

By Mike Barry

On Nov. 7, the Alaska Industrial Development and Export Authority, a corporation of the state of Alaska, filed suit against Golden Valley Electric Association for breach of contract, lack of good faith and fair dealing and unjust enrichment over the **Healy** Clean Coal Project.

AIDEA has been forced to sue the utility in order to prevail in its legal rights as the owner, because Golden Valley has blocked our efforts to restart the state-owned clean coal plant. The **Healy** plant sits on Golden Valley land, but Golden Valley will give us a lease for the site only if we agree not to operate--or if we allow them control of plant development and operation.

For some two and a half years, AIDEA's board and management have tried working with Golden Valley's board and management to get the **Healy** plant operational and producing power for the Railbelt. Golden Valley has shown a lack of good faith in its dealings with us, breaching our settlement agreement.

AIDEA did not instigate the **Healy** Clean Coal Project. Golden Valley, on the other hand, was an early and ardent advocate of the project. But AIDEA owns the plant, so we have a responsibility to Railbelt power consumers who will directly benefit.

AIDEA has authority to sell wholesale power from the plant, but it must be price-competitive. In 1999, when the plant was last operated, it delivered electricity at a cost slightly higher than alternatives. Today, the plant may deliver electricity at less than one-half the cost of alternatives like Golden Valley's new North Pole plant.

The Railbelt faces escalating costs and dwindling supplies of natural gas and must diversify sources of fuel for power. Recent studies show Southcentral Alaska may face shortages of natural gas by 2009, with gas prices expected to rise approximately 20 percent this winter. If the **Healy** plant was in operation today, it would displace about 9 percent of the natural gas being used for power generation in the Railbelt.

No one knows the price of oil or natural gas in the future, but the gap is projected to widen in favor of this clean coal plant. Utilizing power from the **Healy** plant could lower the costs of electricity to Railbelt consumers today and far into the future. Alaska has 50 percent of the nation's coal reserves but only one coal mine in operation at **Healy** and limited coal-fired power generation in the Railbelt.

The **Healy** Clean Coal Project represents nearly \$300 million of state and federal investment in a facility that many experts have said is capable of safely, reliably, efficiently and cleanly generating 50 megawatts of electricity.

While Golden Valley has been busy stalling the restart of the clean coal plant, others have expressed interest in putting it into operation. This October, AIDEA executed a letter of agreement with Homer Electric Association to take initial steps necessary for plant operation.

Golden Valley claims the plant suffers from faulty design, but they were part of the plant's design team. If the plant is so faulty, why has Golden Valley spent hundreds of thousands of their members' money on consultants and out-of-state lawyers trying to get control of the plant?

AIDEA is not requiring any utility to make any investment in the **Healy** plant. If we are not requiring someone else to risk investment, or to buy electricity at a higher price than the alternatives, why is Golden Valley opposing our restart of our own plant?

Golden Valley needs to get out of the way and let AIDEA restart this power plant. It is owned by the people of Alaska and it will generate competitively priced electricity for the Railbelt, provide a new market for Alaska coal and create local jobs in **Healy**.

AIDEA welcomes a full understanding of the **Healy** Clean Coal Project and support from Railbelt consumers in its effort to restart this vital plant. Background on the plant and the complaint can be found online at [www.aidea.org](http://www.aidea.org).

Anchorage businessman Mike Barry is chairman of the board of directors of the Alaska Industrial Development and Export Authority.