

Alaska Environmental Power



April 4, 2018

Rep. Adam Wool, Chair
House Energy Committee Members
State of Alaska Legislature
House Special Committee on Energy

RE: Alaska Environmental Power support for HB 382

Dear Chairman Wool and Energy Committee Members,

Alaska Environmental Power operates the Delta Wind Farm and sells 2 Megawatts (MW) of renewable energy generation to Golden Valley Electrical Association (GVEA) under their limited agreement. I am the CEO/President of Alaska Environmental Power LLC, that owns and operates the Delta Wind Farm. I have personally invested and been involved in Renewable Energy development in Alaska for more than ten years. I have a great deal of knowledge and experience in working with utilities and Alaska's utility and interconnection statutes and regulations. My company led the effort and was successful in the R-13-002 docket in ushering in Alaska's version of Utility Regulatory Policies Act (PURPA) compliance that had been on the books since 1982.

Our wind farm is limited, by GVEA, to 2 Megawatts of energy production and for years we have tried to increase capacity and continue to expand our energy production to 24 MW to serve interior Alaska. This win-win energy situation is a private capital investment providing public benefits and creating private sector construction jobs for Alaska that currently has the highest unemployment in the US.

My company supports HB 382. Over the course of my energy development experience I have participated in many hearings and public sessions about how Alaska could better serve our Railbelt Grid through lowering costs and increasing efficiencies, integrating renewable energy and providing more resilient and diversified energy resources for Alaskans. I have seen and have the economic scars which proves the Alaska utility has self-build bias and parochial utility turf issues which provide a disservice to Railbelt Grid utility ratepayers.

I support the Independent Service Operator (ISO) concept presented in HB 382 because it requires *by statute* an open access, non-discriminatory transmission that is overseen by an independent board comprised of a broad cross section of well-informed, non-partisan independent Alaskans open to best practices. This independence requirement is essential to ensure that the Railbelt Grid as a public asset is managed in the public interest. As you know, the Railbelt Grid transmission assets were mostly paid for by state and federal funding. Upgrading the Railbelt Grid system has fallen behind our needs and lessened the energy security that Alaskan Railbelt Grid consumers require. An ISO overseeing the Railbelt Grid assets for the benefit of the public ensuring open access and nondiscriminatory tariffs and

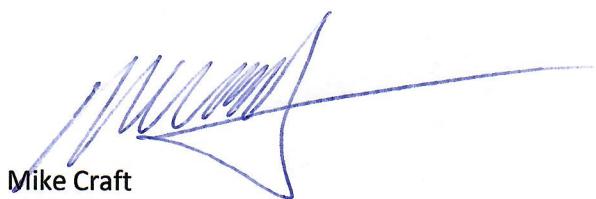
access will help attract private capital, increase competition and help assure that economically viable energy projects can develop and sell on the Railbelt Grid market.

It is painfully clear to Fairbanks consumer's that something is out of balance as we pay the highest cost on the Railbelt Grid for power under the current constraints and control of Railbelt Grid that cannot agree amongst themselves, let alone work with renewable energy producers to improve energy security and reliability for a prosperous Alaskan economy. HB 382 can't cover everything but is a step in the right direction by putting a public dominated independent board ISO in control of the Railbelt Grid.

Rep. Wool should be commended for sponsoring this legislation and I ask like-minded members of the Energy Committee to co-sponsor this legislation as history tells us nothing will occur in fixing the Railbelt Grid without Legislative direction. Our economy and the public are no longer willing to listen to "stall by studies" and observe utility infighting while our public is not served. We deserve better and HB 382 helps Alaskan Railbelt Grid consumers by putting the public first.

I appreciate and thank you for your consideration of my comments on this important bill.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mike Craft".

Mike Craft
CEO/President