

# Fairbanks Daily News-Miner

## GVEA considers plant expansion

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**Sunday, May 04, 2003** - An expansion to Golden Valley Electric Association's North Pole power plant could boost the facility's capabilities by one-third as the utility braces for the region's growing power needs. GVEA's board is still only considering the project, which could cost \$60 million to \$75 million based on industry standards.

GVEA expects a decision this month from the Department of Environmental Conservation on an air-quality permit necessary to make the project a reality.

Golden Valley members' rates could be affected if the permit is OK'd by the DEC and Golden Valley opts to build the roughly 60 megawatt unit.

Steven Haagenson, GVEA president and CEO, said that doesn't mean members should assume they'll see a rate increase.

"We're looking at all options that will minimize the costs and reliability impacts to our members," Haagenson said.

During winter months, Golden Valley has been called on to produce as much as 180 megawatts of power, though it is capable of producing 220 megawatts, said Kate Lamal, GVEA vice president of power supply.

The utilities' aging generators—most were built in the '70s—and the prospect of powering the Fort Greely missile defense system and the proposed Pogo gold mine near Delta Junction—may create the need for additional electricity.

In Healy, an effort to generate power from a cleaner-burning coal process has stalled as the plant's owner, the Alaska Industrial Development and Export Authority and the potential power buyer, GVEA, disagree over whether the plant should be retooled with minor adjustments or if it needs a complete overhaul.

The two organization's boards are expected to meet late this month in Fairbanks to discuss the nearly \$300 million Healy Clean Coal Project's future, said Ron Miller, AIDEA executive director.

Based on statements from GVEA officials, Miller didn't expect construction of the North Pole expansion to affect the utility's need for the mothballed plant.

"(The North Pole expansion is) just part of an integrated plan to expand their capacity to meet growing demand," Miller said.

GVEA continues to see the Healy facility as a possible power source, Haagenson said. "We're still looking at Healy as a potential resource."

Meanwhile, the new generator would be built at the North Pole plant to supplement two existing turbines that burn heavy diesel fuel.

"The way that we worked the air permit is we are off-setting one of the existing units, and so what we'll be doing is building this plant underneath the emissions cap that the old units had. So there's going to be a net decrease in emissions," Lamal said.

The new structure would run on a cleaner fuel purchased from the nearby Williams Alaska Petroleum Inc. or Petro Star Inc., Lamal said.

The generator would burn either naphtha or a similar low-sulfur fuel.

Naphtha is the same weight as gasoline, but a lower octane, said Williams spokesman Jeff Cook.

Because the Williams' North Pole refinery and GVEA power plant are located in the same area, changes made at one facility

can affect the other.

According to the DEC Web site, Williams filed concerns with the department over details of the plant expansion since it might affect the ability of Williams to get its own future expansion—such as adding the ability to produce low-sulfur gasoline—approved.

Still, the company is supportive of the possible GVEA project, Cook said. "Everybody's working to solve the issue and working constructively and working positively and I don't have any doubt we'll get there."

Golden Valley regularly studies the region's power needs and attempts to forecast how they will change in the future, Lamal said.

The Fort Greely missile defense system—which will initially require 3.5 to 4.5 megawatts of power and as much as 10 megawatts in the future—may draw energy from GVEA. Also, the Pogo gold mine is nearing approval and would require 5 to 15 megawatts of power.

Combined with new troops coming to Fort Wainwright, and potential commercial growth in the city, the utility seeks to prepare for the extra output if needed.

The air-quality permit for the North Pole expansion project also would allow for a second new turbine to be built in the future, further boosting the plant's capacity.

"The ultimate plan is to have two new gas turbines going into one new steam turbine," Lamal said. The turbines could be converted to burn natural gas in the future.

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