

From: Peter Crimp
To: Weston Eiler (Weston_Eiler@legis.state.ak.us)
Cc: Sara Fisher-Goad
Subject: Assessment of projected REF savings

Attached is a spreadsheet that gives projected average annual energy production, fossil fuel displacement, and savings for 63 construction projects funded by the Alaska Renewable Energy Fund (REF) program. Five additional construction projects are funded by the program, but are not presented because they are not yet scheduled for completion. (See the REF program Status Report at http://www.akenergyauthority.org/re-fund-5/4_Program_Update/StatusReport2012.pdf for additional information). Notes at the bottom of the chart explain how the information was compiled.

This information follows up a 2-4-12 report (attached) that AEA provided to the Senate Finance Committee that provided a preliminary assessment of performance of projects with 12 months of operation during 2011. The current deliverable includes all projects scheduled for construction. Since only a subset of the projects have representative operational data, future performance is projected based on the original economic analyses performed by contracted economists under coordination of ISER with modifications by AEA given additional information that became available after the projects were analyzed.

Net Savings are estimated as Fuel Savings minus O&M costs. Payback time in years is estimated based on total or REF Funding quantity divided by net savings.

Results:

1. Average net savings per year for the round 1-4 projects is estimated at \$35.3 million/yr. Given a total installed cost of \$358 million, payback time for all projects is 10 years.
2. Project life is greater than total project cost payback time for 58 of the 63 projects. This indicates that most projects are economic, whether or not they are subsidized by the REF program.
3. Project life is greater than REF grant payback time for 60 of the 63 projects.

Please contact me if I can answer any questions on this analysis.

Sincerely,
Peter Crimp
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