

ALASKA STATE LEGISLATURE

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Co-Chair

Senate Resources Committee

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Senate Judiciary Committee

SENATOR LESIL MCGUIRE

Annual Royalty Due Under the SB 243 for the Proposed Mt. Spur Geothermal Project

The following was prepared based on the numbers provided by ORMAT, Inc. to the Senate Resources Committee.

Assumptions:

1. 50 Megawatt Geothermal Project
2. 95% Capacity factor
3. \$130 per Megawatt/Hour

At the 1.75% rate for the first 10 years:

- $50 \text{ MW} \times 8760 \text{ hrs/yr} \times 95\% \text{ CF} \times \$130 \text{ MW/hr} \times 1.75\% = \$946,627.50$ annually

At the 3.5% rate (effective in perpetuity after the first 10 years):

- $50 \text{ MW} \times 8760 \text{ hrs/yr} \times 95\% \text{ CF} \times \$130 \text{ MW/hr} \times 3.5\% = \$1,893,255$ annually

*It is important to note that if the Mt. Spur project is developed by a private entity as proposed, the corporation would also be subject to Alaska's corporate income tax.

Prepared by: Michael Pawlowski, Aide to Senator McGuire