



RESOLUTION NO. 12-008

**RESOLUTION SUPPORTING ESTABLISHMENT OF A RAILBELT
INTERCONNECTED TRANSMISSION CORRIDOR AND ENERGY SUPPLY IMPROVEMENT
PROJECTS**

WHEREAS, affordable and reliable electric power is critical to social well-being and economic growth in Alaska, and,

WHEREAS, to be viable and effective and promote economic growth, the “Roads to Resources” initiative must include energy and communications corridors; and,

WHEREAS, significant changes with respect to electric power generation and delivery are underway in the Railbelt, and over the past decade the economics of Railbelt energy have changed significantly with the drawdown of the Cook Inlet Gas fields, the resulting rapid escalation of natural gas pricing and the coincident rise in world oil prices; and,

WHEREAS, the Alaska Energy Authority has evaluated the reliability and efficiency of the Railbelt generation and transmission system through the Railbelt Electric Grid Authority Study and the Alaska Railbelt Regional Integrated Resource Plan and has identified improvements in system operations, generation, transmission and fuel supply to create an electrical system that includes a robust transmission network, an updated efficient generation portfolio and integration of renewable and diversified energy sources; and,

WHEREAS, the Watana Hydroelectric Project will significantly increase the economic and reliable operation of the Railbelt system; and,

WHEREAS, the transmission of energy and capacity from the points of the Watana Hydroelectric Project delivery to end users will require the transmission improvements identified by the AEA studies and these improvements will maintain electric power reliability and provide for cost effective transfer of power; and,

WHEREAS, these energy related changes have been accompanied by significant investment in new generation and natural gas storage by the Railbelt utilities currently totaling nearly \$1 billion dollars; and,

WHEREAS, making these system improvements requires State financial assistance; and,

WHEREAS, ARCTEC will only support projects which represent a value investment for the State of Alaska, the general public and the membership of ARCTEC; and further, projects which demonstrate actual economic and reliability benefits to all these stakeholders; and,

WHEREAS, the fuel supply for energy production in the Railbelt remains uncertain; and,

WHEREAS, the output of the Bradley Lake Project has been constrained since construction and the changes required in the Railbelt will increase this constraint to an unacceptable level, requiring the use of costly and scarce fossil fuels; and,

WHEREAS, the transmission system in the Railbelt is inadequate to reliably provide electric service to the public, potentially resulting in significant economic disruption and cost;

NOW, THEREFORE, BE IT RESOLVED, the Alaska Railbelt Cooperative Transmission & Electric Company's (ARCTEC) Board of Directors supports and presents the resolutions presented below. These resolutions address:

- An analysis to determine general project efficacy
 - The need for an immediate evaluation and recommendation of a way forward in the development of secure and cost effective fuel supplies for the Cook Inlet and Fairbanks regions;
 - The development of a firm access- backbone transmission system interconnecting all state owned or funded energy assets within the Railbelt and all of the major load and generation areas of the Railbelt; and further, providing for reliable, non-discriminatory open-access transmission capacity to all qualified energy and capacity providers; and lastly, the establishment of a Railbelt Transmission Operator to plan, finance and operate and maintain this Railbelt Interconnected Transmission system;
 - Removal of constraints on the Bradley Lake Hydroelectric Project to make the Project more efficient, by reducing losses and increasing the transfer capacity of the transmission system between The Project and the participants;
 - Full integration of the Eklutna Hydroelectric Project and the Eklutna Gas Generation project into the Railbelt Grid by construction of the Eklutna, Fossil Creek and Lake Lorraine substations and the Lorraine to Douglas transmission system;
 - Firm transmission access for Fairbanks utilities to Cook Inlet energy sources which will help to relieve the energy price crisis in the Fairbanks area and further provide southern utilities firm access to future northern area energy resources.
 - The continued funding and construction of the Bradley Lake Battle Creek diversion project.
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JANET REISER
CHAIR


EVAN J. GRIFFITH
CHIEF EXECUTIVE OFFICER

ATTEST:



JANET KINCAID
SECRETARY