

AP/AL: Appropriation **Project Type:** Energy
Category: Development
Location: Statewide **House District:** Statewide (HD 1 - 40)
Impact House District: Statewide (HD 1 - 40) **Contact:** Curtis W. Thayer
Estimated Project Dates: 07/01/2025 - 06/30/2030 **Contact Phone:** (907)771-3000

Brief Summary and Statement of Need:

The project is estimated to cost \$342 million and is anticipated to be funded through revenue bonds backed by Railbelt utilities. Operations could begin as soon as 2030, conditioned on the timely funding of the remaining initial phases. The AEA has been working on preliminary geological, environmental, and engineering studies on the Dixon Diversion project. This project will increase the energy available from Bradley Lake Hydro by about 50 percent; Bradley power is some of the lowest cost energy available on the Railbelt today. Additional funds are required to complete the engineering design, permitting, and geological studies in order to obtain the required FERC license, and support a completed project by 2030.

Funding:	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>	<u>Total</u>
1004 Gen Fund	\$6,500,000						\$6,500,000
Total:	\$6,500,000	\$0	\$0	\$0	\$0	\$0	\$6,500,000

<input type="checkbox"/> State Match Required	<input checked="" type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input type="checkbox"/> Ongoing
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	0
Totals:	0	0

Prior Funding History / Additional Information:

Sec7 Ch7 SLA2024 P56 L1 SB187 \$1,379,000
 Sec14 Ch1 SLA2023 P83 L11 HB39 \$5,000,000

Project Description/Justification:

The Bradley Lake Hydroelectric Project, completed in 1991, is a 120-megawatt (MW) facility that generates about 10 percent of the total annual power used by Railbelt electric utilities and provides some of the lowest-cost power to more than 550,000 Alaskans and “electrifies” 54,000 homes. Following the successful completion of the West Fork Upper Battle Creek Diversion Project in 2020, the Dixon Diversion Project (Project) would be the 3rd largest renewable energy project in Alaska (largest in last 30 years).

The Alaska Energy Authority (AEA), in partnership with the Railbelt utilities, has filed a preliminary license amendment with the Federal Energy Regulatory Commission (FERC) as an initial step in pursuing the project, to be followed by a Draft License and Final License application.

**Alaska Energy Authority - Dixon Diversion - Bradley Lake
Hydro Power**

**FY2026 Request: \$6,500,000
Reference No: 65125**

The project has broad support among all Railbelt utilities. Along with displacing natural gas demand, the project will enhance Alaska's energy security by directly increasing overall renewable generation, indirectly enable additional non-firm renewable energy to be developed, displace natural gas, improve resilience to fuel price fluctuations and supply side disruptions, and lower long-term cost of energy.

Once licensed, the project will be shovel ready. Geotechnical studies in 2024 verified tunnel geology. Environmental studies in 2024 verified the impact will be minimal and will not adversely affect fish returns. In 2025, the AEA will complete geotechnical drilling investigation and other engineering and environmental studies required by the FERC license process.

Once construction is funded, the project could be completed as soon as 2030 and while estimated construction costs have been affected by inflation, design efforts have also reduced cost, netting no significant change in construction cost from last year. Construction is estimated at \$342 million. The project construction is anticipated to be funded through revenue bonds and possible federal tax credits due to expire in 2032.