Susitna-Watana Hydroelectric Project Document
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SUSITNA-WATANA HYDRO

Susitna-Watana Hydroelectric Project
(FERC No. 14241)

Regional Economic Evaluation Study
Study Plan Section 15.5

Initial Study Report
Part C: Executive Summary and Section 7

Prepared for

Alaska Energy Authority

SUSITNA-WATANA HYDRO

Clean, reliable energy for the next 100 years.

Prepared by

Northern Economics, Inc. and Veritas Economic Consulting

June 2014

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EXECUTIVE SUMMARY

Regional Economic Evaluation Study 15.5	
Purpose	This study assesses potential changes in regional economic conditions in the study area resulting from the operation of the proposed Project and the power generated by the Project.
Status	Development of the Regional Economic Models, Inc. (REMI) model is continuing. Information has been compiled on existing generation facilities and historical trends in power generation and sales for the major utilities in the Railbelt region.
Study Components	The Study Plan establishes three primary components to this study: • Describe the effects of the Project on the regional economy resulting from improvements in the reliability of the current electrical power system. • Describe the effects of the Project on the stability of electric prices over time. • Determine the economic effects of the Project's power over time (e.g., will the availability of Watana power attract new industry to the state or enable other industries to expand or commence operation?).
2013 Variances	No variances occurred in the implementation of this Study Plan in 2013.
Steps to Complete the Study	AEA will continue to implement this study in 2014 and 2015, with no modifications to the FERC-approved Study Plan. Such efforts will include completing the REMI modeling exercise and conducting associated executive interviews with business interests in the Railbelt region. In 2014 additional executive interviews will be undertaken the the REMI model will be further developed.
Highlighted Results and Achievements	Information on current power generation, transmission, and demand in the Railbelt was obtained from the utilities or secondary sources. Data provided for each major Railbelt utility include the service area, installed capacity, and amount and cost of power sold. Progress was made in developing the REMI model assumptions for comparing future regional economic conditions with and without the Project.

7. COMPLETING THE STUDY

7.1. Proposed Methodologies and Modifications

To complete this study, AEA will implement the methods in the Study Plan (RSP Section 15.5.4), with no modifications. These activities include development of the REMI model to analyze changes in regional economic conditions resulting from the power-related effects of the Project, together with conducting associated executive interviews with business interests in the Railbelt region.

7.1.1. Decision Points from Study Plan

There were no decision points in the FERC-approved Study Plan to be evaluated for this study following the completion of 2013 work.

7.1.2. Modifications to Study Plan

No modifications to the Study Plan are needed to complete the study and meet Study Plan objectives.

7.2. Schedule

In general, the schedule for completing the FERC-approved Study Plan is dependent upon several factors, including Project funding levels authorized by the Alaska State Legislature, availability of required data inputs from one individual study to another, unexpected weather delays, the short duration of the summer field season in Alaska, and other events outside the reasonable control of AEA. For these reasons, the Study Plan implementation schedule is subject to change, although at this time AEA expects to complete the FERC-approved Study Plan through the filing of the Updated Study Report (USR) by February 1, 2016, in accordance with the ILP schedule issued by FERC on January 28, 2014.

With regard to this specific study, AEA is to further develop the REMI model in 2014. Additional key informant interviews will be conducted in 2014 to support the assumptions and further development of the model. Work on production cost modeling, part of the REMI work will also be undertaken in 2014.AEA plans to complete all remaining data collection and modeling during the 2015 study season, which will be reported in the USR.

7.3. Conclusion

Much of the information collected for the REMI model used in this study will also be required for the Social Conditions and Public Goods and Services Study (ISR Study 15.6) and data collection efforts will be coordinated between the two studies. In addition, cost estimates, construction and operations employment, cost of power, and a number of other items will be required from the engineering and other feasibility studies that are underway as inputs to the REMI model.