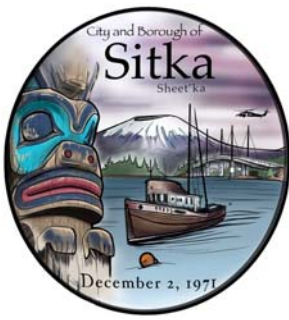


POSSIBLE MOTION

I MOVE TO approve Resolution 2023-25 on first and final reading authorizing the Municipal Administrator to apply for the US Department of Energy Grid Deployment Office Section 247: maintaining and enhancing hydroelectricity incentive program for the Green Lake Rehabilitation Phase II and III project.




CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

Thru: John Leach, Municipal Administrator 

From: Scott Elder, Utility Director / Bri Gabel, Sustainability Coordinator / Melissa Henshaw, Public & Government Relations Director

Date: September 6, 2023

Subject: Authorization to Submit a full application to the US Department of Energy Grid Deployment Office Section 247: Maintaining and Enhancing Hydroelectricity Incentive Program for the Green Lake Rehabilitation Phase II and III project

Background

At the June 13th Assembly meeting, the Assembly approved authorization to submit a letter of intent to the US Department of Energy Grid Deployment Office Section 247: Maintaining and Enhancing Hydroelectricity Incentive Program for the Green Lake Rehabilitation Phase II and III project.

The letter of intent was filed by the June 22 due date. The next step is to submit a full application by 5:00 p.m. ET, October 6.

Section 247 is one of three Bipartisan Infrastructure Law-supported programs created through EPAct and administered by DOE's Grid Deployment Office, the Maintaining and Enhancing Hydroelectricity Incentives (BIL provision 40333 and EPAct section 247) was created to maintain and enhance hydroelectric facilities to ensure generators continue to provide clean, affordable electricity, while integrating renewable energy resources such as wind and solar, improving dam safety, and reducing environmental impacts. \$553.6 million is available through Section 247 to incentivize projects that improve grid resiliency, dam safety, or make environmental improvements to a non-federally owned hydroelectric facility.

Link to the program: <https://www.energy.gov/gdo/section-247-maintaining-and-enhancing-hydroelectricity-incentives>

The Green Lake project was placed in service in 1982 and has been in continuous service since then. In 2021 the Green Lake project was shut down to perform phase I of the Green Lake Rehabilitation which included inspections of the turbine generator units. The purpose of the inspections was to identify the repairs necessary to extend the useful life of the equipment. Phase

II and III of the Green Lake Rehabilitation involve a partial rebuild of each turbine-generator based on the findings of phase I. The estimated cost of phase II and III is approximately \$11 million.

Analysis

To extend the life of the Green Lake project, phase II and III of the rehabilitation are critical, however, funding has been a major obstacle. Because the generator turbines are aging and supply approximately 40% of Sitka's power, this project fits within the goal of Section 247 by improving the reliability of the grid by improving the overall reliability and longevity of the turbines.

Additionally, this funding supports two Strategic Goals.

- Goal 1.3 preserve the quality of life and affordability of all Sitkans - Identify opportunities to relieve the burden of utility costs by reducing the total cost of the project.
- Goal 4.1 plan and invest in sustainable infrastructure for future generations - Identify and pursue funding to address existing capital needs and deferred maintenance.

Fiscal Note

This funding could provide up to \$3.6 million to support phase II and III, reducing the amount of funding required by almost one third.

Limitations for the incentive payments include:

- (1) Incentive payments shall not exceed 30% of the costs of the applicable capital improvement(s).
- (2) Not more than one incentive payment may be made to a single qualified hydroelectric facility in any fiscal year, the amount of which shall not exceed \$5,000,000.

Recommendation

Approve the resolution authorizing the CBS Municipal Administrator to apply for and execute the full application with the US Department of Energy Grid Deployment Office Section 247: Maintaining and Enhancing Hydroelectricity Incentive Program for \$3,600,000 to support the Green Lake Rehabilitation Phase II and III project.

CITY AND BOROUGH OF SITKA

RESOLUTION NO. 2023-25

A RESOLUTION OF THE CITY AND BOROUGH OF SITKA (CBS) AUTHORIZING THE MUNICIPAL ADMINISTRATOR TO APPLY FOR THE US DEPARTMENT OF ENERGY GRID DEPLOYMENT OFFICE SECTION 247: MAINTAINING AND ENHANCING HYDROELECTRICITY INCENTIVE PROGRAM FOR THE GREEN LAKE REHABILITATION PHASE II AND III PROJECT

WHEREAS, on June 13, 2023, the Assembly approved item 23-077, authorizing the pursuit of this program to help fund phases II and III of the Green Lake rehabilitation project; and

WHEREAS, the Green Lake project is an 18 MW capacity hydroelectric facility that was placed in service in 1982 and has been in near continuous service since that supplies approximately 40% of Sitka’s power; and

WHEREAS, to extend the useful life of the Green Lake project, a three-phase rehabilitation effort was developed; and

WHEREAS, in 2021, the Green Lake project was shut down to perform phase I of the Green Lake Rehabilitation which included inspections of the turbine generator units which identified the necessary repairs termed phase II and II of the Green Lake Rehabilitation project to extend the useful life of the equipment; and

WHEREAS, executing phases II and III improves the cost effectiveness of the rehabilitation by consolidating both work on the turbines into a single mobilization; and

WHEREAS, this work supports Category 1, Improving Grid Resiliency, of the EPAAct 2005 Section 247 program which will increase responsiveness to the grid, provide additional operational control, and increase overall grid resiliency, reliability, and longevity of the turbines; and

WHEREAS, the phase II and III rehabilitation are critical, however, funding has been a major obstacle; and

WHEREAS, the cost for both phases is estimated at \$11 million and CBS requests \$3.6 million; and

NOW, THEREFORE, BE IT RESOLVED that the Assembly of the City and Borough of Sitka hereby supports the Green Lake Rehabilitation Phase II and III project and authorizes the CBS Municipal Administrator to apply for the US Department of Energy Grid Deployment Office Section 247: Maintaining and Enhancing Hydroelectricity Incentive Program.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska on this 12th day of September 2023.

Steven Eisenbeisz, Mayor

ATTEST:

45 _____
46 Sara Peterson, MMC
47 Municipal Clerk
48
49 1st and final reading: 9/12/2023
50
51 Sponsor: Administrator
52