

Alaska State Legislature House of Representatives

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Session
State Capitol Rm 412
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SPONSOR STATEMENT FOR HB 78

Alaska Competitive Energy Act

It is my honored to present HB78 on behalf of the Alaska Independent Power Producers.

Competition is good. Competition brings out the best of America and Alaska. Competition is the basis for a free and market force driven society. Business and industrial sectors that have vibrant competitive markets work hard to drive down consumer prices. Competition sparks innovation to improve production, shave unnecessary costs, and continually improve customer service in the never ending pursuit to meet or beat competition. Alaskans understand and embrace competition as an integral component of our existence as Alaskans. Competition is not complicated. Alaskans understand competition in the sports arena and in all endeavors that require a pursuit of excellence. As with our world famous Iditarod Dog Sled Race, we don't just hand out trophies, we expect our Alaskan winners to earn it.

Our Alaska electrical energy laws and regulations that not only discourage competition, but more aptly pre-empt competition and discourage private investment in our electrical energy infrastructure. As a result to our economic counterproductive and anticompetitive policies, Alaska ranks last of all 50 states in the production of competitive electricity from independent power producers. Due, in part, to our lack of wholesale electrical competition Alaska also has the highest average cost of industrial, business electricity rates in the nation. Also, Alaska almost has the highest average residential electricity rates in the nation. Our noncompetitive high electric rates negatively impact our economic development and unnecessarily burden our Alaskan businesses, mines, entrepreneurs and households.

Our high electrical energy costs, not only impact our economy, they also impact our local government operations, schools, hospitals, and services. A school or hospital dollar unnecessarily spent on uncompetitive electricity is a dollar that could be more productively spent on educating our youth or reducing the health care costs for Alaskans.

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As Alaska started out as a territory and as a young state, we rightfully granted monopoly rights to utilities and awarded exclusive service territories in our effort to provide incentives to drive electrical service to all urban and rural Alaskans alike. However, we have outgrown this monopoly model that now holds back the diversification and vibrancy of our non-oil industry economy. We must integrate wholesale competition to encourage private capital investment into energy generation and transmission to not only decrease electricity costs but also to improve Alaskans long term energy security from future rate increases.

Fair play, open access to transmission, nondiscrimination in the procurement of lowest cost energy allows market forces to pick winners and provides an avenue for Alaska to meet its goals as stated in our State Energy Policy. The Alaska Competitive Energy Act embraces competition as the guiding principle for our electrical generation and transmission industry because Alaskans know that competition works.

Thank you for you for supporting the Alaska Competitive Energy Act.