



STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Bill Walker, Governor
Fred Parady, Acting Commissioner
Robert M. Pickett, Chairman

Regulatory Commission of Alaska

February 12, 2015

The Honorable David Talerico
House of Representatives
State Capitol Room 104
Juneau, AK 99801

Dear Representative Talerico:

EPA's proposed Clean Power Plan (CPP), or 111(d) rule for electric utilities, will raise energy costs, challenge the reliability of electric service, and effectively federally pre-empt state energy policy. The CPP mandates state "goals" for reduced carbon intensity at a few targeted power plants. States must outline measures for meeting these goals in a state plan that will be federally enforceable by EPA and through citizen suits. EPA based the goals on measures the agency evaluated for power plants connected to the continental transmission grid and the wholesale bulk electric market. The State of Alaska requested an exemption from the CPP largely because EPA's findings do not apply where the continental grid is not available.

For example, assuming nearly unlimited transmission capacity, EPA found that natural gas generation could replace coal generation without unreasonably increasing energy costs or degrading reliability. So, EPA assigned Alaska a goal that reflects replacing coal generation at Healy Power Plant with southcentral natural gas generation by 2020. This would require capacity upgrades to the Railbelt transmission system that could cost as much as \$400 million. Abandoning Healy would also leave GVEA's member-ratepayers with \$450 million in stranded costs including debt service. All of this expense would be incurred to deliver more expensive electricity to Fairbanks that could be interrupted by an outage anywhere on the 350-mile transmission line from southcentral Alaska. The goal EPA assigns to Alaska will require the premature retirement or underutilization of the coal units at the Healy Power Plant and degrade the reliability of service in Fairbanks.

These and several other concerns were outlined in a state comment letter drafted through the collaboration of several state agencies last fall. My observations on the CPP highlight some of those concerns to help inform continued dialogue. Given the importance of affordable and reliable electric service, it is important that EPA grant Alaska an exemption.

These summary observations represent my own individual view of the proposed Clean Power Plan and matters raised in last fall's state comment letter, not the opinion of the Commission as a whole.

Sincerely,

Norman Rokeberg
Commissioner

Enclosure: Commissioner Norman Rokeberg Observations on EPA's Clean Power Plan and Alaska
By e-mail