



April 19, 2017

Northern Alaska Environmental Center
830 College Road
Fairbanks, AK 99701

Re: Renewable Energy Forum Letter

CIRI thanks the Northern Alaska Environmental Center for organizing this Renewable Energy Forum. We regret that we could not attend in person and appreciate your willingness to read the following statement in our absence.

Cook Inlet Region, Inc. is an Alaska Native Corporation that develops and invests in clean energy. We currently own and operate the 18 MW Fire Island Wind Project located three miles west of Anchorage International Airport and investments in over 650 MW of wind project assets in the Lower 48. In collaboration with Golden Valley Electric Association, CIRI has been negotiating and working toward an expansion of the Fire Island wind project that would bring a second phase of the project consisting of an additional 20 MW to the Railbelt grid for the ultimate benefit of Golden Valley's members and electric customers. Golden Valley has demonstrated to CIRI on numerous occasions its strong commitment to adding additional economically-priced renewable resources to its portfolio.

Based on our technical knowledge of the existing generation resources owned and operated by Golden Valley, CIRI determined that integration by other means would be necessary for Golden Valley to reasonably and economically purchase wind power from Fire Island phase 2 at a competitive cost. To that end, we have been working together with Golden Valley executives to negotiate commercial contracts for regulation, integration and potential shaping of our wind project's intermittent and non-dispatchable electric output by other Railbelt utilities who have available capacity on more flexible generators with lower operating costs and greater operational flexibility.

The Railbelt electric system spans from Homer through Kenai and Anchorage, out to the Matsu and north to Fairbanks and North Pole. Electrical needs of the grid are met by five utilities with various generators including wind, hydro, natural gas and liquid fuels. It is a system primarily served by natural gas fired generators and hydro resources. However, Golden Valley's own generation portfolio stands in stark

contrast as a system comprised of large liquid fuel fired generators and a portfolio of small, legacy coal plants.

Historically, each utility has operated its own generation in order to meet its customers' electric demand. However, in the past two years, there has been some encouraging progress by the Anchorage-based utilities to combine resources and dispatch the generators in a manner that will optimize system efficiencies and result in the lowest cost electricity for all participants.

This method of dispatching is standard practice for utilities across the Lower 48 and has been key to enabling integration of significant quantities of renewable resources. As with many things in life, the sum of the whole is greater than the sum of its parts. When utilities operate in a silo, rather than as a coordinated system, the amount of intermittent resources that can be efficiently and economically integrated into the system is greatly reduced. There remains valid reasons for certain utilities to be self-sufficient, however the recent progress toward coordinated grid operations provides many benefits while allowing utilities to remain independent.

Like Delta Wind, CIRI has been frustrated with the glacial pace at which new renewable projects have been able to negotiate commercial agreements and connect to the electric grid which is a public resource. Operating the Railbelt electrical system is complex and technical – changing the way the system operates takes the will of strong leadership and endurance to see the changes through. CIRI recognizes and commends the current leadership team at Golden Valley for its efforts to bring together other utilities to coordinate operations with the goal of adding new renewable energy to the Railbelt and reduce overall electric costs for all ratepayers. Again, CIRI appreciates the opportunity to provide remarks for your forum. Should you have additional comments or questions, please contact me directly.

Sincerely,

Cook Inlet Region, Inc.

A handwritten signature in blue ink, appearing to read "S. Settle".

Suzanne Settle
Senior Director, Energy Development