

Impact of SB243 on Geothermal Development in Alaska

Paul Thomsen

Director of Policy and Business Development

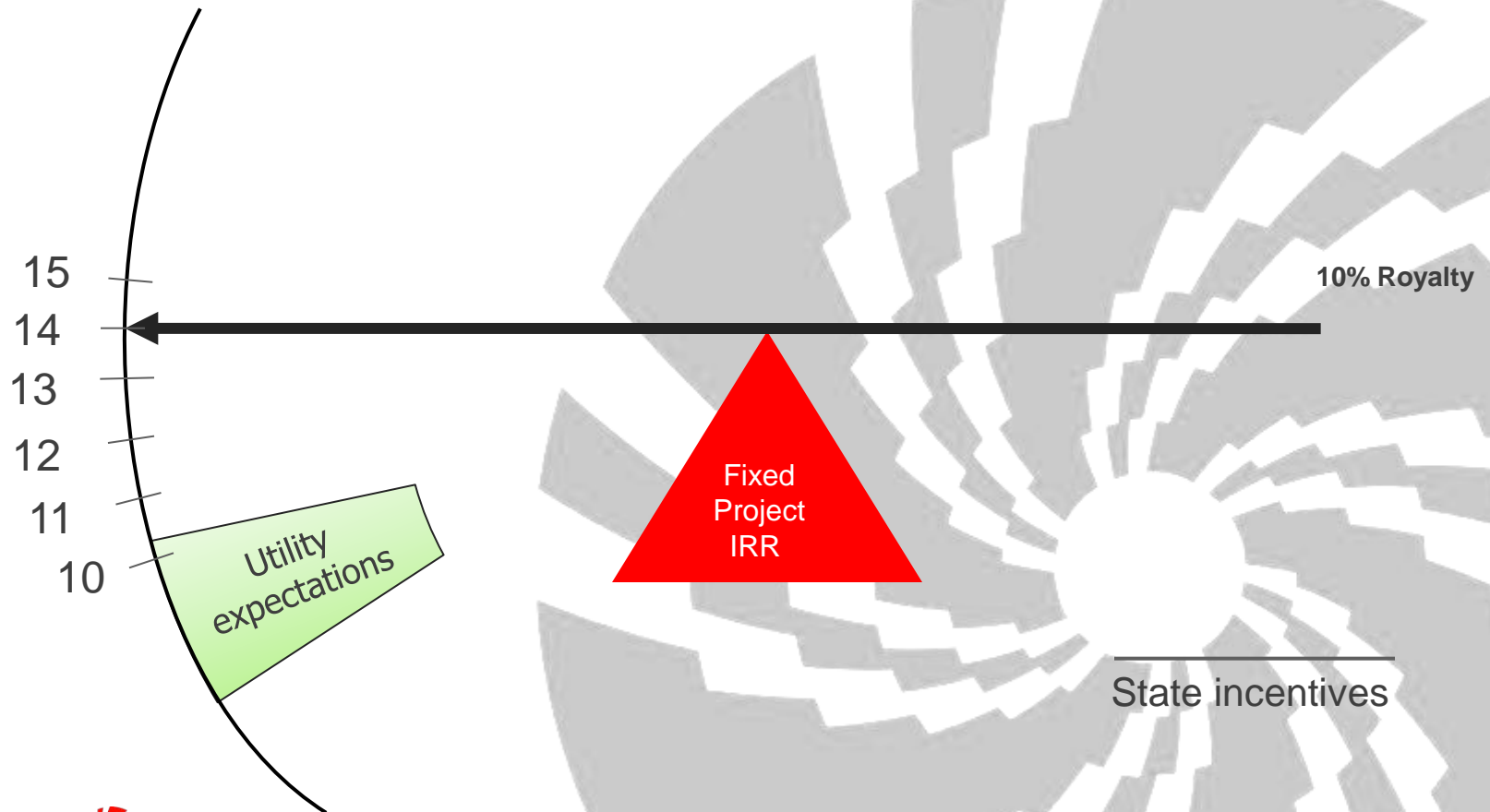
Ormat Technologies, Inc



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Estimated Power Price, Current Conditions

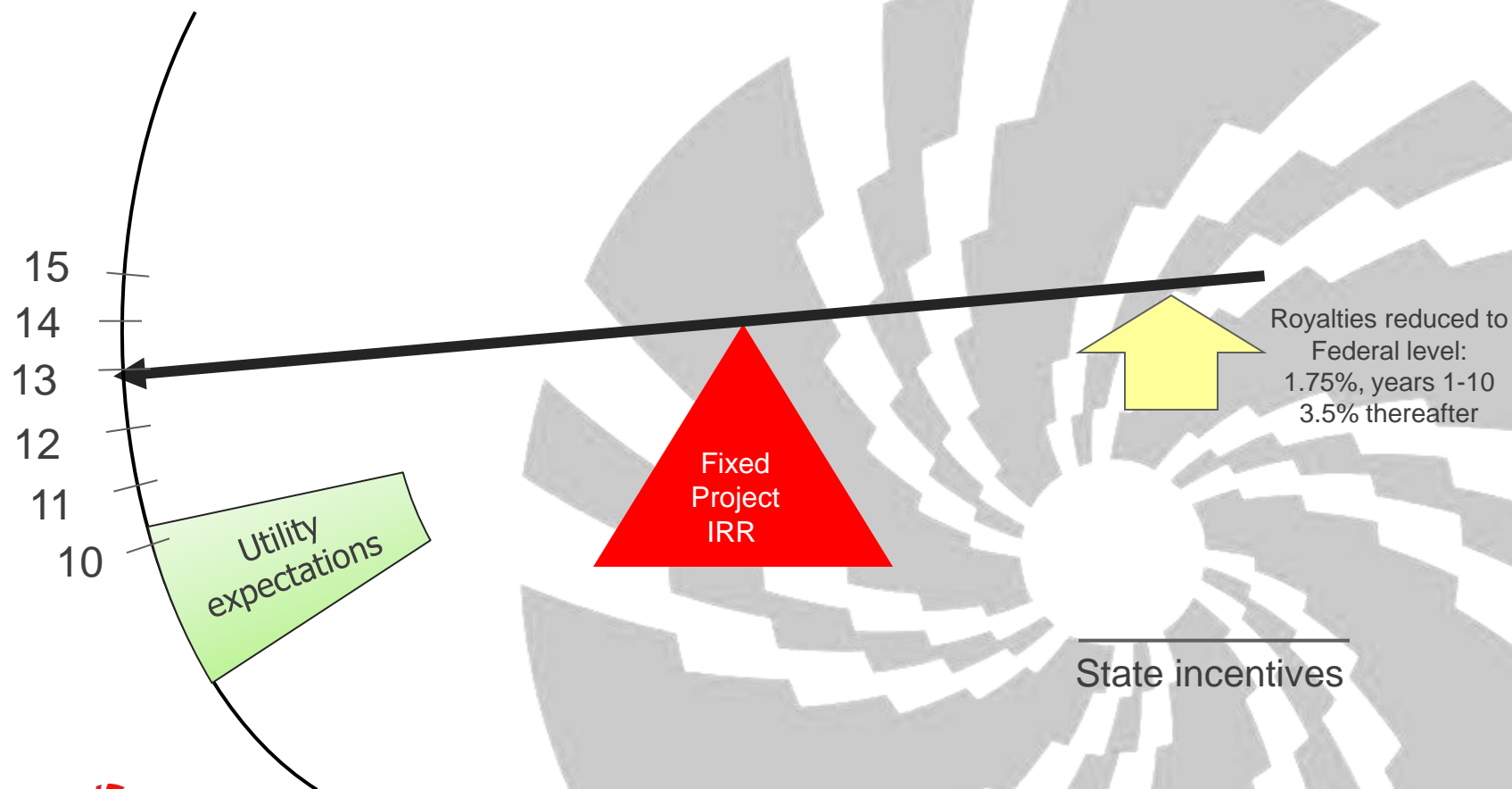
Power price to Railbelt
utilities [c/kWh]



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Impact of SB243 on Mt Spurr Power Price

Estimated power price to
Railbelt utilities [c/kWh]

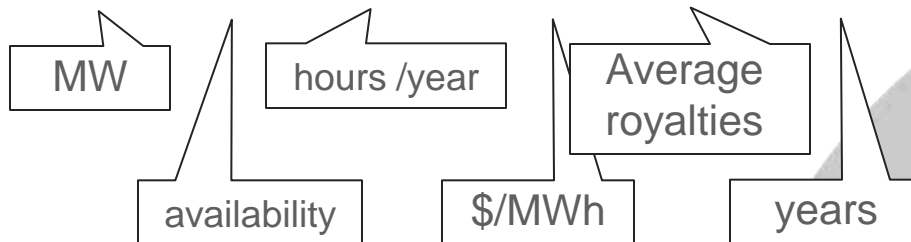


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Economic Benefits to the State of Alaska

■ Estimated royalty payment in 25 years¹:

$$50 * 0.95 * 8760 * 130 * 2.8\% * 25 = \text{\$38 million}$$



■ Saving to railbelt ratepayers¹:

$$50 * 0.95 * 8760 * 10 * 25 = \text{\$104 million}$$

\$/MWh reduction in power price

■ Total economic benefit: >\$140 million

¹ This is a simplified calculation, not accounting for inflation and other factors that will affect actual payment / saving



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Other Benefits to the State of Alaska

- Diversifies energy sources; Frees natural gas for heating
- Removes fuel cost risk
- Reduces emissions and fights climate change
- Creates green jobs



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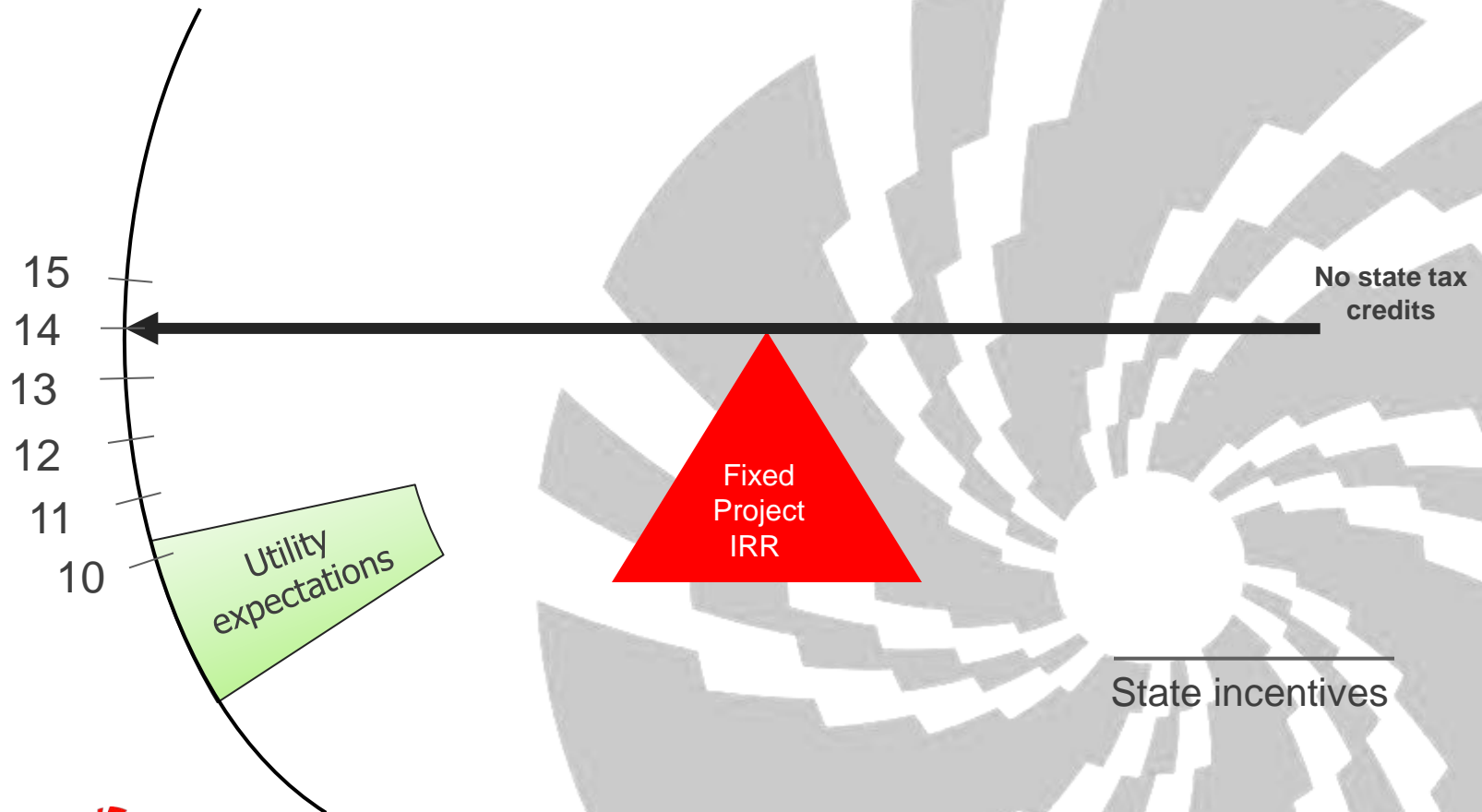
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Estimated Power Price, Current Conditions

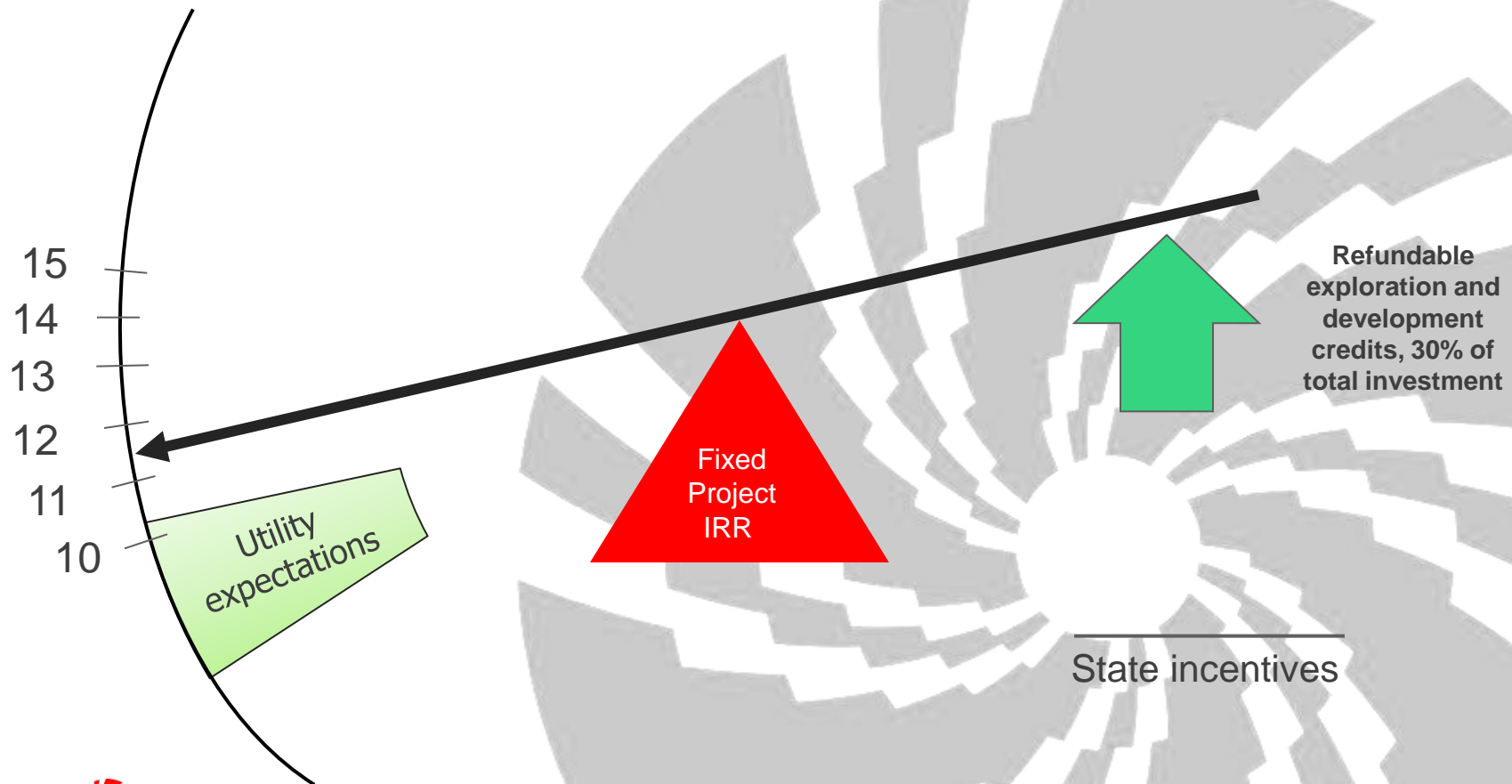
Estimated power price to
Railbelt utilities [c/kWh]



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Impact of SB243 on Mt Spurr Power Price

Estimated power price to
Railbelt utilities [c/kWh]



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Cost and Economic Benefits to the State of AK

■ Estimated cost of tax credits:

$$30\% * 275 =$$

(\$82.5 million)

Estimated cost of exploration
and development [\$m]

■ Estimated saving to railbelt ratepayers¹:

$$50 * 0.95 * 8760 * 25 * 25 =$$

\$260 million

MW

hours /year

years

availability

\$/MWh saving

■ Total economic benefit:

>\$175 million

¹ This is a simplified calculation, not accounting for inflation and other factors that will affect actual saving



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Other Benefits to the State of Alaska

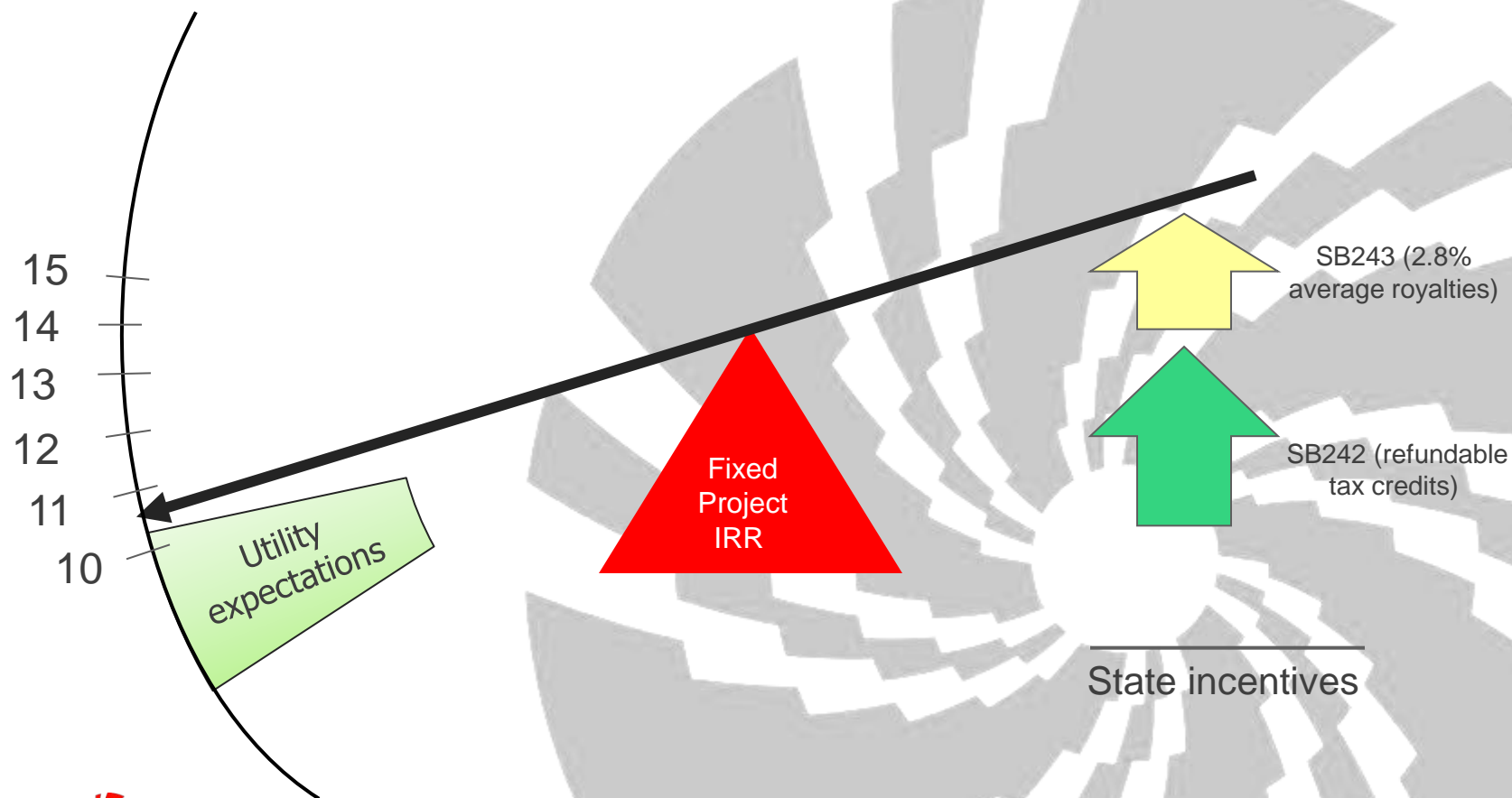
- Diversifies energy sources; Frees natural gas for heating
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Impact of SB242 + SB243 on Power Price

Estimated power price to
Railbelt utilities [c/kWh]



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