

TESTIMONY OF MARILYN LELAND,
EXECUTIVE DIRECTOR, ALASKA POWER ASSOCIATION

Before the House Special Committee on Energy

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House Bill 37, Relating to Net Metering of Electric Energy

Thank you for the opportunity to comment on House Bill 25. My name is Marilyn Leland and I am the Executive Director of the Alaska Power Association. APA is the statewide trade association that represents the electric utilities that supply power to about more than a half million Alaskans from Barrow to Southwestern Alaska, through the Interior and Southcentral and down the Inside Passage.

In the way of background, I'd first like to give you a little history of how we got to where we are today. In 2006-2008, net metering was being considered by the Regulatory Commission of Alaska in its docket on the adoption of regulations to implement amendments to the Public Utility Regulatory Policies Act of 1978 by the Energy Policy Act of 2005. In that docket, the Commission was required to make a decision as to whether it would adopt the federal standard for Alaska for net metering. The Commission decided that it would not adopt the federal standard, but opened a docket to determine whether it would require net metering standards specific for Alaska.

The docket was opened in January 2009 and several workshops were held for interested parties to work on proposed regulations. Because this docket was already open and under consideration during the last legislative session, APA recommended that the legislature not take action on any of the net metering bills that were before it. No further action was taken by the legislature last session on any of the bills and the RCA process was a success. There was exceptionally good participation in the workshops, with more public participation than the RCA had experienced in any of its dockets. In the workshops, Commission staff, utility representatives and a variety of public participants worked through proposed regulations and came to agreement that all who participated could live with. I would like to commend the RCA for the process it used in this docket.

The Commission issued an Order Adopting Regulations on January 15, 2010. However – and this is very important – the agency has not yet completed work on its net metering regulations. The RCA is considering further revisions to the currently effective net metering regulations, to address interconnection requirements for net metered generation. As presently proposed, the new requirements will be added as a section within the current net metering regulations. An RCA order in R-09-2 is expected by May 5, but it can take months for Department of Law review and certifications before regulations are finalized and placed into effect. APA and its members support the intent of the sponsor of HB37.

However, we believe that codification is at the least premature, and we urge that no action be taken at this time.

In fact, we believe that putting the RCA's net metering regulations in statute is not necessary. The RCA has addressed the issue well and is the best suited to address any needed changes in the future. Codifying the current regulations will limit the RCA's ability to implement any needed changes in the future and could well lead to unintended consequences by not allowing the RCA to make future changes using its public docket process. Current net metering requirements, and any future changes, involve careful balancing of issues of utility ratemaking, utility system operations, consumer input and policy. APA understands the good intention that codifying net metering regulations guards against precipitous future changes, but based on the RCA's open and thoughtful rulemaking process employed thus far, APA is comfortable leaving net metering in the regulatory arena. As I said, APA understands there are good arguments for the statutory as well as the regulatory approach, but favors the regulatory approach at this point in time.

The RCA is empowered and tasked by statute, and has the technical expertise and experience, to conduct the research and the balancing of interests necessary to address net metering. In addition, APA believes the RCA's well-established rulemaking process provides the necessary opportunity for public comment, workshops, and analysis. Also important to note is that some state legislatures have enacted net metering statutes because their public utilities commissions were not able or willing to adequately address the issue. That is not the case in Alaska.

The members of APA not opposed to small scale renewable generation, or to purchasing power from such consumer-owned generation. Our members are likewise not opposed to consumers reducing their electric purchases by using their own generation. The issue is making sure that a purchased-power rate is not just fair for the seller of that power, but is equitable to all ratepayers of a utility who must share in any subsidized rate.

APA believes that the Regulatory Commission is best equipped to make those determinations.