

February 17, 2010

Honorable Gary Stevens  
Senate President  
State Capitol, Room 111  
Juneau, Alaska 99801-1182

Honorable Mike Chenault  
Speaker of the House  
State Capitol, Room 208  
Juneau, Alaska 99801-1182

Re: Renewable Energy Fund – Amended Recommendation for Round III Funding

Dear President Stevens and Speaker Chenault:

Attached are copies of the amended recommendations for the Renewable Energy Fund Round III. The amended submittal recommends funding for up to 90 projects totaling \$65.8 million. The recommendation is color coded with Green indicating a \$25 million amount, Yellow indicating the second \$25 million increment and Brown indicating rated projects in excess of \$50 million. The Alaska Energy Authority (AEA) has made the following changes to the first submittal dated January 28, 2010.

Prior to the original recommendation submittal, AEA sent letters to the 27 applicants that were not recommended for funding. In addition to the notification, these letters described the procedure to appeal this determination. AEA received and responded to four appeal requests (see attached letters). During reconsideration, I reviewed the comments and reason for denial as lack of an integrated resource plan. Even though this is a good planning approach, it is outside the evaluation criteria set out in the regulations. Following reconsideration, I directed AEA staff to complete the ranking process for the Whitman Lake project. The Metlakatla–Ketchikan transmission line (#449) project was also evaluated and included for the same reason. Scoring for Triangle Lake Hydroelectric (#450) was modified to make it consistent with the Whitman and Metlakatla-Ketchikan projects.

Takatz Lake Hydroelectric Feasibility study (#405) Round III application involved a combined funding source from the Renewable Energy Fund Round I and Round III of \$2,514,684, not \$2 million as interpreted by AEA staff. As directed by Legislative Budget and Audit, funds from Round I that were released were applied to Takatz Lake Hydroelectric (#405) as the next available Round I project. The additional Round III amount \$440,614 added to the available Round I funds provided funding at the application level for Takatz Lake Hydroelectric.

AEA made minor adjustments to the database programming to address a mathematical error where the factors did not add to 100%. The result of this adjustment changed the evaluation points for several projects with Transmission Line to Renewable Resources Project (#491) moving from the

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Yellow to the Brown category, and MSB Solar and Wind Potential Project (#451) moving from Brown to Yellow.

The following are the results of the reconsideration review:

1. Whitman Lake Hydroelectric Project (#425) for \$2,000,000 ranked in the Yellow.
2. Metlakatla-Ketchikan Intertie Project (#449) for \$2,000,000 ranked in the Brown.
3. Takatz Lake Hydroelectric Feasibility Project (#405) for an additional \$440,614 ranked in Yellow.
4. The new Yellow ranked projects moved the following projects to Brown:
  - Hope Regional Hydroelectric Study Project (#473)
  - Cultivating Rural Alaska for Biomass Energy Project (#428)
  - Wood Chip Boiler Heating System Project (#400)
5. Transmission Line to Renewable Resources Project (#491) moved from Yellow to Brown.
6. MSB Solar and Wind Potential Project (#451) moved from Brown to Yellow.
7. Triangle Lake Hydroelectric Project (#450) moved from Yellow to Brown.

In conclusion, the Authority and the independent economists have consistently applied the criteria and procedures as set out in the statute and regulations for the evaluation of all the Renewable Energy Projects. In accordance with applicable Alaska law including AS 42.45.045, the Authority respectfully submits the amended recommendations attached to this letter.

Please contact me at (907) 771-3073 or [shaagenson@aidea.org](mailto:shaagenson@aidea.org) with any questions or concerns.

Sincerely,

ALASKA ENERGY AUTHORITY



Steven Haagenson  
Executive Director

Attachments

cc: Governor Sean Parnell  
Karen Rehfeld, Director, Office of Management and Budget



February 5, 2010

Mr. Thomas Deerfield  
Dalson Energy  
205 E. Dimond, #502  
Anchorage, Alaska 99501

Subject: Alaska Biomass Combined Heat and Power Demonstration Project #479  
Request for Reconsideration

Dear Mr. Deerfield:

Thank you for your request for reconsideration. I have reviewed the application and the supplemental information you provided for the Alaska Biomass Combined Heat and Power Demonstration Project #479.

Subsequent to this review, I have determined the concept is technically feasible; however, Alaska Power and Telephone has not completed feasibility studies or a final design. The application lacks a financing plan that would move this project to completion. Based on the lack of a financial plan, the reconsideration is denied.

The Alaska Energy Authority remains very supportive of your proposal and encourages Alaska Power and Telephone to apply for Renewable Energy Funds when feasibility studies and final design are complete.

Please feel free to contact me at (907) 771-3073 or [shaagenson@aidea.org](mailto:shaagenson@aidea.org).

Sincerely,

ALASKA ENERGY AUTHORITY

Steven Haagenson  
Executive Director



February 8, 2010

Mr. Karl R. Amylon  
General Manager  
Ketchikan Public Utilities  
334 Front Street  
Ketchikan, Alaska 99901

Subject: Whitman Lake Hydroelectric Project Grant Application # 425  
Request for Reconsideration

Dear Mr. Amylon:

Thank you for your request for reconsideration dated January 22, 2010. I have reviewed the application and the supplemental information you provided for the Whitman Lake Hydroelectric Project #425.

In review of the evaluation of this project, we revisited the requirement of an integrated resource plan. Even though this is a good planning approach, it is outside the evaluation criteria set out in the regulations.

Subsequent to this review, I have directed the evaluation team to complete the ranking process for this project. Upon completion of this ranking process, the Renewable Energy Fund recommendation will be amended to include this project based on its evaluated score. The amended recommendation will be submitted to the Legislature for their consideration.

Please feel free to contact me at (907) 771-3073 or [shaagenson@aidea.org](mailto:shaagenson@aidea.org).

Sincerely,

ALASKA ENERGY AUTHORITY

Steven Haagenson  
Executive Director



February 5, 2010

Mr. Dominic S.F. Lee, P.E.  
President  
Little Susitna Construction Co., Inc.  
821 "N" Street, Suite 207  
Anchorage, Alaska 99501

Subject: Turnagain Arm Tidal Electric Generation Project #482  
Request for Reconsideration

Dear Mr. Lee:

Thank you for your request for reconsideration dated January 25, 2010. I have reviewed the application and the supplemental information you provided for the Turnagain Arm Tidal Electric Generation Project #482.

Subsequent to this review, I have determined that the requested technology is an emerging technology that is not currently economical or technologically feasible. Based on the low technical feasibility and economic feasibility, the reconsideration request is denied.

Please feel free to contact me at (907) 771-3073 or [shaagenson@aidea.org](mailto:shaagenson@aidea.org).

Sincerely,

ALASKA ENERGY AUTHORITY

Steven Haagenson  
Executive Director



February 5, 2010

Ms. Donna Vukich  
Naknek Electric Association, Inc.  
P.O. Box 118  
Naknek, Alaska 99633

Subject: Southwest Alaska Regional Geothermal Energy Project, Grant Application # 454  
Request for Reconsideration

Dear Ms. Vukich:

Thank you for your request for reconsideration. I have reviewed the application and the supplemental information you provided for the Southwest Alaska Regional Geothermal Energy Project #454.

Subsequent to this review, I have determined that the requested technology is an emerging technology that is not currently economical or technologically feasible. Based on the low technical feasibility and economic feasibility, the reconsideration request is denied.

Please feel free to contact me at (907) 771-3073 or [shaagenson@aidea.org](mailto:shaagenson@aidea.org).

Sincerely,

ALASKA ENERGY AUTHORITY

Steven Haagenson  
Executive Director