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GVEA files letter of interest: Anchorage Municipal Light and Power probably won't be purchased

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News-Miner opinion: Golden Valley Electric Association has filed a letter of interest to purchase Anchorage Municipal Light and Power. But don't worry, it's unlikely GVEA will be spending \$1 billion on the utility. Chugach Electric Association is the likely buyer, and Anchorage voters will vote April 3 and decide whether or not to sell the utility to Chugach Electric. As Golden Valley chief executive officer Cory Borgeson told the Daily News-Miner last week, filing a letter of interest was "a defensive move" more than it is a step toward purchasing the utility outright.

By filing the letter of interest, GVEA now has a seat at the bargaining table and has been able to keep tabs on the issues and conditions of the possible sale. It's a smart move, because GVEA purchases 20 to 30 percent of its electricity — depending on the year — from ML&P. Last year, GVEA spent about \$21 million buying electricity from the Southcentral utility. Not only does ML&P's low-cost energy save GVEA money, but it also cuts pollution in the Interior and adds contingency energy sources to the GVEA grid.

The letter of interest was also smart because GVEA now has the ability to purchase assets from ML&P and add to its energy portfolio. GVEA is interested in Cook Inlet gas wells. Mr. Borgeson said two energy projects are of particular interest because they could help GVEA regulate additional wind energy. GVEA already owns a 17 percent stake in the Bradley Lake Hydroelectric Project, and GVEA is hoping to increase its ownership. The second asset is the gas-fired power plant in Eagle River, which is only a year old.

The coal-fired power plants Healy 1 and Healy 2 are an excellent example of why it's necessary for GVEA to constantly be looking at ways to increase its energy portfolio. Costly environmental controls must be added to the aging Healy 1 plant by 2024 or it will have to be shut down. Meanwhile, Healy 2 remains under reconstruction after two explosions have kept the plant shuttered for the better part of two years.

GVEA has positioned itself and the Interior to benefit from the sale of ML&P to Chugach Electric. Fortunately, GVEA's relationship with other utilities along the Railbelt has improved drastically over the past three years. Mr. Borgeson calls 2017 the "year of unity" between the utility companies. This may come in handy as this process continues.

Let's hope GVEA is able to increase its energy portfolio through purchasing more assets while maintaining a healthy working relationship with Chugach Electric. If the sale is finalized, GVEA will need to continue purchasing energy from Chugach Electric.