA will develop the required plan for disbursement through interagency coordination, consultation with the utilities, and stakeholder input. The installation of EV charging infrastructure resolves a critical barrier to EV market adoption (range anxiety) and informs utility planning regarding grid impacts and ratemaking.

813 W Northern Lights Blvd, Anchorage, AK 99503 • **Phone** (907) 771-3000 • **Fax:** (907) 771-3044 • **Email:** info@akenergyauthority.org

- Invests $2.5 million in a **Strategic Plan for Railbelt Assets** focused on reducing the constraints on power transmission throughout the Railbelt Grid. The plan will address 1) improved coordination between utilities and other stakeholders to mitigate cost increases on the Railbelt; 2) leveraging private investment and identifying Public-Private Partnership opportunities; 3) un-constraining power transmission from the lowest-cost power source (the AEA-owned Bradley Lake hydro project) through existing and planned power pooling agreements; 4) a reliable and resilient transmission system consistent with transmission planning standards; and 5) creating a consistent interconnection standard for the introduction of renewables into the Bulk Power System.

- Authorizes $10 million for the **Rural Power System Upgrades (RPSU)** program, which can be leveraged with $10 million in federal funds for a total investment of $20 million to upgrade powerhouse systems in rural Alaska. The RPSU program helps keep essential infrastructure in rural communities operational. This funding will advance the replacement of inefficient, aged mechanical systems with new gensets and electronic controls to ensure that lower carbon emissions are achieved and power systems meet standards for safety, reliability, and environmental protection.

- Proposes $5.5 million for the **Bulk Fuel Upgrades (BFU)** program, which can be leveraged with $7.5 million of federal and other funds, enabling a total investment of $13 million for upgrading bulk fuel tank farm facilities across rural Alaska. Bulk fuel facilities decrease the per-unit cost of fuel by allowing a community to purchase fuel in larger quantities. Upgrading these facilities reduces the cost of energy by reducing or eliminating fuel loss from leaks, spills, or catastrophic failure. Communities preliminarily identified for upgrades include Venetie, Scammon Bay, Shungnak, and Ewok.

- Supports $15 million for the **Renewable Energy Fund** (REF) program, which provides grant funding, subject to Legislative approval, incentivizing the development of qualifying and competitively selected renewable energy projects. Established in 2008, the program to date has awarded 244 grants totaling $275 million. Over 95 operating projects have been built with REF and matching funds. REF is now in its 14th Round and anticipates new applications in January 2022.

As we embark on this budget process, we look forward to continuing to work with the Governor and Legislature to achieve a budget that prioritizes the pursuit of low-cost and reliable energy.

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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