




CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members
Thru: John Leach, Municipal Administrator 
From: Mike Schmetzer, Interim Electric Utility Director/ Bri Gabel, Sustainability Coordinator/ Melissa Henshaw, Public & Government Relations Director
Date: January 16, 2024
Subject: Authorization to Apply to the Alaska Energysshed Program

Background

The Alaska Energysshed aims to identify and develop at least three clean energy projects across the Northwest Arctic and Southeast Alaska regions to help save money, reduce costs and environmental impacts from climate change, and improve local economies. By combining these projects it is intended to speed up the development process, improve the project economics, and spread the benefits widely among stakeholders. Clean energy projects can include wind, solar, batteries, power plant and powerline upgrades, energy efficiency, heat pumps, and other activities.

Launch Alaska and Alaska Municipal League (AML) will serve as the program managers and Southeast Conference will serve as the regional organization, with the National Renewable Energy Lab (NREL) and local utilities as technical support. Six communities in Southeast Alaska will be selected. The Alaska Energysshed team will identify at least three clean energy projects between Northwest and Southeast Alaska, and aim to secure a combined \$10 million in public and private funding for the projects, as well as any appropriate tax credits, subsidies, debt financing, and other financial and technical resources.

The process will include detailed data collection of existing community energy infrastructure incorporating local knowledge and economic analysis to ensure the projects are valuable and worth pursuing. Communities selected to participate in this three-year project will receive:

- A baseline inventory of existing power Infrastructure captured in a unified database and as a 3D model.
- A digital toolkit that visualizes the tradeoffs and impacts of local projects and makes it available for community input.
- Identification and design of renewable / sustainable energy projects that will reduce local energy costs and increase energy reliability.
- A scalable framework of tools and methods that can subsequently be used to aggregate and secure funding for other projects.

Analysis

Since funding has already been secured through Launch Alaska and AML, the administrative burden for CBS will be minimal as it would be a participant in the Alaska Energysched project. The CBS Electric Department would greatly benefit from having an extensive inventory of its existing power infrastructure that will aid in assessing and planning future improvements. With the substantial federal funding currently available, any tool that assists in strategic planning and that also help secure additional funding are critical to supporting Sitka's energy needs.

This project specifically supports the following actions of the current CBS Strategic Plan:

- 1.3 Identify opportunities to relieve the burden of utility costs.
- 4.1 Identify and pursue funding to address existing capital needs and deferred maintenance.
- 4.3 Identify the levels of service for CBS's infrastructure and identify the resources needed to support these levels.

Additionally, CBS is already involved with a number of complimentary projects that could both contribute and benefit from the Electric Department's involvement in this project. CBS, specifically the Sustainability Coordinator, is working with NREL on both the Sitka Community Renewable Energy Strategy through the Department of Energy's (DOE) Energy Transition Initiative Partnership Project (ETIPP) and the Clean Energy to Communities (C2C) In-depth Partnership. The Alaska Energysched project will provide valuable information for both projects and vice versa. Because NREL already has active projects in Sitka, there are opportunities to amplify the deliverables and contribute to a robust strategic energy planning effort.

Fiscal Note

The DOE is providing \$2.8 million in grant funding over the three years. The project stakeholders are contributing almost \$860,000 in cost share through in-kind labor and other activities over this same time period. The project team encourages local cost-share of participating communities, and a commitment to contribute or identify sources of matching funds. They anticipate that this be less than \$25,000 each year for three years, with their hope that it can offset these costs with other contributions. The project team requests \$66,600 of in-kind contribution annually for each of the three years (\$199,800 total) to support the project activities. This cost share contribution can take the form of staff and consultant labor, travel, use of office space, technical studies, and other activities supporting clean energy development in the region.

Recommendation

Approve this resolution authorizing the Municipal Administrator to apply to the Alaska Energysched Project.

Encl: Alaska Energysched Project White Paper



Alaska Energyshed



What Is It?

The Alaska Energyshed aims to identify and develop at least three clean energy projects across the Northwest Arctic and Southeast Alaska regions to help save money, reduce costs and environmental impacts from climate change, and improve local economies. By combining these projects we intend to speed up the development process, improve the project economics, and spread the benefits widely among stakeholders. Clean energy projects can include wind, solar, batteries, power plant and powerline upgrades, energy efficiency, heat pumps, and other activities.

Funding Entity

The **U.S. Department of Energy's Office of Energy Efficiency and Renewable Energy (EERE)** under the Water Power Technologies Office is providing \$2.8 million for the Alaska Energyshed project.

Program Management Organizations

Launch Alaska is a nonprofit deployment accelerator dedicated to accelerating the energy transition by focusing on decarbonizing energy, industry, and transportation systems; helping climate-tech companies create connections with project developers, deploy technologies, and build Alaska's economy. Launch Alaska is the **project lead**.

Alaska Municipal League (AML) is a nonprofit, statewide organization of 165 cities, boroughs, and unified municipalities, representing over 97% of Alaska's residents. Organized in 1950, AML has decades of experience coordinating regional projects in communities and they will leverage established partnerships to coordinate the activities of the project.

Regional Support Organizations

Northwest Alaska - DeerStone Consulting (DSC) is a private consulting firm with over 25 years of experience in clean energy, project development, and capacity building. DSC has deep roots throughout Alaska, and especially in the Northwest where it has worked closely with NANA Regional Corporation, the Northwest Arctic Borough, and many of the Tribes, Cities, and utilities to help support the solar, wind, battery, power plant upgrade, and Independent Power Producer initiatives across the region as well as detailed energy planning that is guiding current clean energy development efforts.

Southeast Alaska - Southeast Conference (SEC) is the federally designated Economic Development District for Southeast Alaska and a state-designated Alaska Regional Development Organization. SEC has prioritized energy planning for over 20 years, providing technical assistance and support for energy infrastructure projects and policy advancement, and it was a member of the state's technical team that worked with regions across the state to develop regional energy plans.

What are we proposing to do?

The Alaska Energyshed team will **identify at least three clean energy projects** between Northwest and Southeast Alaska, and aim to **secure a combined \$10 million in public and private funding** for the projects, as well as any appropriate tax credits, subsidies, debt financing, and other financial and technical resources. By combining individual projects into a larger, single effort, the goal is to reduce development costs, accelerate the process, attract more interest in the projects, and leverage diverse funding and technical resources. By creating larger projects within and across regions, we hope to show that this process can be used more broadly to support clean energy development across Alaska. The process will include detailed data collection of existing community energy infrastructure incorporating local knowledge and economic analysis to ensure the projects are valuable and worth pursuing. To accomplish this, the project will:

1

Select 12 participating communities - The NW and SE regions of Alaska, with guidance from their respective regional support organizations, will select six communities per region to participate.

2

Collect relevant data - Inventory of existing local power infrastructure by project personnel on the ground using a combination of forms, drones, and LiDAR will be conducted in the participating communities.

3

Deploy virtual computer tools - We'll use universally accessible digital tools to share data, collected in the participating communities, and facilitate discussion and evaluation.

4

Identify energy projects - Expanding on the work already performed by project team, partners, and other key Alaskan organizations, energy projects in the 12 participating communities will be identified and consolidated for evaluation and eventual selection of the best value projects.

5

Prioritize and design projects - Based on community input and feedback, the National Renewable Energy Laboratory (NREL) will perform techno-economic analysis of a select number of projects to evaluate and prioritize them. The top percentile of projects will be selected for detailed design.

6

Secure project funding – A minimum of three projects will be selected, combined, and matched with committed public and private funding, including any tax credits, subsidies, and other funds.

What are the **tangible benefits**?

- A baseline inventory of existing power Infrastructure captured in a unified database and as a 3D model for each participating community. A digital toolkit that visualizes the tradeoffs and impacts of local projects and makes it available for community input and future development.
- Identification and design of renewable / sustainable energy projects that will reduce local energy costs and increase energy reliability.
- Funding for at least three renewable / sustainable energy generation projects totaling more than \$10 million.
- A scalable framework of tools and methods that can subsequently be used to aggregate and secure funding for other projects outside of the scope of this Energyshed project.

How long will it take?

Approximately three years from May 2023 to August 2026.

How much will it cost?

The US Department of Energy is providing \$2.8 million in grant funding over the three years. The project stakeholders are contributing almost \$860,000 in cost share through in-kind labor and other activities over this same time period. The project team encourages local cost-share of participating communities, and a commitment to contribute or identify sources of matching funds. We anticipate that this be less than \$25,000 each year of three years, with our hope that we can offset these costs with other contributions. The project team requests \$66,600 of in-kind contribution annually for each of the three years (\$199,800 total) to support the project activities. This cost share contribution can take the form of staff and consultant labor, travel, use of office space, technical studies, and other activities supporting clean energy development in the region.

CITY AND BOROUGH OF SITKA

RESOLUTION NO. 2024-04

**A RESOLUTION OF THE CITY AND BOROUGH OF SITKA (CBS) AUTHORIZING
THE MUNICIPAL ADMINISTRATOR TO APPLY FOR THE ALASKA ENERGYSHED
PROJECT**

WHEREAS, the duly elected representatives (Assembly) of the City and Borough of Sitka (CBS) are concerned for the well-being of future generations; and

WHEREAS, renewable energy and climate change are issues for which CBS has repeatedly demonstrated its concern; and

WHEREAS, Sitka's economic future and its ability to provide reasonable-cost renewable energy for the community is contingent upon a resilient electrical grid and generation system which continues to age; and

WHEREAS, the Assembly desires to show Launch Alaska, Alaska Municipal League, Southeast Conference, National Renewable Energy Laboratory (NREL), and other organizations involved in the Alaska Energyshed Project that CBS has a firm commitment to its stakeholders; and

WHEREAS, CBS is currently engaged in other renewable energy projects that can directly contribute to and benefit from the Alaska Energyshed Project which may amplify the positive impact of these projects for the community; and

WHEREAS, CBS seeks to identify the levels of service for its electrical infrastructure and identify the corresponding resources and funding needed to support these levels with the intent to minimize the need for rate increases; and

WHEREAS, the Alaska Energyshed Project will provide CBS Electric Department valuable tools that can be used for inventorying and assessing the current state of Sitka's electrical grid which can be used to identify vulnerabilities and high-risk areas; and

WHEREAS, these tools can be continuously used to benefit Sitka and used to balance the benefits and costs of changes to the electric grid; and

WHEREAS, the Alaska Energyshed Project may result in financial support to address some deferred maintenance and capital project needs strategically; and

WHEREAS, CBS desires to continue its success by finding new partners to collaborate with; and

WHEREAS, the Alaska Energyshed Project is in alignment with the goals of CBS, with a focus on energy resiliency, renewable energy development, efficiency planning, grid analysis, short and long-term planning, and resource analysis.

NOW, THEREFORE, BE IT RESOLVED that the Assembly of the City and Borough of Sitka hereby supports the project and authorizes the CBS Municipal Administrator to apply to participate in the Alaska Energyshed Program.

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PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka,
Alaska on this 23rd day of January 2024.

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Steven Eisenbeisz, Mayor

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ATTEST:

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Sara Peterson, MMC
Municipal Clerk

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1st and final reading: 1/23/24
Sponsor: Administrator