

Submitted by: ASSEMBLY MEMBER STARR  
ASSEMBLY CHAIR TRAINI  
ASSEMBLY MEMBER HALL

Reviewed by: Assembly Counsel  
For reading: February 1, 2011

CLERK'S OFFICE  
**APPROVED**

Date: 2-1-11

**ANCHORAGE, ALASKA**  
**AR NO. 2011-39**

**A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY TO ENSURE  
DIVERSIFICATION OF ENERGY SUPPLY RESOURCES FOR MUNICIPAL POWER.**

WHEREAS, the Anchorage Assembly makes the following findings related to energy resources for municipal power:

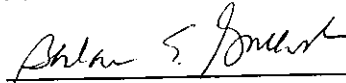
1. By or before 2013, ongoing Anchorage natural gas usage is projected to exceed natural gas production; and
2. Diversification and securing the availability of reliable local energy supply aides the Municipality of Anchorage, residents and businesses by improving Cook Inlet price stability and enhances grid system reliability.
3. No single solution will solve the Anchorage energy deliverability problem. Instead, we must take immediate measures to manage the associated risks and plan our energy future in incremental steps.
4. The Fire Island Wind Project, presented to the Assembly in public Work Session on September 24, 2010, is in local development with the potential to reduce local dependency on natural gas by between 1.0 and 1.5 billion cubic feet/year.
5. Participation by the municipally-owned utility, ML&P, in a power purchase agreement with the Fire Island Wind Project will provide the Municipality a warranty on new power availability and a guaranteed level of new annual energy production to assist in improving price stability and enhancing system reliability; and
6. A power purchase agreement with the Fire Island Wind Project by the Municipality, through ML&P, is in the public interest;

NOW, THEREFORE BE IT RESOLVED that the Anchorage Assembly requests negotiation of a purchase power agreement between municipally owned ML&P and Fire Island Wind Project LLC.

PASSED AND APPROVED by the Anchorage Assembly this 1st day of February, 2011.

  
Chair

ATTEST:

  
Municipal Clerk



# MUNICIPALITY OF ANCHORAGE

## ASSEMBLY MEMORANDUM

No. AM 78-2011

Meeting Date: February 1, 2011

1 **From:** Assembly Member Starr

2 **Subject:** **AR 2011-39 — A RESOLUTION OF THE ANCHORAGE MUNICIPAL**  
3 **ASSEMBLY TO ENSURE DIVERSIFICATION OF ENERGY**  
4 **RESOURCES SUPPLYING MUNICIPAL POWER.**

5  
6 Since receipt of the 2009 Transition Team Report to Mayor Dan Sullivan, the  
7 Administration has taken a proactive role with the community to acknowledge that  
8 Anchorage has an immediate energy deliverability problem and solutions will take from  
9 3 to 15 years to implement.

10  
11 Within the Municipality, we have already experienced peak usage requiring the spot  
12 purchase of additional energy, with price impact to the municipal utility and the ultimate  
13 consumer. As natural gas reserves decline, future contract prices and spot purchase  
14 prices will be significantly higher than at present. The Fire Island Wind Project offers  
15 local economic stimulus through jobs and increase in municipal tax revenue. Even  
16 more importantly for local government, the timing of the Fire Island Wind Project  
17 coincides with municipal needs to diversify local energy supply, improve energy price  
18 stability, and enhance system reliability. Fire Island Wind Project will develop long term,  
19 taxable assets and promote local economies and construction investment projected to  
20 exceed \$60 million dollars.

21  
22 With respect to the municipal utility, ML&P, the role of the Assembly is to set policy, no  
23 matter how the operational and management structure is configured. The purpose of  
24 the proposed resolution is to furnish ML&P the policy support needed from the  
25 Assembly for ML&P to enter into negotiations for a power purchase agreement with the  
26 Fire Island Wind Project. It is understood that Assembly approval of the power  
27 purchase agreement will necessitate additional action. If additional legislative action is  
28 required by ordinance to move the transaction forward, then that will be introduced  
29 separately.

30  
31 The findings in this Resolution do not require public hearing.

32  
33  
34 Respectfully submitted:

35 Bill Starr  
36 Assembly Member, Section 2  
37