

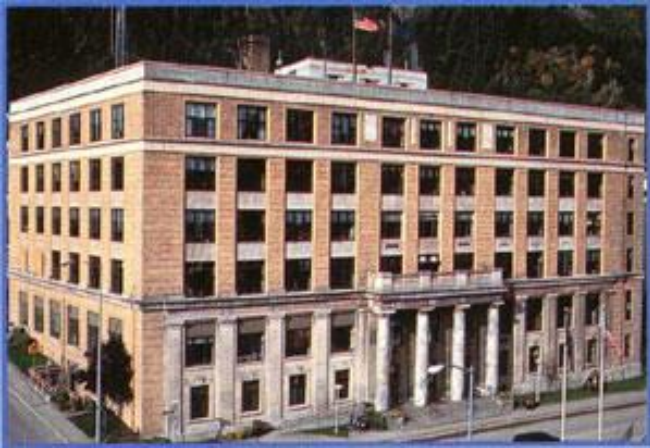
Electric Utility Issues:

Perspectives from the Industry that Powers Alaska



Presented to the House Special Committee on Energy by:
Meera Kohler, Alaska Village Electric Cooperative,
Jodi Mitchell, Inside Passage Electric Cooperative,
and Crystal Enkvist, Alaska Power Association

What Will Be Covered



- Alaska Power Association background
- Power Cost Equalization program
- Renewable Energy Grant Fund
- Emerging Energy Technology Fund
- Questions

Alaska Power Association

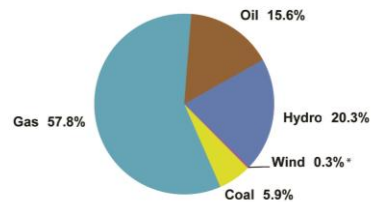
- Trade association for electric utility industry
- Electric cooperatives, municipals, joint action agencies and investor-owned utilities
- Diverse electric utility membership comes together to speak with one voice



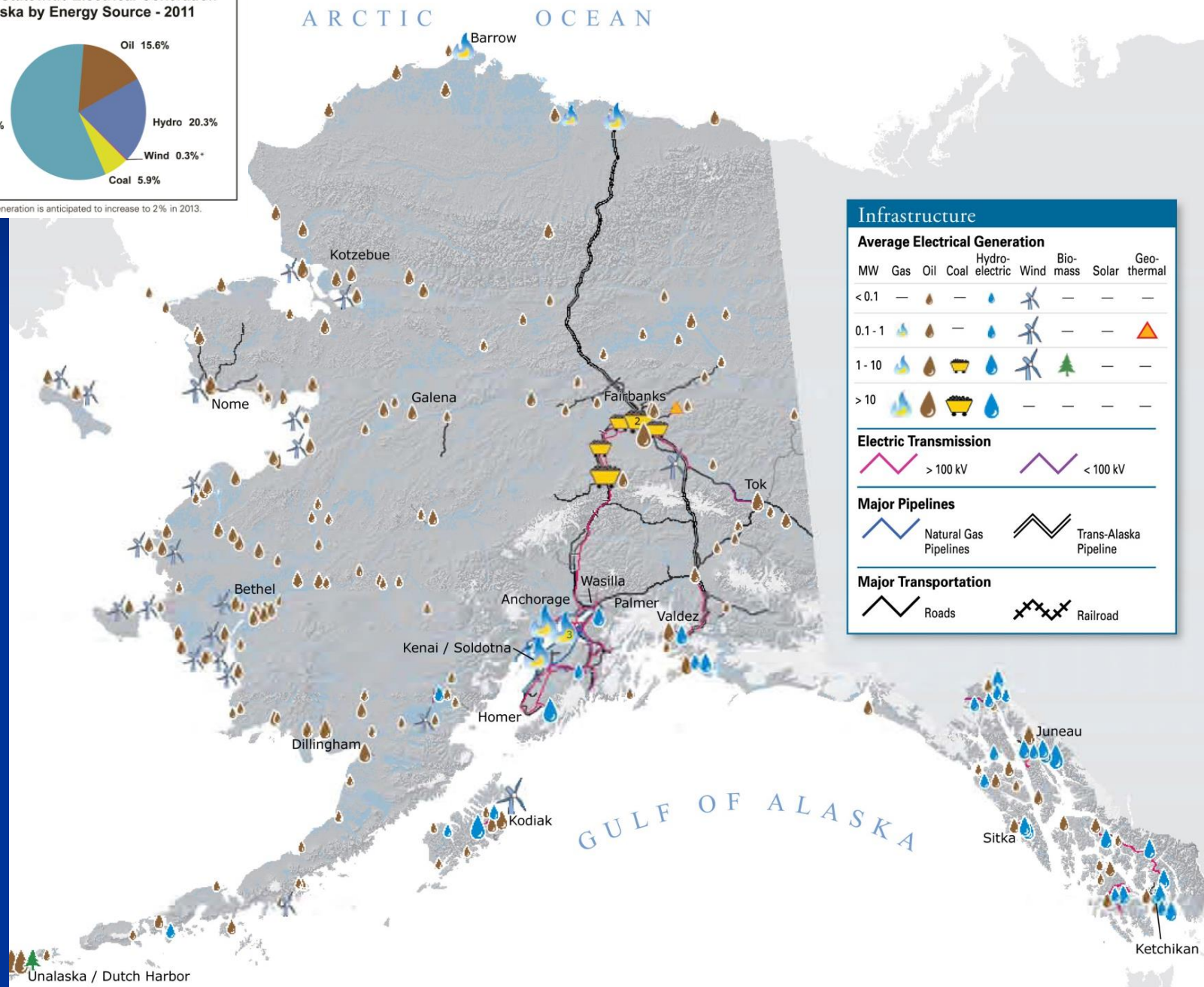
**Alaska Power Association members provide
power to a majority of Alaskans**



**Average Statewide Electrical Generation
in Alaska by Energy Source - 2011**



*Statewide wind generation is anticipated to increase to 2% in 2013.



Infrastructure

Average Electrical Generation

MW	Gas	Oil	Coal	Hydro-electric	Wind	Bio-mass	Solar	Geo-thermal
< 0.1	—	—	—	—	—	—	—	—
0.1 - 1	—	—	—	—	—	—	—	—
1 - 10	—	—	—	—	—	—	—	—
> 10	—	—	—	—	—	—	—	—

Electric Transmission

—	> 100 kV	—	< 100 kV
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Major Pipelines

—	Natural Gas Pipelines	—	Trans-Alaska Pipeline
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Major Transportation

—	Roads	—	Railroad
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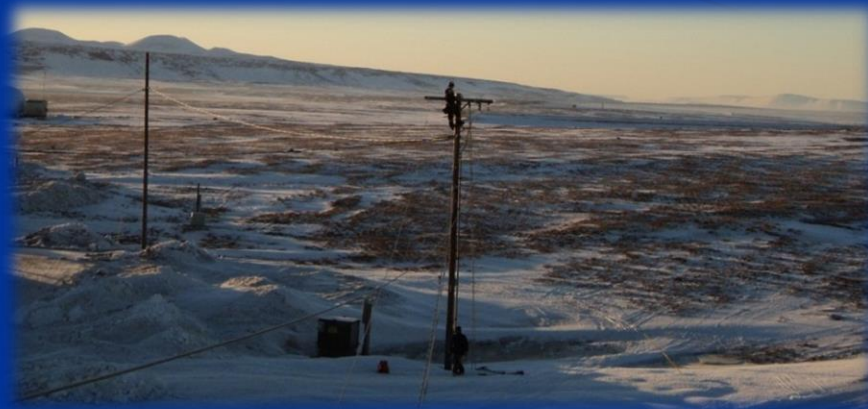
Power Cost Equalization



Photos provided by AVEC

Power Cost Equalization

- Residential electric rates in rural Alaska range from \$.36/kWh to \$1.80/kWh
- High energy costs continue to cripple economic development in rural Alaska
- Without Power Cost Equalization, thousands of Alaskans would not be able to afford electricity

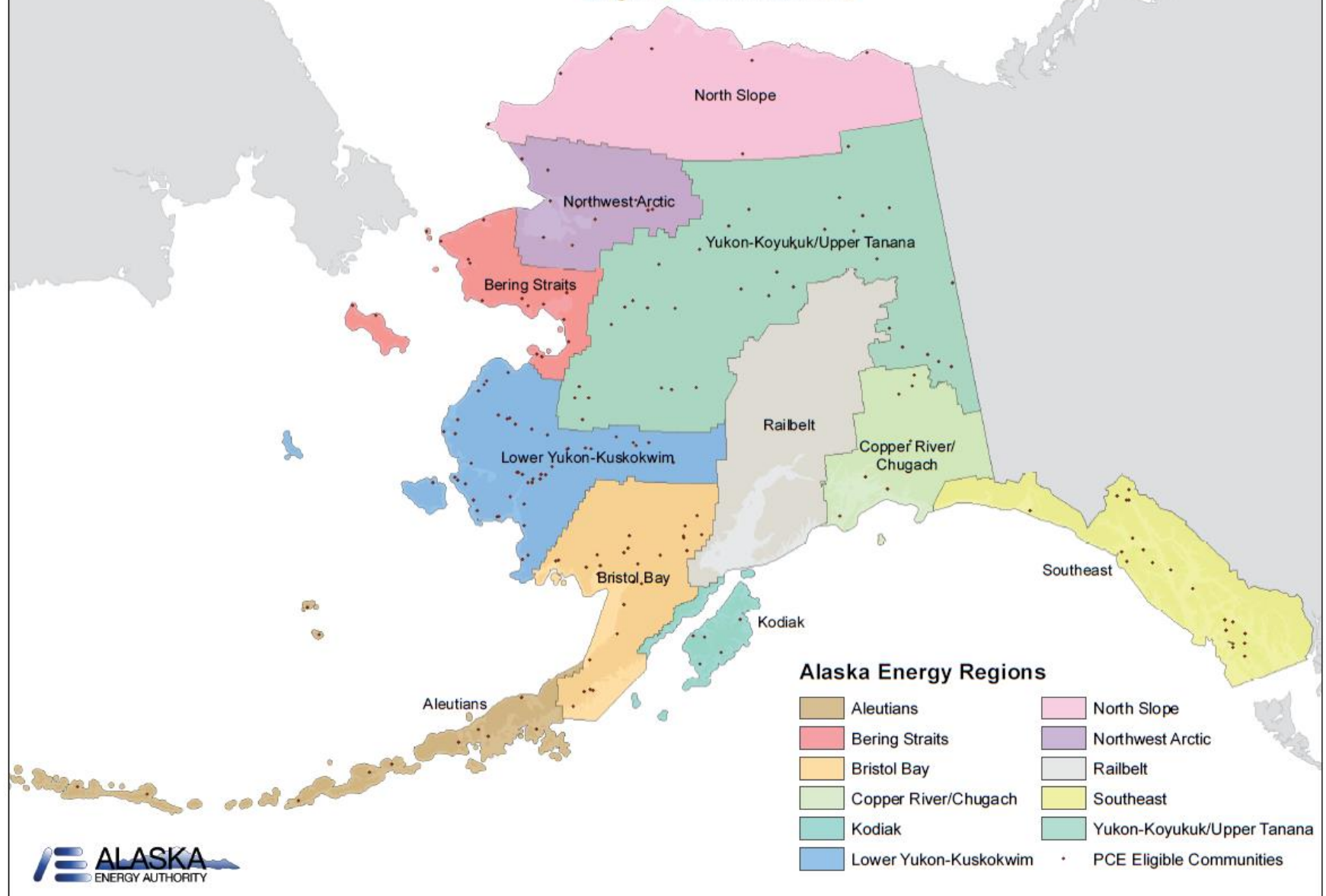


Power Cost Equalization history

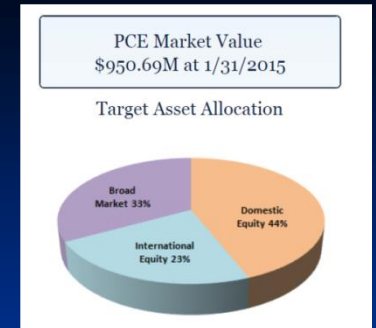
- Established FY1985 to equalize high electric costs in rural Alaska with lower costs in urban areas
- State funds appropriated each year by legislature
- Approx. \$40M in annual assistance to 81,000 Alaskans in the 190 communities
- Utilities give eligible customers PCE credit at time of billing
- PCE funds are reimbursed to utilities from Alaska Energy Authority

Power Cost Equalization (PCE) Program

Eligible Communities

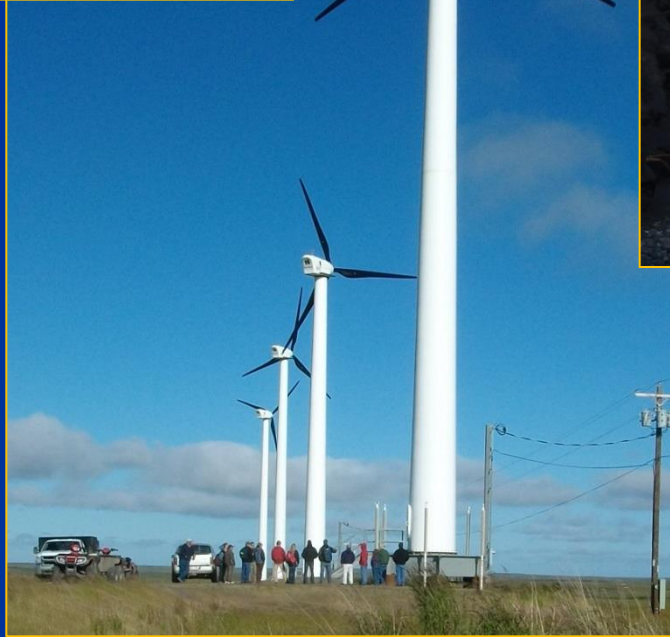


Power Cost Equalization Endowment



- Partially capitalized in 2000 with Constitutional Budget Reserve money and sale proceeds from Four Dam Pool projects; two infusions since then
- Established as separate fund of AEA
- Long-term, stable financing source for PCE program
- Until a long-term solution is implemented, PCE keeps electric power costs somewhat stable

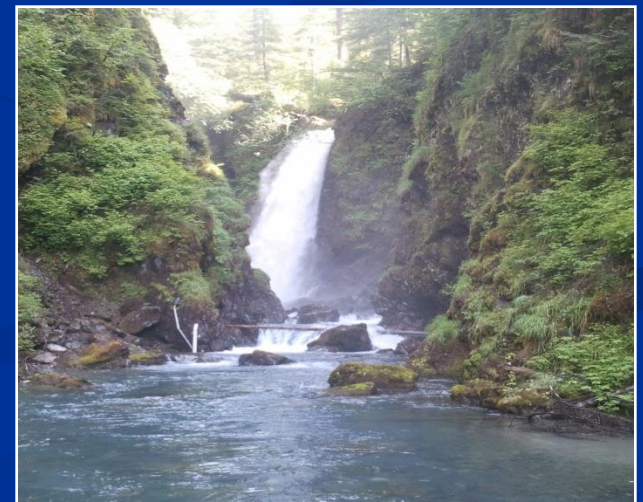
Renewable Energy Grant Fund



Photos from APA members

Renewable Energy Grant Fund

- Created by the Legislature in 2008
- Supports renewable energy projects, particularly in areas with highest energy costs
- Administered by Alaska Energy Authority
- Grants awarded for reconnaissance, feasibility, design and construction
- Successful program has provided a large rate of return for the State's investment



Renewable Energy Grant Fund

- REF appropriations totaling \$247.5M have been issued since 2008.
- Funding matched with more than \$152M from other sources.
- In 2014, REF projects displaced close to 15 million diesel equivalent gallons.
- Since 2009, an estimated 347,575 metric tons of CO₂ (GHG emissions) have been reduced.
- REF projects create local employment opportunities and local energy independence.

Renewable Energy Grant Fund

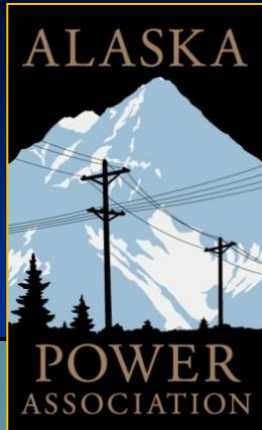


- Provide appropriation sufficient to cover the projects and funding levels recommended by AEA
- Projects recommended for funding help advance Alaska's goal of producing 50 percent of the state's power with renewable energy by 2025
- \$15 million in Governor's FY16 capital budget

Emerging Energy Technology Fund

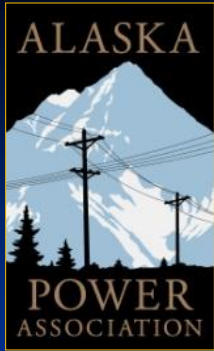
- Alternative Energy Sources
 - Research
 - Development
 - Application
- Nearly \$11 million provided to 20 projects
- Continue funding the EETF
- \$1M in Governor's FY16 capital budget





Questions?





Alaska Power Association

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