AHFC Energy Assurances/Smart Grid Resiliency Program **FY2011 Request: $262,000**
Reference No: 49587

AP/AL: Appropriation
Project Type: Energy
Category: To be determined
Location: Statewide
Contact: Les Campbell
House District: Statewide (HD 1-40)
Contact Phone: (907)330-8356
Estimated Project Dates: 07/01/2010 - 06/30/2015

Brief Summary and Statement of Need:
Energy Assurances/Smart Grid Resiliency Program (EA/SGR) utilizing United States Department of Energy (US DOE) Federal American Recovery and Reinvestment Act of 2009 (ARRA) Receipts. Funding for this program has been approved by the US DOE and is available for distribution following approval of the initial program plan. This program will be managed by the Regulatory Commission of Alaska (RCA). Funding will be passed through AHFC to the RCA.

Funding:	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	Total
Fed ARRA	$262,000						$262,000
Total:	$262,000	$0	$0	$0	$0	$0	$262,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
This a new project.

Project Description/Justification:

Energy Assurances/Smart Grid Resiliency Program utilizing US DOE Federal ARRA Receipts. Funding for this program has been approved by the US DOE and is available for distribution following approval of the initial program plan. This program will be managed by the Regulatory Commission of Alaska (RCA).

The State of Alaska has a population of 686,293 served by 125 electric utilities, the majority of which are not interconnected and serve small populations in rural locations that are not accessible by roads. Alaska does not share an electrical interconnection with any other state or any foreign country.

Approximately 65% of Alaska's residents live along the Alaska Railbelt (Railbelt) corridor, which includes stretches from the Interior of Alaska (Fairbanks) through South Central Alaska (Anchorage) and into the Kenai Peninsula (Homer). There are four military installations interconnected with the Railbelt. The Railbelt is served by seven interconnected electric utilities, most of which are cooperatives or municipalities. Two private distributors provide natural gas servicing many of the residents within the Railbelt and to the electric utilities. Currently, 64% of the installed electrical generation in the Railbelt uses natural gas for fuel. In 2007, over 70% of the power generated in the

Railbelt came from natural gas. All of the natural gas used for electric generation and heating in the Railbelt comes from Alaska's Cook Inlet.

The objectives of this project are to develop a Railbelt Energy Assurance Plan that will accomplish the following objectives:

- Strengthen and expand state energy assurance planning and resiliency efforts by identifying and investigating likely emergency scenarios and incorporating response actions.
- Enhance cooperation among Railbelt utilities and fuel suppliers in an emergency.
- Build in-house State energy assurance expertise useful in the Railbelt and other areas of Alaska.
- Identify weak links in the Railbelt energy delivery system and educate and inform state and federal legislators and key leaders that develop and influence state energy policies and funding.
- Guide and inform the preparation of new contractual relationships between Railbelt fuel suppliers and utilities, upon the expiration of the existing contracts, to ensure a higher level of cooperation and coordination in the wake of a system-wide.
- Support the local economy by hiring Alaskan consultants to formulate the energy assurance plan.

The RCA proposes to undertake the following activities under this initiative:

- Identify and involve key stakeholders in the Railbelt energy supply and delivery chain.
- Assess the current state of emergency preparation and identify the likely sources of disruption.
- Develop a new Energy Assurance Plan for the Railbelt.
- Develop and initiate a process for tracking the duration, response, restoration and recovery time of energy supply disruption events.
- Conduct at least one intrastate energy emergency exercise.
- Identify weak links in the Railbelt energy delivery system.
- Create in-house expertise at the State level on energy assurance planning and resiliency.
- Recommend revisions to State policies, procedures and practices to as necessary.

The proposed project will provide immediate benefits to over 65% of Alaska's population by improving the resiliency and reliability of their energy delivery system. The knowledge and experience gained in this process can be used in the future development of energy assurance plans for the many isolated communities in Alaska.

All seven Railbelt electric utilities and both natural gas utilities are anticipated to participate along with fuel suppliers, and federal, state, and local government representatives.

AHFC does not expect to have much administrative expenses related to this program; however, if needed Corporate Receipts will support AHFC's administrative expenses related to this program. These funds are Federal ARRA from the US DOE. No General Funds will be used.