

CITY OF UNALASKA  
UNALASKA, ALASKA

RESOLUTION 2024-10

A RESOLUTION OF THE UNALASKA CITY COUNCIL SUPPORTING THE CITY'S GRANT APPLICATION TO THE U.S. ENVIRONMENTAL PROTECTION AGENCY'S CLIMATE POLLUTION REDUCTION GRANT (CPRG) DUE APRIL 1, 2024

WHEREAS, the United States Environmental Protection Agency's (EPA) Climate Pollution Reduction Grants (CPRG) Program provides \$5 billion in grants to states, local governments, tribes, and territories to develop and implement ambitious plans for reducing greenhouse gas emissions and other harmful air pollution; and

WHEREAS, a successful grant application must consist of projects that can be accomplished within five (5) years so that results can be achieved in the immediate future; and

WHEREAS, the City of Unalaska's application to the CPRG program includes \$50M to fund drilling that can prove the resource at the Makushin Volcano is sufficient enough to support geothermal energy production; and

WHEREAS, the City of Unalaska application also includes \$70M to fund a wind turbine project that will diversify the City's energy production and help our community move away from fossil fuels, thereby reducing Unalaska's carbon footprint; and

WHEREAS, the City of Unalaska plans to increase the availability of sustainable, low cost energy for its rate payers, including residents, businesses and industry; and

WHEREAS, the City of Unalaska is working with its Trilateral Coalition partners, Ounalashka Corporation and the Qawalangin Tribe of Unalaska, to submit the CPRG application and create a plan that will confidently pursue the projects through to their completion; and

WHEREAS, the City requested support letters from our local industry, as well as state and federal officials, to illustrate the strong support everyone still has for the Makushin Geothermal Project and energy production efforts; and

WHEREAS, this resolution will be combined with the other letters and resolutions of support garnered from the Trilateral Coalition to solidify our resolve to win this grant award and improve our island's electrical grid, its resiliency and to reduce pollution emissions from power production.

NOW THEREFORE BE IT RESOLVED that the Unalaska City Council hereby supports the submission of a grant application seeking approximately \$125 million to the U.S. EPA's Climate Pollution Reduction Grant Program to move Unalaska away from energy production using fossil fuels and toward using renewable sources such as wind, solar and geothermal.

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on March 26, 2024.

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Vincent M. Tutiakoff, Sr.  
Mayor

ATTEST:

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Estkarlen P. Magdaong  
City Clerk

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## MEMORANDUM TO COUNCIL

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To: Mayor and City Council Members  
From: William Homka, City Manager  
Date: March 26, 2024  
Re: Resolution 2024-10: Supporting of the City's grant application to the U.S. Environmental Protection Agency's Climate Pollution Reduction Grant due April 1, 2024

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**SUMMARY:** This resolution will support the City's application for about \$125M to the U.S. Environmental Protection Agency's (EPA) Climate Pollution Reduction Grant (CPRG) program. Together with its Trilateral Coalition partners (Ounalashka Corporation and Qawalangin Tribe) the application seeks to reduce climate pollution caused from generating electricity using diesel fuel. The application is due April 1, 2024.

**PREVIOUS COUNCIL ACTION:** None

**BACKGROUND:** The original Power Purchase Agreement (PPA) with Ounalashka Corporation/Chena Power (OCCP, LLC) intended to deliver a geothermal resource this year. At its meeting on February 27, 2024, the City Council decided against a fourth amendment to the PPA proposing a rate increase and an additional 6 month extension to complete the project sometime in 2027.

The City needs to increase its power generation capacity and does not want to invest in more diesel generation equipment. Our aging distribution infrastructure combined with the limited generation capabilities means the City must now look to solve immediate problems that are impacting current rate payers. This means we are also constrained with providing more power to new, future users.

**DISCUSSION:** If funded, the CPRG grant will pay for drilling and testing the resource on Makushin Volcano. This was a stumbling block for OCCP when it sought funding from lending institutions, federal programs such as those available at the Department of Energy (DOE), and local investors. It is crucial to prove the resource has the capacity to generate the amount of energy needed now and in the future.

The CPRG grant also seeks funding for wind and solar power generation. The City paid V3 to analyze wind generation capacity and learned the best location is on city owned land in Pyramid Valley. Equipment designed and rated for weather conditions here in Unalaska and other more harsh climates have proven successful. The grant seeks \$70 million to erect turbines that will generate 10 MW of energy. It also seeks funds for solar power that will generate 1 MW of power.

There is no matching requirement for this grant. The City has hired a consultant to assist with the preparation of the grant application. The consultant, EPS in Anchorage, is the same company that has prepared Unalaska's utility plans and rate studies in the past.

**FINANCIAL IMPLICATIONS:** None at this time.

**ALTERNATIVES:** N/A

**LEGAL:** None required.

**PROPOSED MOTION:** I move to adopt Resolution 2024-10.

**CITY MANAGER COMMENTS:** I recommend adoption of this resolution in support of the city's grant application.

**ATTACHMENTS:** None.