Copper Valley ELECTRIC
A Touchstone Energy® Cooperative

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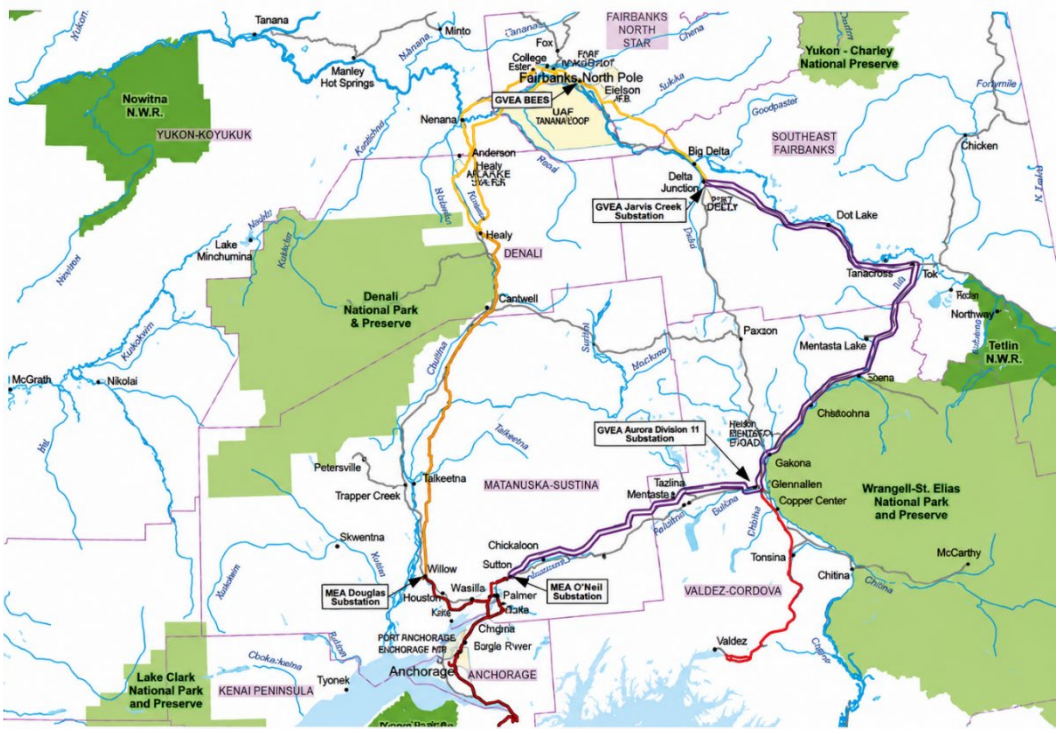
Member Advocacy – Analysis of a Potential Transmission Interconnection

Advocating for the members is a strategic priority for Copper Valley Electric. The Co-op does this by carefully reviewing policies, regulations, and energy infrastructure projects to determine if they support our mission of providing safe, reliable, cost-effective electric service and programs that benefit cooperative members.

One project that has been discussed for many years and was updated in 2020 is the Roadbelt Intertie, a proposed 388-mile transmission line that would connect CVEA's grid, as well as other rural communities along the route (Sutton, Glennallen, Tok, and Delta), to the Alaska Railbelt system. The Railbelt is comprised of Chugach Electric Association (Anchorage), Homer Electric Association (Kenai and Homer), Matanuska Electric Association (Mat-Su Valley), Golden Valley Electric Association (Greater Fairbanks area), Seward Public Utility (Seward), and the Alaska Energy Authority Intertie, and provides power to approximately 75 percent of Alaska's population.

While CVEA has long supported the development and strengthening of Alaska's energy infrastructure, the Cooperative conducted a deeper analysis in 2025 to better understand how an interconnection to the Railbelt could impact CVEA members.



Original Goals of the Roadbelt Intertie Project – 2020

When originally proposed, the Railbelt Intertie appeared favorable. It was initially promoted to:

- Reduce power costs for rural communities along the route
- Support regional economic development
- Provide critical redundancy and improve system reliability
- Increase Department of Defense energy resiliency

However, the absence of a new, large-scale source of power generation, rising project costs, shifting market conditions, and significant changes in the Railbelt system have reduced the likelihood that these objectives can be achieved for the Cooperative.

Changes Affecting the Project

Since the original Denali Commission feasibility study was completed in 2020 (available at cvea.org), two major Railbelt governance structures have been established:

1. The Railbelt Reliability Council (RRC) is Alaska's Electric Reliability Organization (ERO) in 2020, it is responsible for:
    - Regional transmission and generation planning
    - Establishing and enforcing reliability standards
    - Ensures utilities that operate as part of an interconnected system comply with reliability standards and oversees enforcement of fines for noncompliance
2. The Railbelt Transmission Organization (RTO) is a division of the Alaska Energy Authority (AEA) that is responsible for developing and implementing a transmission tariff, or costs that utilities must pay to transmit power across the Railbelt system

If CVEA interconnected with the Railbelt, the Cooperative would likely become subject to oversight by the RRC, the RTO (or a similar organization), and potentially the Regulatory Commission of Alaska (RCA). This would introduce new regulatory compliance requirements, increased administrative burden, and higher operating costs, rather than the cost reductions originally envisioned. A shift from CVEA's current unregulated status could lead to increased staffing requirements and reduced local control over rates and programs.

Financial Considerations

- Estimated construction cost: $778 million (2024 dollars)
- Estimated annual operations and maintenance cost (O&M): $870,000/year
- The project does not guarantee lower power costs through imported energy
    - Due to market conditions, there is a reduced opportunity to purchase cheap, natural gas power supply in winter
- A Railbelt interconnection is likely to result in higher summer rates
- Opportunities for CVEA to sell surplus power into the Railbelt market are limited
    - The Railbelt does not need additional capacity from CVEA
    - CVEA does not currently have substantial excess capacity nor a large-scale project, such as the Tiekel River project, available for export

Without the promise of reduced power costs, it will be difficult for this project to support any effective regional economic development initiative. Given these factors, the financial burden of the project currently outweighs the potential benefit to CVEA members.

Railbelt System Issues Inhibit Redundancy

The Alaska Railbelt system is currently addressing challenges associated in transmitting the power needed throughout the system. Major infrastructure upgrades are needed to move the required power, reduce significant line losses and meet current demand before looking for increased capacity elsewhere. This project would provide limited redundancy to the Railbelt, offering only partial backup capability. The current priority for Railbelt utilities is to upgrade the existing system to meet current demand, rather than adding additional transmission lines and loads for communities such as CVEA along the Railbelt.

Summary of Pros and Cons

Potential Benefits

- Ability to import and export power
- Support for large new commercial loads
- Improved maintenance scheduling
- Potentially improved system reliability

Potential Drawbacks

- Potential for rates to increase in the summer and decrease in the winter
- Increased regulatory oversight (ERA/RCA)
- Construction cost – $778 million
- Annual O&M cost – $870,000
- Limited redundancy with only partial backup

While there are benefits of larger interconnected grids, such as improved stability and operational flexibility, current assumptions indicate that the financial and regulatory burden is likely to outweigh the potential benefits to CVEA members. To avoid unpredictable cost and risk to the membership, CVEA will not actively pursue connection to the Railbelt at this time.

The Cooperative will continue to monitor the project and re-evaluate the opportunity if conditions change in a way that provides clear benefit to CVEA members.

CVEA remains committed to maintaining cost-effective, reliable power at the local level and supporting a robust and effective statewide energy infrastructure.

Questions?

Contact:
Jaime Matthews, Chief Executive Officer
907-822-3171
jmatthews@cvea.org