

# ***GVEA is Always Looking for Lower Cost Energy***

## ***GVEA continues to support the Interior Energy Project***

GVEA continues to be committed to the Interior Energy Project (IEP) and is excited about the recent announcements by IGU and AIDEA regarding progress that is being made on the Project. GVEA's commitment to use a significant portion of IEP's summer gas supply provides a substantial benefit to the project which we are hopeful will become a reality in the not too distant future. In the interim, until gas arrives in Interior Alaska, GVEA continues to pursue every opportunity it can to reduce fuel costs.



A year ago GVEA entered into a long term fuel supply contract with Petro Star Inc. (PSI) for naphtha fuel which is produced at PSI's North Pole Refinery and piped directly to GVEA's North Pole Expansion Power Plant. That contract dropped GVEA's naphtha fuel costs by 10%. Even better news is the fact that Petro Star recently expanded its North Pole Refinery facilities so that it can now produce a lighter naphtha fuel blend specifically designed for GVEA. This new fuel blend will reduce GVEA's fuel costs at its North Pole Power Plant by an additional 25% to 30% - the net result of which means millions of dollars in savings for GVEA members each year for the 12-year contract term. The partnership between GVEA and PSI not only provides significant savings to GVEA's members, it also supports the Interior's only refinery and has helped to generate local activity and create local jobs.

**ACTION YOU CAN TAKE:** In January 2017 Petro Star began purchasing Royalty In Kind (RIK) crude oil from the State of Alaska under a one-year agreement. A four-year agreement continuing the purchase of RIK has been presented to both the House and Senate for approval under House Bill 70 and Senate Bill 30. Both bills have been referred to the Resources and then Finance Committees for hearing in their respective houses.

**GVEA urges legislators to approve the four-year agreement for the sale of RIK to Petro Star, because it will benefit Petro Star, the State and Alaskan fuel consumers, including GVEA and our 35,000 Interior Alaska members. Purchasing RIK reduces Petro Star's costs. More significant is the fact that the Dept. of Revenue estimates that passage of HB 70 and SB 30, which would enable the State to enter into a four-year contract with Petro Star, will generate \$22 - 27 million for the State. Passage of HB 70 and SB 30 is truly a win-win for all.**

GVEA also continues to have a contract with BP Alaska for as much as 23 BCF of gas annually from the North Slope. GVEA has offered to make this gas supply available to the Interior Energy Project (or to anyone else) that might choose to deliver gas from the North Slope to Interior Alaska



[Blog.gvea.com](http://Blog.gvea.com)

[Facebook.com/GoldenValleyElectric](https://Facebook.com/GoldenValleyElectric)

[YouTube.com/GoldenValleyElectric](https://YouTube.com/GoldenValleyElectric)

***APA Legislative  
Conference  
February 1, 2017***

***Cory Borgeson***

President & CEO

(907) 458-5866

[cborgeson@gvea.com](mailto:cborgeson@gvea.com)

[www.gvea.com](http://www.gvea.com)