

Chakachamna hydro project asks state for \$5 million

STUDIES: Native firm hopes to perform some reviews this summer.

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The profile of Chakachamna Lake hydropower, a project proposed for the west side of Cook Inlet, has risen a lot in the last two months.

In early December, a study of Railbelt energy needs placed Chakachamna ahead of a much larger and more widely discussed hydropower project on the Susitna River.

The Federal Energy Regulatory Commission is deciding whether to extend the permit that lets TDX Power, the sponsor of the Chakachamna project, study the project.

Now, TDX hopes those developments will bolster its case before the state Legislature. The company wants \$5 million in state funds to help pay for fieldwork this summer.

Lake Chakachamna sits near the southern end of the Alaska Range, about 80 miles west of Anchorage across Cook Inlet. Updating a concept from the 1980s, TDX would use the lake's elevation to generate power by sending water down a 10-mile tunnel from the eastern end of the lake to an underground power plant on the north side of McArthur River.

The power would be fed into the Railbelt grid through a new transmission line.

TDX is a subsidiary of the Tanadgusix Native Corp., the Anchorage-based Native corporation for St. Paul Island. TDX estimates the project would have a capacity of 330 megawatts, making it one of the state's larger producers of power.

TDX estimates the project would cost \$1.6 billion in 2008 dollars, with an additional \$58 million in transmission costs and around \$10 million in annual operating expenses.

COMPARED TO SUSITNA DAM

Although based on a decades-old idea, Chakachamna often found itself overshadowed by a much larger and much more heavily debated hydropower project on the Susitna River.

That balance shifted slightly in December, when the engineering firm Black & Veatch Corp. released a draft of its Integrated Resource Plan. The plan gives some direction to policy makers by taking a comprehensive look at the future energy needs in the Railbelt and by examining power projects being proposed or developed.

The study found that Susitna would provide more power than the Railbelt needs, and that even a scaled back version of the project would not be as cost-effective as Chakachamna.

The report even recommended that the state help pay for Chakachamna by offering large loans.

But Chakachamna isn't a sure thing, yet.

"Chakachamna could fail to develop because of licensing or technical issues," the report noted.

PERMISSION TO CONTINUE

TDX got a preliminary permit from FERC in late 2006, giving it exclusive rights to study a hydropower project at Lake Chakachamna. The permit lasted for only three years, though, and so this past November, TDX applied for another permit to keep studying the project.

TDX should know soon whether or not it's cleared to continue looking into the feasibility of the project.

Although TDX told regulators it has spent more than \$2.5 million on the project so far, there is still a lot of work to do. In filings, TDX listed 49 studies -- most related to fish, animals and engineering -- that it still needs to complete during the studying phase.

TDX hopes to conduct 11 of those this year, according to project manager Eric Yould.

WANTING MONEY SOON

To do that, TDX is asking the state for \$5 million this year.

The request is competing for attention.

Lawmakers meeting in Juneau right now not only have the draft Integrated Resource Plan on their desks, but will also be considering another round of Renewable Energy Fund applications. Humming along in the background is a leftover goal from the administration of former Gov. Sarah Palin to have at least half of the state's electricity produced from renewable sources by 2025.

Yould said the draft Integrated Resource Plan bolsters TDX's case.

"The Legislature and the administration, they needed their own individual assessment of the project and that's essentially what the IRP did. And so we're seeing much more support for it," Yould said.

That support may not only help TDX get the money it wants in the capital budget, but also help get some of it sooner rather than later. Yould said the company ideally wants \$2 million of its requested appropriation to come in the supplemental budget, allowing TDX to have cash in hand by May so that it can pay for fisheries studies this summer.

"That's when the fish start to run," Yould said. "If we miss the fish, we basically miss the summer."

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