

ALASKA ENERGY AUTHORITY

# AEA EXECUTIVE ORDER 128 OVERVIEW

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Executive Director

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Senate State Affairs Committee  
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# About AEA

**AEA's mission is to reduce the cost of energy in Alaska. To achieve this mission, AEA strives to diversify Alaska's energy portfolio — increasing resiliency, reliability, and redundancy.**



**Railbelt Energy** – AEA owns the Bradley Lake Hydroelectric Project, the Alaska Intertie, and the Sterling to Quartz Creek Transmission Line — all of which benefit Railbelt consumers by reducing the cost of power.



**Renewable Energy and Energy Efficiency** – AEA provides funding, technical assistance, and analysis on alternative energy technologies to benefit Alaskans. These include biomass, hydro, solar, wind, and others.



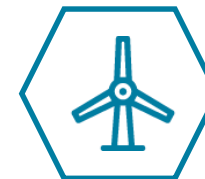
**Power Cost Equalization (PCE)** – PCE reduces the cost of electricity in rural Alaska for residential customers and community facilities, which helps ensure the sustainability of centralized power.



**Grants and Loans** – AEA provides loans to local utilities, local governments, and independent power producers for the construction or upgrade of power generation and other energy facilities.



























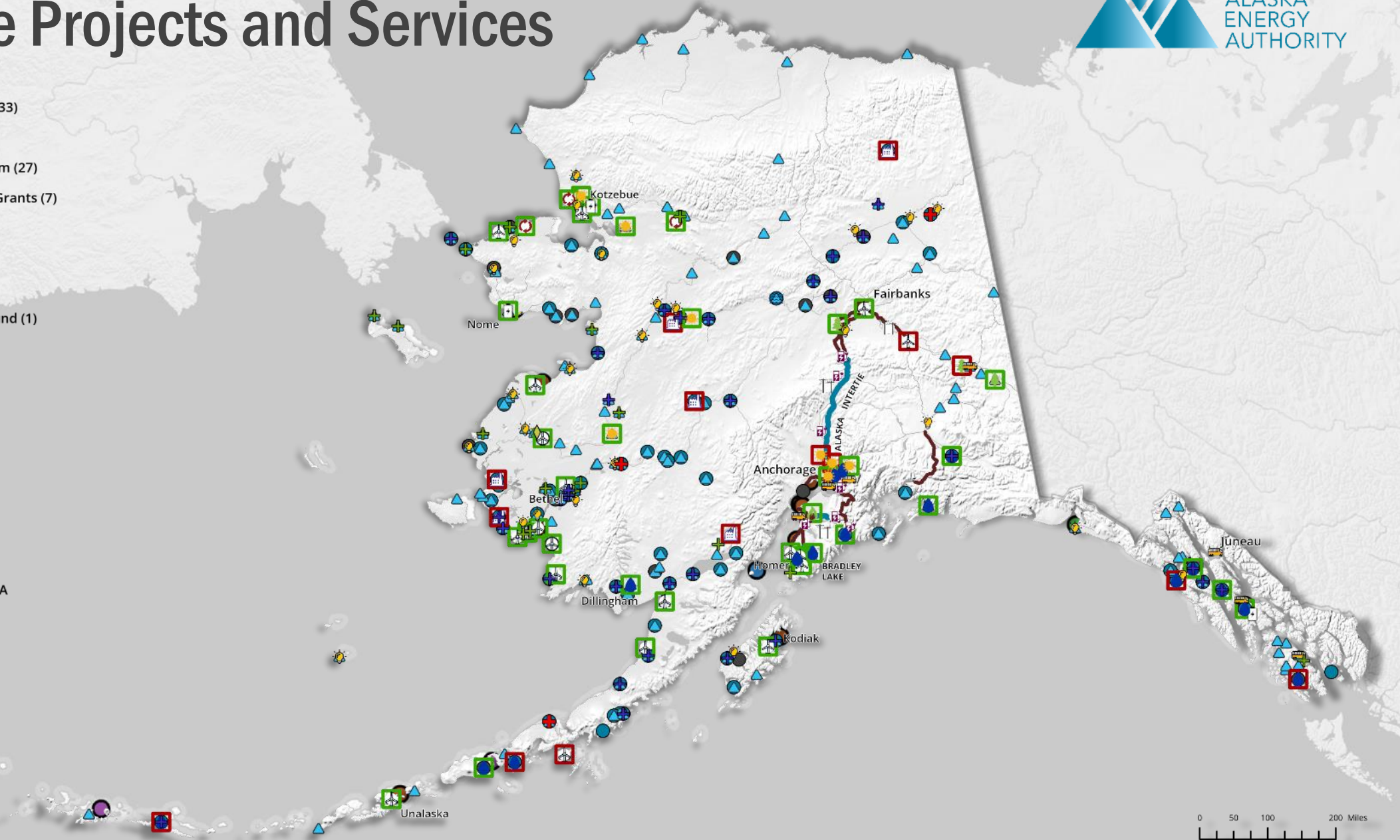
**Rural Energy** – AEA constructs bulk fuel tank farms, diesel powerhouses, and electrical distribution grids in rural villages. AEA supports the operation of these facilities through circuit rider and emergency response programs.



**Energy Planning** – In collaboration with local and regional partners, AEA provides economic and engineering analysis to plan the development of cost-effective energy infrastructure.

# AEA Active Projects and Services

-  Rural Power System Upgrades (33)
-  Bulk Fuel Upgrades (25)
-  Village Energy Efficiency Program (27)
-  Volkswagen Diesel Settlement Grants (7)
-  Biogas (1)
-  Biomass (4)
-  Diesel (6)
-  Emerging Energy Technology Fund (1)
-  Electric Vehicles (9)
-  Heat Recovery (3)
-  Hydroelectric (18)
-  Hydrokinetic (1)
-  Solar (8)
-  Storage (3)
-  Transmission (3)
-  Wind (21)
-  Transmission Line owned by AEA
-  Other Transmission Line
-  Power Project Fund (16)
-  Renewable Energy Fund (44)
-  PCE Communities (193)
-  Emergency Assistance (3)
-  Circuit Rider Assistance (93)
-  Utility Training (81)





# Executive Order 128: The “Why”

***“As governor, I find that it is in the best interests of efficient administration to separate the membership of the board of directors of the Alaska Energy Authority from the membership of the board of directors of the Alaska Industrial Development and Export Authority.” — EO 128***

- **Historical:** From 1976 until 1993, AEA was governed by its own board of directors.
- **Distinct Purpose:** The underlying purposes of AIDEA and AEA **are fundamentally different**. AEA’s mission is to reduce the cost of energy in Alaska. Whereas, AIDEA’s mission is to provide various means of financing to promote economic growth and diversity.
- **Unique Mission:** In addition to the lowering the cost of energy in Alaska, AEA works to diversify Alaska’s energy portfolio, and increase resiliency, reliability, and redundancy — **and our mission is growing**.
- **Exponential Growth:** AEA’s capital budget has increased over **1,000%** in the last four years.
- **Distinct Expertise:** A distinctive set of skills and expertise is required for optimal governance. It is common and appropriate for a single-purpose entity to have a **governing board made up of experts** in the topic area.
- **Staffing:** AEA has 68 PCNs (20 IJA PCNs pending); AIDEA has 31 PCNs; and Shared Services 15 PCNs.

# New AEA Board Makeup

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As proposed in the [Governor's EO 128](#), **AEA's board membership makeup** would include:

- (1) the **commissioner of commerce, community, and economic development**
- (2) six public members appointed by the governor as follows:
  - (A) one member with expertise or experience in **managing or operating an electric utility that is not connected to an interconnected electric energy transmission network**, as that term is defined in AS 42.05.790;
  - (B) one member with expertise or experience in developing energy projects in **rural communities**;
  - (C) one member with expertise or experience in **managing or operating an electric utility connected to an interconnected electric energy transmission network**, as that term is defined in AS 42.05.790;
  - (D) one member with **financial expertise in large-scale energy project development**; and
  - (E) two members with expertise or experience in **finance, energy policy, energy technology, engineering, law, or economics**.

# AEA's Exponential Growth

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- AEA has received — **and anticipates a substantial increase in** — federal funding from the Infrastructure Investment and Jobs Act (IIJA) and others, over the next several years.
- **Pipeline of federal funding:**
  - **\$84 million** awarded (Energy Efficiency Conservation Block Grant, Department of Defense Grant, State Energy Planning Grant, National Electric Vehicle Infrastructure grant, and Grid Resilience 40101(d) Grant)
  - **\$573.5 million** conditionally awarded (Grid Resilience and Innovation Partnerships, Energy Efficiency Reconciliation Loan Capitalization Program, and Home Efficiency and Appliance Rebates)
  - **\$104 million** competitive applications pending decision (solar for all, wood innovations grant, and energy future grant, and high-energy cost grant)
- Availability of **tax incentives for clean energy projects** and **direct pay reimbursement available for tax exempt entities for the first time.**
- In addition to **AEA's netbook value of \$1.3 billion**, several **large projects** are underway:
  - **\$413 million** to build an undersea High Voltage Direct Current from the Kenai Peninsula to Anchorage
  - **\$342 million** for the Dixon Diversion project (Estimated to offset 1.5 billion cubic feet of natural gas per year in Railbelt power generation)
  - **\$90 million** for Railbelt transmission upgrades

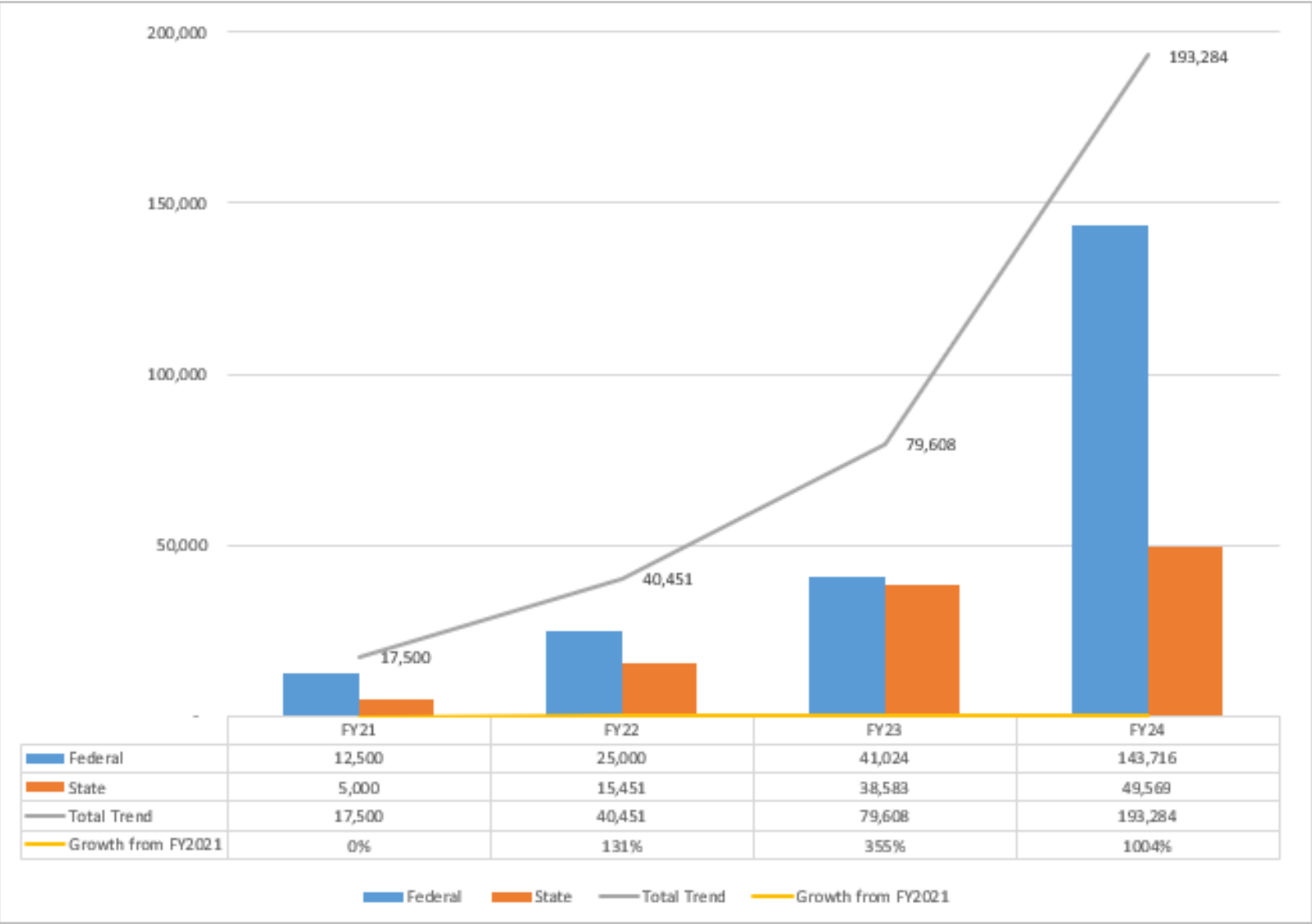
# AEA's Statutory Programs

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- **Alaska Energy Security Task Force:** Development of the Governor's Alaska Energy Security Task Force Report submitted in December 2023.
  
- **New federal funding diversifies AEA's existing statutory programs and projects portfolio including:**
  - **Rural Power System Upgrades and Bulk Fuel Upgrades:** AEA continues to manage legacy funding for critical rural energy projects and training programs in partnership with the Denali Commission.
  - **Renewable Energy Fund:** AEA also manages this competitive grant program, and has received legislative funding for the last three consecutive fiscal years (over \$37 million).
  - **Alaska Intertie:** AEA-owned transmission asset that saves Interior ratepayers nearly \$40 million annually.
  - **Bradley Lake Hydroelectric Project:** AEA-owned generation asset that provides 10% of Railbelt's energy.
    - **Required Project Work** is anticipated to utilize the bond proceeds from the \$166 million bond issuance, which are being planned, and will progress in the next several years (transmission and BESS).
    - New federal funds for **transmission, grid resiliency, and other power projects** may be leveraged by the bond funds to advance energy projects and reduce the cost of energy in the state.
  - **Power Cost Equalization:** AEA manages this annual ~\$45 million program vital for rural Alaskans.
  - **Renewable Energy and Energy Efficiency Programs:** To promote Alaska's clean energy sector, AEA manages biomass, hydro, solar, and wind programs and projects across the state.

# Total Capital Appropriations FY2021 to FY2024 (in thousands)





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