



Alaska Power Association

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February 29, 2016

Honorable Lesil McGuire
Alaska State Capitol, Room 121
Juneau, Alaska 99801
Fax: (907) 465-6592
Email: Senator.Lesil.McGuire@akleg.gov

Subject: Senate Bill 193

Dear Senator McGuire:

Alaska Power Association (APA) and its members have reviewed Senate Bill 193, and, at this time, we are not taking a position on the bill. We realize that this bill does not create any new exemptions, but simply extends the timeframe in which a plant or facility that generates power from renewable resources must be built in order to qualify for the exemption.

Although we are not taking a position on the bill, we would like to take this opportunity to comment on the statute referenced, AS 42.05.711(r):

1. The statute's 65 MW size restriction appears to be too high. The potential justification for exemption from RCA certification and regulation is very different if the exemption applies to a small 500 kilowatt (kW) renewable resources facility as opposed to a large 65 MW facility.
2. The statute exempts a facility that sells its output to *multiple* regulated electric utilities. Sales to multiple electric utilities raise concerns about preventing the facility from discriminating among customers with respect to rates, terms, or conditions of service.
3. The statute exempts a facility even if it is closely affiliated with a regulated electric utility to which it sells power. That raises additional concerns about the potential for discriminatory preferences among the electric utilities that purchase power from the facility.
4. It appears that the statutory exemption in AS 42.05.711(r) is not necessary for the following reasons: First, under federal law, most renewable energy resource electric generation

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plants that propose to sell power only to another electric utility can already become exempt from state and local regulation by becoming a “qualifying facility” (QF). *See* 18 C.F.R. § 292.602(c); 18 C.F.R. § 292.601(a), (b). Second, regardless of whether the facility is exempt as a QF, the facility can also become exempt from RCA certification and regulation through a petition to the RCA showing that the exemption is “in the public interest.” *See* AS 42.05.711(d).

5. The statutory exemption precludes affected electric utilities from having input on determining whether the exemption of a particular project is justified.

6. The statutory exemption impairs the RCA’s ability to ensure that the facility’s rates, terms, and conditions of service are just, reasonable, and non-discriminatory, particularly when the facility sells power to multiple electric utilities.

Alaska Power Association represents the statewide electric utility industry. Our membership serves communities from Barrow to Unalaska, through the Interior and Southcentral, and down the Inside Passage. We stand ready to assist you and your staff with any questions or suggestions you may have that pertain to SB 193 or the statute it modifies.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Crystal Enkvist', with a stylized, flowing script.

Crystal Enkvist
Executive Director