



# MUNICIPALITY OF ANCHORAGE

## ASSEMBLY MEMORANDUM

AM No. 450-2024

Meeting Date: May 21, 2024

1 **FROM: MAYOR**

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3 **SUBJECT: RECOMMENDATION OF AWARD FOR A PROPRIETARY CONTRACT WITH**  
4 **CHUGACH ELECTRIC ASSOCIATION, INC. (CEA) FOR THE MUNICIPALITY**  
5 **OF ANCHORAGE (MOA), PORT OF ALASKA (POA), FOR THE MICROGRID**  
6 **BATTERY ENERGY STORAGE SYSTEM (BESS) PROJECT (\$3,600,000.00).**  
7

8 POA requests approval of a Contract with CEA to construct the Microgrid and Battery Energy  
9 Storage System project at the Port of Alaska (POA). The Contract will have a Not-to-Exceed  
10 (NTE) amount of \$3,600,000.00. Period of Performance will be May 1, 2024 – December 31,  
11 2026.

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13 This microgrid/battery/electrical infrastructure (upgrade) project will improve POA power  
14 system resiliency and operating efficiency. POA started working to improve facility power  
15 systems in 2017. Power system failures from any cause – including local equipment failures,  
16 grid outages, and/or reliable fuel supply for electricity generation – threatens POA’s ongoing  
17 operational resilience and reliability. POA is working closely with its users and partners –  
18 including Chugach Electric Association and Launch Alaska – to mitigate this threat.

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20 POA’s strategy is to break its overall power plan into a phased-series of smaller projects that  
21 have independent utility – that can be independently planned, financed, and developed into a  
22 complete, sustainable, and scalable power system. POA started discussions with Municipal  
23 Light & Power (ML&P) in 2018 regarding POA power system upgrades. ML&P agreed to  
24 construct a second power feed to POA to improve power system resiliency. POA also started  
25 collaborating with Launch Alaska (Launch) in 2019 to develop a port power plan. Launch is a  
26 nonprofit that aims to accelerate the energy transition and decarbonize the globe, starting in  
27 Alaska.

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29 Project funding is provided through Grant # 8000068/US Dept of Defense Office of Local  
30 Defense Community Cooperation FY2022 Community Infrastructure Program (DCIP)  
31 approved via AR 2023-108. POA successfully pursued a FY2022 Defense Community  
32 Infrastructure Program (DCIP) grant to fund a connected microgrid/battery/electrical  
33 infrastructure (upgrade) project and in September 2022 the DCIP awarded POA  
34 \$5,000,000.00 to finish designing and constructing a connected microgrid and scalable  
35 BESS.

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37 CEA is the only remaining source of service for this type of project available since the sale of  
38 M&P due to the requirement of connecting to the power grid owned solely by CEA. No other  
39 providers are authorized to perform this type of work on the electric power grid.

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41 Based upon the above information. It is recommended the Assembly approve a Contract with  
42 CEA. The Contract NTE amount is \$3,600,000.00.

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44 Prepared By: Melanie A Clark, Senior Construction Buyer

1	Recommended by:	Steve Ribuffo, POA Director	
2	Concurrence:	Rachelle A. Alger, Purchasing Director	
3	Fund Certification:	Alden Thern, CFO	
4		570900-8000068-PX.00020--530380	\$3,600,000
5		(DCIP Grant)	
6	Concur:	Kent Kohlhase, P.E., Municipal Manager	
7	Respectfully submitted:	Dave Bronson, Mayor	