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AEA, Railbelt Utilities Unveil More Than \$200 Million in Transmission Upgrades
Projects will modernize Alaska's largest electric grid and allow for more renewable energy



(Anchorage) – On Wednesday, May 25, during the Alaska Sustainable Energy Conference the Alaska Energy Authority (AEA) and the Railbelt utilities announced plans to spend more than \$200 million on transmission line upgrades. These enhancements will reduce line losses, increase capacity, and improve the delivery of power from the Bradley Lake Hydroelectric Project (Bradley Lake) to Railbelt consumers. These projects will be the initial phase of some of the most significant improvements to the Railbelt electrical grid in Alaska's history. Funding for the projects is coming from payments by the five Railbelt utilities in excess of those required to retire the Bradley Lake project bonds. These projects include:

- Upgrade to Transmission Line between Bradley Junction and Soldotna Substation
- Upgrade to Transmission Line between Soldotna Substation and Sterling Substation
- Upgrade to 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 municipal 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 has increased, demanding more of the system, and soon, regional integrated resource planning will increase the benefits of sharing power throughout the region. The case for transmission upgrades has never been stronger. A resilient Railbelt transmission system is achievable and necessary to allow for better use of Bradley Lake's potential and the integration of renewable energy projects.

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. Owing to the successful completion of the Battle Creek Diversion in 2020, AEA and its partners are now studying the Dixon Diversion, which would divert water from Dixon Glacier and increase the annual energy production of Bradley Lake by almost 50 percent.

Bradley Lake is managed by the Bradley Lake Project Management Committee (BPMC), which is comprised of a representative from each of the five Railbelt utilities and AEA. The BPMC has identified a source to fund these projects at no additional cost to ratepayers and with no burden on the State treasury. 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.

These transmission projects 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. In addition to the needed physical upgrades of the Railbelt grid infrastructure, these planned projects are anticipated to provide jobs and other economic development opportunities from the Kenai Peninsula to Fairbanks.

The Railbelt utilities are Chugach Electric Association, Golden Valley Electric Association, Homer Electric Association, Matanuska Electric Association, and Seward Electric System.

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 page three.

Perspectives:

Office of Governor Mike Dunleavy (Contact: Patty Sullivan, (907) 744-7757)

"With this historic upgrade to transmission lines, the Railbelt utilities and AEA are ushering in a new energy future in Alaska," **said Alaska Governor Mike Dunleavy.** "By improving the Railbelt's transmission capacity, more of the power from the Bradley Lake Hydroelectric Project — the lowest cost energy in the state — will power Alaskan's homes and businesses from Homer to Fairbanks. The upgrades are preparing the grid for the coming sustainable energy sources of tidal, geothermal, solar, more hydro, solar, wind and hydrogen. All the investment is with the goal of making Alaska energy independent."

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

"Early in his administration, Governor Dunleavy met with AEA and the utilities and asked them to develop a plan to increase the reliability and resiliency of the Railbelt corridor. Working together this is the cornerstone of those efforts to achieve a more resilient system driven by low or zero-carbon energy that supports a strong economy," **said AEA Executive Director Curtis W. Thayer.**

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

"As the largest electric utility in Alaska, these investments come at a critical time for our members. These projects increase the value of Bradley Lake to all consumers in the Railbelt from both a cost and reliability perspective, and support the advancement of renewable generation for decades to come," **said Chugach Acting CEO Arthur Miller.**

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

"Golden Valley Electric Association members are positioned at the northern end of the Alaska Intertie and pay some of the highest rates on the Railbelt," **said Golden Valley Electric Association CEO John Burns.** "For GVEA members, and the economic viability of the Interior communities we serve, reliable access to lower-cost energy is vital. These upgrades provide resiliency and increase capacity to energy from southcentral, including hydro and additional renewables, and will assist GVEA as we transition to cleaner energy sources in the future."

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

"Under the leadership of AEA and this administration, the Railbelt utilities are proud that their collective efforts resulted in securing millions of dollars to provide badly needed upgrades to an aging transmission system. These upgrades will provide increased reliability without raising the rates of Homer Electric Association, Inc.'s (HEA) members. HEA is committed to continuing to seek additional opportunities to multiply these successes with its Railbelt partners," **said HEA General Manager Brad Janorschke.**

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

"MEA is proud to be part of this collaboration to secure essential transmission upgrades, free from negative cost impacts, for our members and the entire region", said Tony Izzo, CEO of Matanuska Electric Association and Chair of the Bradley Project Management Committee

(BPMC). 'These upgrades are critical to maximize the benefit of our existing renewable energy investments and provide opportunities for further development as we seek to diversify our energy mix,' said **MEA CEO and BPMC Chair Tony Izzo**.

Seward Electric System (Contact: Rob Montgomery, (907) 224-4071)

"With approximately 2,900 meters, Seward Electric System is much smaller than those of the other Railbelt utilities but that doesn't make these transmission projects any less important for the City. We rely on wholesale power from the Railbelt to serve our customers, so these project upgrades will directly impact both our service reliability and the amount of lower-cost electricity available to us. Completing projects of this magnitude — and at no additional cost to ratepayers — will most certainly transform the Railbelt's energy future," said **Seward Electric System General Manager Rob Montgomery**.

