



March 5, 2025

Sent Via E-mail: Senator.Cathy.Giessel@akleg.gov

The Honorable Cathy Giessel
Chair, Senate Resources Committee
State Capitol Room 205
Juneau, AK 99801

RE: Letter of Support for SB 114

Dear Chair Giessel:

Golden Valley Electric Association, Inc. (GVEA) wishes to express its support for Senate Bill No. 114 (SB 114) recently introduced by Senator Cronk, and co-sponsored by Senator Myers. A key legislative priority for GVEA this session is natural gas. GVEA supports measures to ensure short-term certainty for importing LNG to Cook Inlet and supports state efforts to assess the feasibility of a gasline connecting the North Slope with the Railbelt, provided a spur to Fairbanks is included. SB 114 aligns with this priority. Through SB 114, a direct spur would be enshrined in statute, leaving no doubt as to the Legislature's intent on this crucial issue. GVEA appreciates the leadership and commitment of Senators Cronk and Myers to ensure that in the event that an in-state natural gas pipeline is realized in Alaska, a direct spur line is provided to the City of Fairbanks and the greater Fairbanks North Star Borough (FNSB). GVEA respectfully requests the Senate Resources Committee's consideration and ultimate approval of this legislation.

As a lifelong Alaskan, you are well aware of the significant energy challenges facing our state due to a looming shortfall in the supply of natural gas from Cook Inlet. These shortfalls have widespread impacts, including to Interior Alaska residents. We are working collaboratively with other Railbelt and natural gas entities to explore gas supply alternatives that could provide system-wide benefits to Railbelt residents and businesses. While we acknowledge that importing LNG to Cook Inlet is the most feasible means to meet gas demand requirements in the short term, an in-state natural gas pipeline remains an ideal solution that if realized would be transformative to the energy and economic future of Alaska.

In December 2023, the Alaska Energy Security Task Force established by Governor Dunleavy released its final report and set of recommendations. Among the strategies endorsed was to "encourage and coordinate the diversification of Railbelt generation assets through projects and

policy that provide opportunities to maximize energy cost savings.” That same report supported certain projects being worked through feasibility “such that a ‘go/no-go’ decision can be made.” Amongst these projects was an in-state natural gas pipeline, stating that “the Alaska LNG project has the potential to open vast quantities of trapped North Slope natural gas for uses across *interior* and south-central Alaska.”

However, without a direct spur, Interior Alaska is left “in the cold”. As significant as the benefits may be to Alaska should an in-state natural gas pipeline come to fruition, those benefits are somewhat inconsequential if an urban center like Fairbanks, and over 100,000 Interior Alaska residents, including four critical military installations, are completely bypassed. Absent this legislation, in order to realize the potential benefits of a direct spur, Interior Alaska residents would be required to absorb millions, directly impacting GVEA ratepayers. The physical infrastructure of the Railbelt electric system, and the intangible connectedness of GVEA with other electric and natural gas utilities through various working groups, shows that we are not isolated from the Cook Inlet gas shortfall. As GVEA recently shared to a meeting of the House Energy Committee, GVEA expects to generate less than one percent of its power from natural gas sources in 2025. Two years ago, GVEA generated 15% of its power from natural gas. When a portion of GVEA’s generation fleet is now offline for annual maintenance, reliance on more expensive fuel oil is high. These cost increases from the lack of natural gas come at a time when GVEA’s cost of power remains the highest amongst the Railbelt electric utilities and already impacts residents and businesses in the communities we serve. Our obligation is to advocate for solutions that will bring direct, tangible, benefits. An in-state natural gas pipeline, without a direct spur, runs counter to that commitment. Assuming SB 114 moves forward, GVEA requests that the Alaska Gasline Development Corporation (AGDC) and Glenfarne work with utilities within the FNSB to establish the most beneficial route for the spur, taking into consideration the existing infrastructure supporting the energy needs of the Interior. Currently, both GVEA and the Interior Alaska Natural Gas Utility have the majority of critical assets that would be impacted by an LNG pipeline within the City of North Pole.

GVEA is hopeful that efforts by AGDC and Glenfarne on a front-end engineering design study are successful and will yield positive momentum in making the project a reality. SB 114 sends a strong signal to private and public entities involved in the AKLNG discussions that Interior Alaska must no longer be a bystander, or secondary beneficiary of the project. GVEA appreciates Senators Cronk and Myers for bringing this piece of legislation forward and thanks you and other members of the committee for your time and consideration.

Sincerely,



Travis R. Million
President & CEO

Cc: Senator Mike Cronk
Senator Robert Myers