



Funding for Bulk Fuel Tank Farm Projects

Bulk Fuel Summit at AML Infrastructure Symposium | April 2, 2024



What we know about bulk fuel tank farms and funding:

- The need for critical repairs or rebuilds across rural Alaska is high
- The availability of annual funding for these projects is low
- The estimated cost of projects is on a steep increasing trajectory
- The longer we are unable to meet today's needs the higher the anticipated cost to meet those needs in the future





Since 2000, funding for BFU projects has come from:

- Denali Commission
- State of Alaska (AEA)
- Direct legislative appropriations
- Community Development Block Grants
- Indian Community Block Grants
- USDA grants and loans
- Owner-financing
- Other





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Total Denali Commission investment in bulk fuel projects 1999-2023: **\$255,597,473**

- TAPL funding FY00-FY23: \$115,762,570
- TAPL funding FY19-FY23: \$16,523,555
- RUS funding FY01-FY19: \$70,332,468
- Base appropriations as match to RUS funded BF projects: FY00-FY19: \$44,572,639





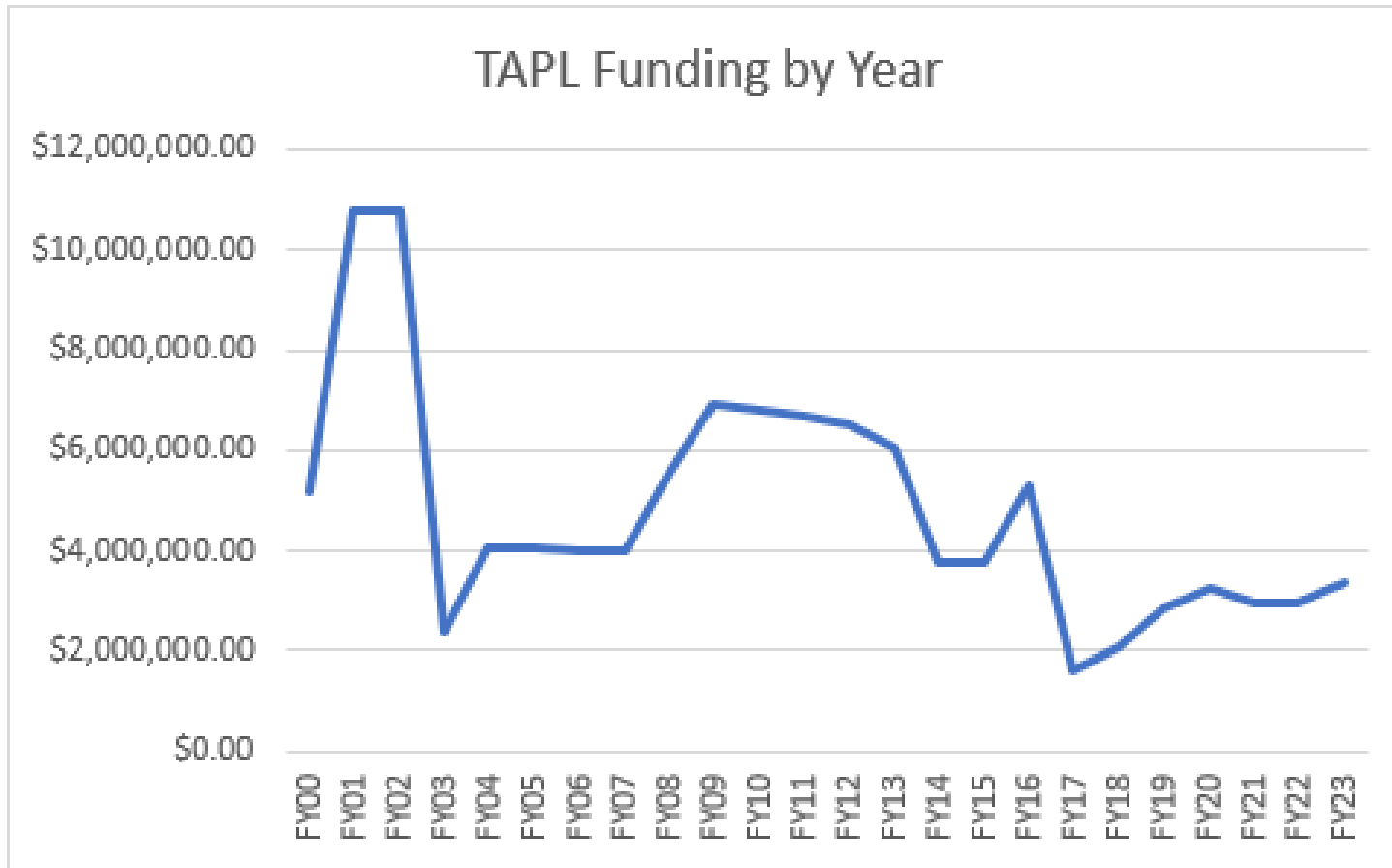
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**There are still many
untouched facilities**



TAPL funding availability: trending down





DENALI COMMISSION
Improving Lives Through Cost Effective, Sustainable Infrastructure Development

FY 2024 WORK PLAN
APPROVED 26 OCTOBER 2023

| line | PROGRAM and TYPE of INVESTMENT | FY2024 FUNDING SOURCES | | | |
|------|--|------------------------|--------------------|-------------------|--------------------|
| | | Base ^a | TAPL ^b | THUD ^c | Total |
| | | 1 | | \$13,000,000 | \$2,800,000 |
| 2 | Energy Reliability and Security | | | | |
| 3 | Diesel Power Plants | \$3,700,000 | | | \$3,700,000 |
| 4 | Interties | | | | |
| 5 | Wind, Hydro, Biomass & Other Proven Renewables | \$800,000 | | | \$800,000 |
| 6 | Emerging Technologies | | | | |
| 7 | Audits, TA, & Community Energy Efficiency Improvements | \$400,000 | | | \$400,000 |
| 8 | RPSU Maintenance & Improvement Projects ^d | \$1,000,000 | | | \$1,000,000 |
| 9 | Subtotal | \$5,900,000 | | | \$5,900,000 |
| 10 | Bulk Fuel Safety and Security | | | | |
| 11 | New/Refurbished Facilities ^b | | \$1,500,000 | | \$1,500,000 |
| 12 | Maintenance & Improvement Projects | | \$700,000 | | \$700,000 |
| 13 | Subtotal | | \$2,200,000 | | \$2,200,000 |



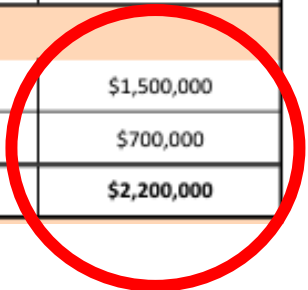


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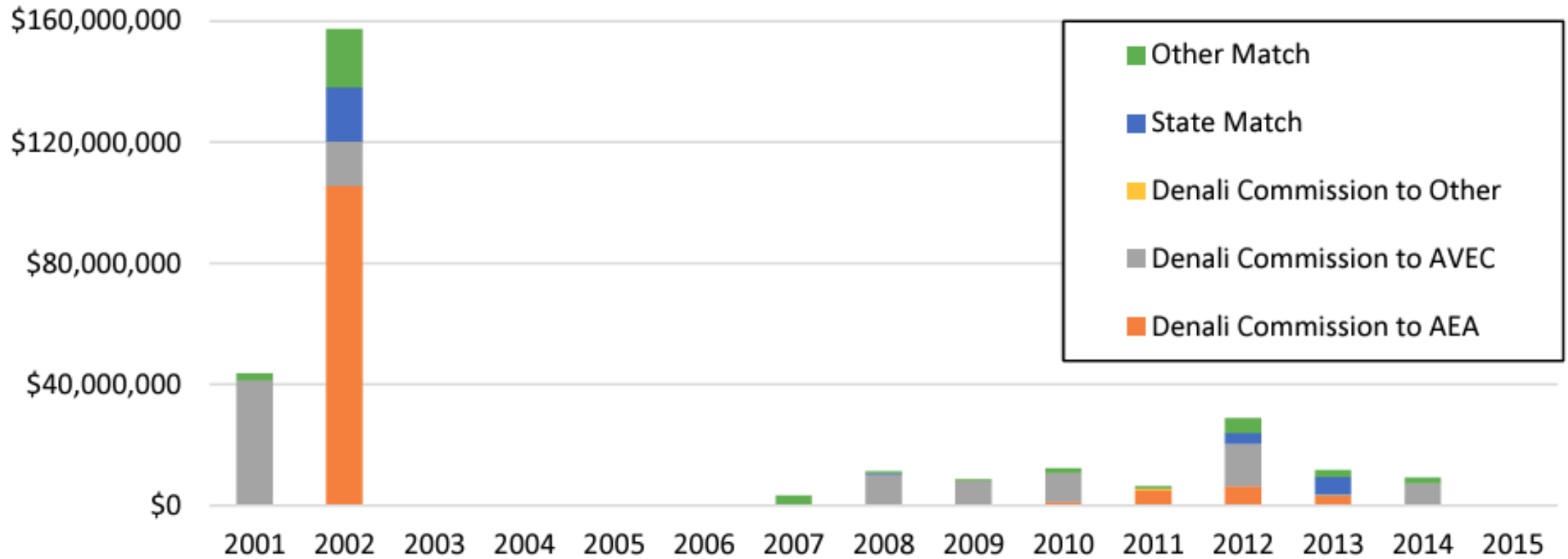
FY2024 Workplan includes only **\$2.2M** for BF new/refurbished and/or M&I projects





Bulk Fuel Upgrade funding by source and year

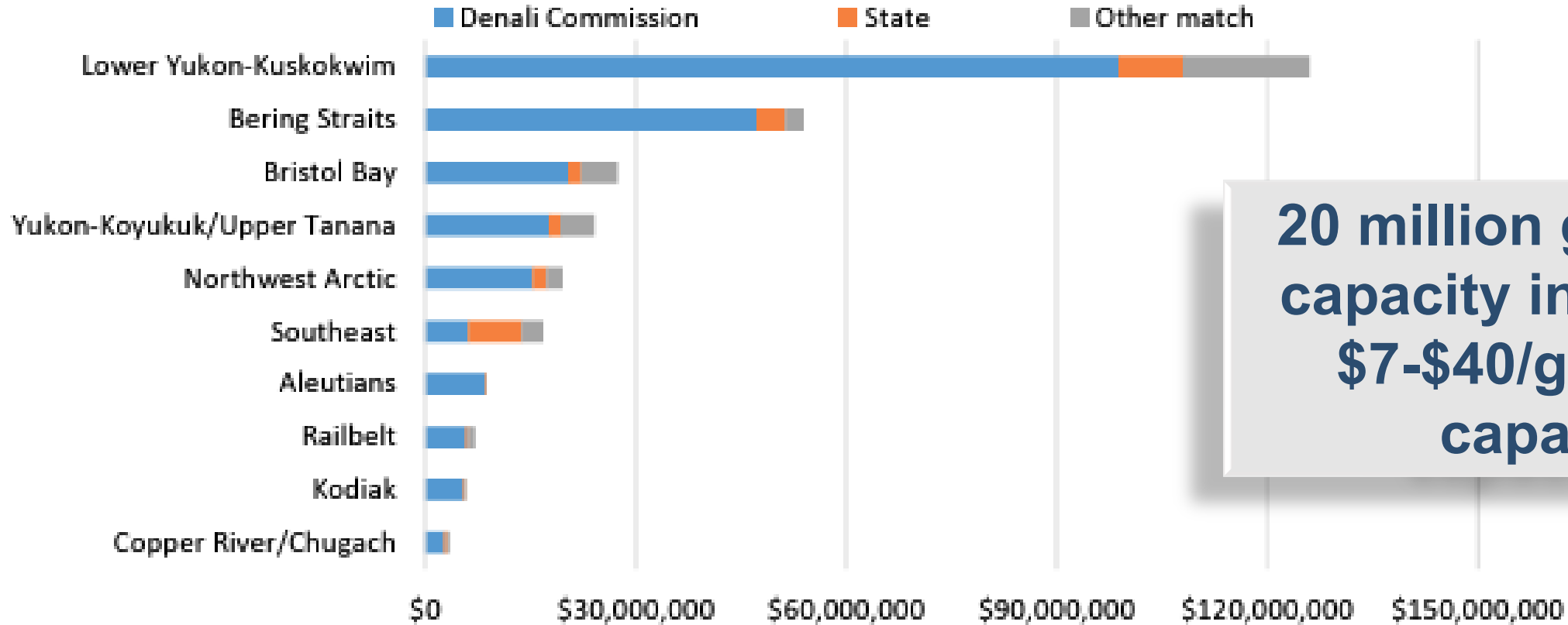
Source: Denali Commission database and AEA data





Bulk Fuel Upgrade funding by AEA energy region

Source: Denali Commission and AEA financial data (2001-2015)



20 million gallons of capacity installed at \$7-\$40/gallon of capacity





Summarizing the problem:

- Adequately sized, well-maintained facilities are critical for the health and safety of communities and the surrounding environment.
- Even with all the investments made to date there are still many facilities left untouched.
- The need to repair/replace and support BF infrastructure is high and funding availability is low.
- The disparity between need and our ability to meet that need is growing.
- Conventional ways of doing business cannot close this gap, what can we change?





**\$1B+ is not a reasonable goal.
What is?**





Other questions we should answer:

- What other sources of funding are available?
- How do we create better economy of scale with infrastructure management?
- Is project financing a realistic option (i.e., is there hope beyond grants)?
- What alternative administrative structures could help?
- Are there other ways in which we should be allocating funding now?
- What are reasonable expectations we can have of facility owners/operators?
- What are the steps we can take now toward what longer term goals?

Next Report Out: October 2-4, Fairbanks, at the Rural Energy Conference





Thank you!

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