

CHAKACHAMNA HYDROELECTRIC PROJECT
FIFTH PROGRESS REPORT
April 27, 2008
Project No. 12660-000 – Alaska
TDX Power, Inc.

1. General

This six-month progress report is prepared in accordance with the requirements of Article 4 of the Preliminary Permit issued to TDX Power (TDX) by the Federal Energy Regulatory Commission on 14 November 2006.

2. Liaison Officer

The Commission Liaison Officer for the Chakachamna Hydroelectric Project is:

Nicholas Goodman
TDX Power, Inc.
4300 B Street, Suite #402
Anchorage, AK 99503
(907) 278-2312

3. Schedule of Submitting License Application:

TDX anticipates that a license application for the project will be submitted pursuant to a revised project schedule (attached) on January 11, 2013.

4. Summary of Consultation during the Past Period

TDX Power continued to conduct meetings with parties that would have an interest in the Chakachamna Hydropower Project. The purpose of the meetings were to inform interested parties about the Chakachamna project, answer questions based on what is presently known about the Project, and discuss with them TDX's desire to proposed use of the Traditional Licensing Process (TLP) and an accompanying Communications Protocol. TDX also discussed with stakeholders a proposed approach to a 2009 environmental program (discussed below).

In addition to the numerous agencies and special interest groups that TDX met with in the previous six month period regarding the project, it also made additional presentations to the following organizations during the present reporting period: Alaska Renewable Energy Project Board of Directors, U. S. Under Secretary of Energy Clarence Albright, U.S. Geological Survey, Matanuska Electric Association Rate Payers Alliance, Alaska Common Ground, Cook Inlet Keeper Board of Directors, Department of Natural Resources, Water Rights Division, and the Alaska Conservation Alliance Board of Directors. It also provided briefings at the REAP energy fair, and the State of Alaska sponsored Rural Energy Conference.

In addition to the last reporting period, TDX has had additional meetings with representatives from Tyonek Native Corporation to brief them further on the project and to learn of their concerns and mutual interests. TNC is the closest native group to the project and could be directly impacted by pre-licensing activities and project development. In addition to potential socioeconomic impacts, access roads and the project transmission line may directly impact TNC land.

In order to further facilitate the sharing of information on the project, TDX has completed a Project web site that can be accessed by interested parties. The domain name for the site is www.chakachamna-hydro.com. In addition to general information about the project, the web site contains information on overall project schedule and status as well as detailed data files.

5. Studies Conducted During the Past Period:

During this past period, TDX has completed its core technical team for completing requisite field studies. Long View Associates (LVA) has responsibility for the FERC licensing process. LVA has concentrated their efforts on developing and implementing a strategy and schedule for advancing the licensing process. The LVA team also includes the services of Northern Ecological Services which has the key responsibility of formulating the critical studies associated with fisheries, aquatic, and terrestrial information needs, as well as those studies needed to address historical and cultural resources, recreational resources, visual impacts and socioeconomic effects of the project.

Execution of field programs is the responsibility of HDR. To date, HDR has been working with NES to identify and prioritize field studies needed for the project. Efforts of NES and HDR have focused on 1) sampling techniques, location, and overall habitat assessment; 2) the logistics and cost estimates for conducting the studies; and 3) a prioritization system for identifying when in the licensing schedule these studies will be completed. This information was used in conjunction with input from agencies and interested parties in crafting a preliminary “pre-formal” field program that would generate baseline data that would be important for the formal field studies to be conducted under the FERC licensing process. In the reporting period HDR developed a Conceptual Study Plan as well as a more detailed Draft Study Plan that incorporates feedback from agencies and interested stakeholders.

Because of the complex hydrologic questions raised by the proposed interbasin transfer of water from the Chakachatna River to the MacArthur drainage, TDX issued a solicitation for instream-flow expertise to compliment the technical capabilities of HDR Alaska. TDX has retained Entrix as the instream-flow consultant. Entrix will be charged with developing an understanding of the flow requirements needed to support the diverse array of aquatic resources currently in the Project area.

TDX Power has filed for a water rights allocation from the State of Alaska, Department of Natural Resources for the Chakachatna River with the caveat that the allocation will not be adjudicated by DNR until such time that adequate field data and stream and ground water information has been collected and the impact of the project on these systems and the biota that they support are fully evaluated.

Finally, during the last reporting period TDX has retained MWH Global as the Project’s Engineer of Record and has tasked them with updating Project designs and operating models previously developed by Bechtel (1983). MWH will build on input by Hatch-Acres that indicated a number of areas where design changes can be made. Among others, these primary design changes include not

only the elimination of the dam at Chakachamna lake outlet, but also the elimination of the complex fish ladder in deference to a natural channel and outlet structure to pass juvenile and adult salmon species both into and out of Chakachamna Lake. Development and articulation of a reservoir operating model will provide TDX Power, its consultants, and stakeholders with much needed clarity on the potential resource questions that will need to be addressed as part of the formal study program.

6. Outline of Engineering, Environmental, and Other Investigations to be Conducted During the Ensuing Six Month Period:

TDX anticipated a robust informal field season in 2009 to complement the reconnaissance work done in 2008. The 2009 field season was intended to test field methods, develop a logistics capability, and to define key data needs that would be necessary for the intensive formal field investigations that were anticipated to begin in 2010. Due to funding constraints, TDX has decided to postpone this informal year of studies and incorporate the goals and methods of the studies into the formal study program in 2010.

7. Summary of Consultations That Will Take Place During the Ensuing Six Month Period:

TDX will continue with Agency outreach meetings for the purpose of soliciting input from the agencies on what detailed formal investigations need to be conducted in support of a FERC license application. Additionally, TDX will continue to engage agencies on how to best develop a communications protocol to accompany a request to use the Traditional Licensing Process (TLP) that meets the needs of both stakeholders and the developer.

8. Assessment of the Feasibility of the Project

Based on revised cost estimates and review of the area market, the project appears to be economically feasible when weighed against viable options. In the absence of Chakachamna, it is anticipated that a combination of coal, natural gas, and perhaps some wind and other renewable energy projects would be developed. MWH Global has been tasked with updating the cost model from the original Bechtel design. Full Project optimization will take place following a year of geotechnical surveys and market analysis that will begin in 2010.

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