DESIGNING ALASKA'S FUTURE:

SB 123/HB 151
Railbelt Reliability-Removing Gridlock

Alaska Legislature
Juneau, Alaska
January 29, 2020

Duff Mitchell

Executive Director

THE POWER OF Alaska
ALASKA INDEPENDENT POWER PRODUCERS ASSOCIATION

AIPPA Members

Members across Alaska

CIRI

Arctic Energy
AUTHORIZED CAPSTONE DISTRIBUTOR

Ram Valley, LLC

FISHOOK
RENEWABLE, LLC

Juneau Hydropower Inc.

ALYESKA RESORT

DeltawindFarm

Renewable Independent Power Producers

STG

Alaska is ranked low in Independent Power Producer electrical generation

From Table 3.7. Utility Scale Facility Net Generation

by State, by Sector, 2018 and 2017 (Thousand Megawatthours) https://www.eia.gov/electricity/annual/

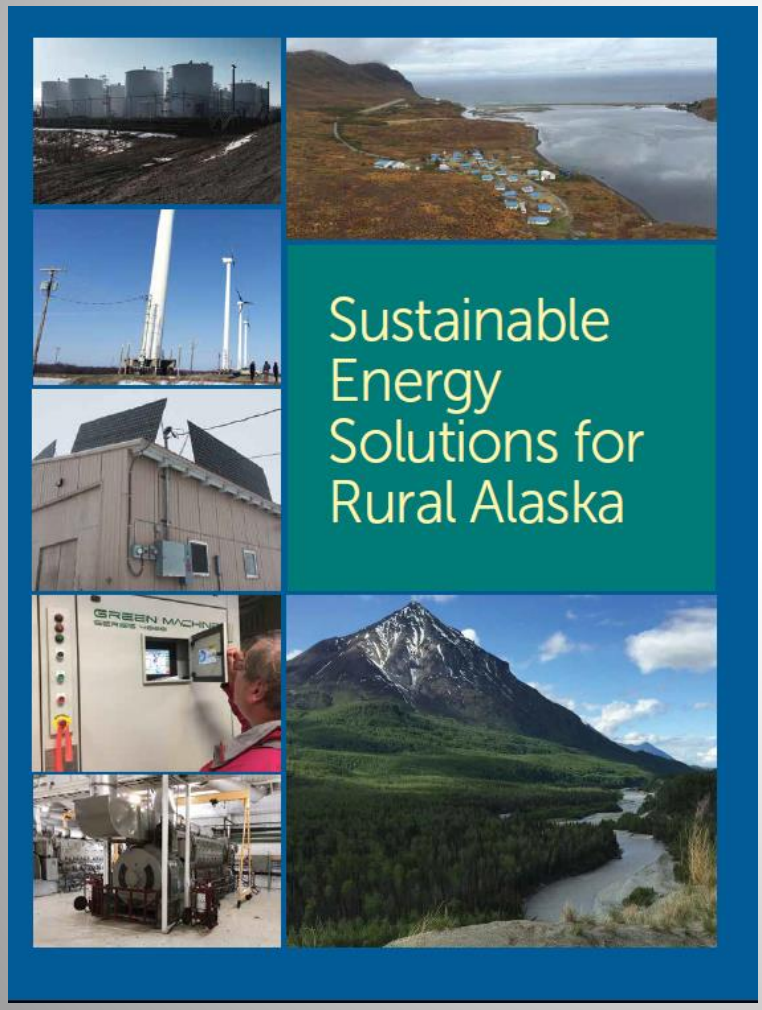
	Electric Power Sector					
	Electric Utilities		Independent Power Producers		Comparison of Generation	
	Generation at Utility Scale Facilities		Generation at Utility Scale Facilities		IPP Percent of of State Generation compared ot Utilities	
Census Division and State	Year 2018	Year 2017	Year 2018	Year 2017	Year 2018	Year 2017
Texas	92,965	81,082	339,066	329,001	78%	80%
Mountain	289,909	282,251	77,889	75,245	21%	21%
Arizona	98,448	91,623	13,323	14,062	12%	13%
Colorado	42,037	41,471	13,248	12,268	24%	23%
Idaho	11,904	11,447	5,695	5,367	32%	32%
Montana	12,070	11,545	16,090	16,645	57%	59%
Nevada	27,482	26,836	11,667	10,945	30%	29%
New Mexico	21,112	24,595	11,431	8,884	35%	27%
Utah	34,901	32,614	3,803	3,872	10%	11%
Wyoming	41,955	42,120	2,633	3,202	6%	7%
Pacific Contiguous	223,897	239,669	133,815	126,583	37%	35%
California	75,239	90,422	103,681	99,342	58%	52%
Oregon	47,020	48,765	16,410	13,266	26%	21%
Washington	101,638	100,482	13,724	13,975	12%	12%
Pacific Noncontiguous	10,871	11,045	4,057	4,156	27%	27%
Alaska	**5,575**	**5,823**	**234**	**231**	**4%**	**4%**
Hawaii	5,296	5,223	3,822	3,924	42%	43%
U.S. Total	2,333,570	2,274,279	1,680,717	1,603,173	42%	41%

Notes: See Glossary for definitions. Values are final. See Technical Notes for a discussion of the sample design for the Form EIA-923.

Source: U.S. Energy Information Administration, Form EIA-923, Power Plant Operations Report.

Alaska receives 4% of its generation from Independent Power Producers versus National average of 42%

2016 Alaska Energy Study Commissioned by US Department of Energy



Study analyzed Alaska's Energy Situation and provided recommendations with input of the RCA and stakeholders

Independent Power Producer Alaska Future Role

Key Recommendation #4:

Increase the Role for Independent Power Producers and Other Third-Party Service Providers

Increasing the role for independent power producers and third-party providers can **help rural utilities improve service and reduce costs** to the community. Independent power producers bring access to new sources of capital and valuable experience **that can accelerate adoption of innovative technologies** that have been successful in other communities in Alaska and beyond.

Alaska is blessed with Energy Resources to lower the cost of power to Alaskans

"From everyone to whom much has been given, much will be required; and from the one to whom much has been entrusted, even more will be demanded" (Luke 12:48).

Is Not Alaska America's breadbasket of "all" Renewable and Nonrenewable Energy sources?

Alaska's Energy Policy-2010 Aspirational vs. Directional

Alaska's Energy Policy (AS 44.99.115), is as follows:

Declaration of state energy policy. *[…]*

(2) encourage economic development by:
(A) ***promoting the development of renewable and alternative energy resources****, including geothermal, wind, solar, hydroelectric, hydrokinetic, tidal, and biomass energy, for use by Alaskans;*

(B) promoting the development, transport, and ***efficient use of nonrenewable and alternative energy resources****, including natural gas, coal, oil, gas hydrates, heavy oil, and nuclear energy, for use by Alaskans and for export;*

(C) ***working to identify and assist with development of the most cost-effective, long term sources of energy for each community statewide;***

(D) ***creating and maintaining a state fiscal regime and permitting and regulatory processes that encourages private sector development of the state's energy resources****;*

AIPPA Railbelt/SB 123-HB 151/Statewide Consistent Position

- Alaska adopt OATT-Open Access Transmission Tariff
- Transmission Independent Board of Directors
- RCA Authority, Costs, Input, and Approval

SB 123-HB 151 Open Access Transmission Tariff

AIPPA suggestion to expand future RCA tools-

(2) **may** provide for the issuance of an open access transmission tariff to the electric reliability organization and any RCA regulated Transmission Provider operating in Alaska;

Independent Board of Directors

Every Transmission Organization in US has strong regulation and code of ethics requiring an Independent Board of Directors;

Under ERCOT (Electric Reliability Council of Texas) Example defines “independent organization” as: An independent system operator or other person that is sufficiently independent of any producer or seller of electricity that its decisions will not be unduly influenced by any producer or seller.

AIPPA suggests that Board members should have a similar fiduciary responsibility to the Electric Reliability Organization.

SB 123/HB 151 Independent Board of Directors

AIPPA suggestion to strengthen independence of board in SB 123/HB 151

(3) has established rules to (A) ensure that the directors have a fiduciary obligation to ~~of~~ the electric reliability organization and the electric reliability organization act independently from users, owners, and operators of the bulk-power system;

SB 123/HB 151 RCA Authority

AIPPA appreciates that commitments made by the Organizational Development Team to date and presented in SB 123/HB 151:

- Regulatory compact (contractual commitment) with the State of Alaska.
- Commitment that the utilities will be bound by the decisions of the RRC.
- Commitment of the utilities to support statutory language to provide the RCA authority to regulate the RRC as described in the MOU.
- Commitment of the utilities to be inclusive of a variety of perspectives in decisions relating to the Railbelt bulk electric system.
- Commitment of the utilities to participate with one another and non-utility stakeholders to achieve benefits for ratepayers across the Railbelt region.

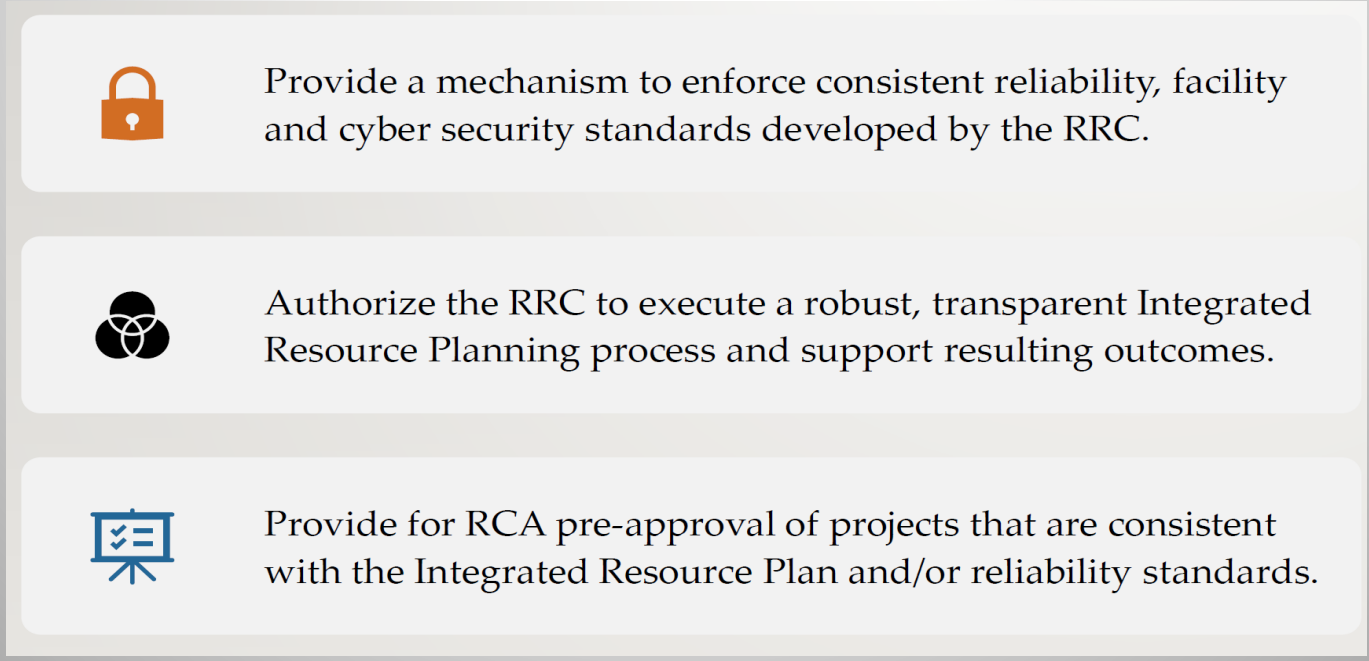
SB 123/HB 151 RCA Authority

Railbelt Common Sense components of SB 123/HB 151 for Legislature to consider **providing the RCA the same future authority (just like the rest of the US)** for all RCA regulated electrical utilities

Cyber Security

Integrated Resource Planning

Project Pre-approval + Add Reference for RCA to consider State Energy Policy when making decisions.



Collaboration and Commitment for the Public Good

We agree that Alaska is blessed with bountiful resources, and:

Alaskans deserve lower cost power

Alaskans deserve diversity of sources of electrical generation for Energy Security

Alaskans deserve Open Access Transmission Tariffs as an "equal playing field"

Alaskans deserves that the RCA has the statutorily the tools (when needed) Integrated Resource Planning, Project Pre-Approval, Cyber Security

AIPPA views SB 123/HB 151 and the establishment of the ERO as a "foundation" road map for lower electrical costs and cooperation…but recognize this is a journey, not an end-state and cautions that we have much work to do.

Collaboration and Commitment for the Public Good

AIPPA appreciates the collaboration, cooperation, and hours of hard work on behalf of elected leaders, Railbelt Utilities, AEA, Citizen groups, REAP, and the Alaska public to get us to this point in discussing Alaska's electrical energy future

THANK YOU