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March 2, 2021

The Honorable Mia Costello
Alaska State Senator
State Capitol Room 119
Juneau, AK 99801

Dear Senator Costello:

Alaska Power Association (APA) respectfully submits the attached white paper requesting several modifications to Senate Bill 69. These revisions are the product of consultation with our statewide membership, including those directly impacted by the passage of Senate Bill 123 last year. We sent this same information to Sen. Josh Revak, the bill's sponsor, last week.

Our request for revisions to SB 69 focuses on three areas:

- Adjusting the language to align SB 69 with SB 123.
- The length of the deadline extension.
- The megawatt size limit of a generating facility.

APA and its member utilities believe these changes will better serve the current and developing regulatory landscape in Alaska and allow for a reassessment of the statute within a timeframe more conducive to changes in Alaska's electric utility industry.

Please feel free to contact APA with any questions. Contact information for APA is included on the following paper.

Sincerely,

Crystal Enkvist
Executive Director

Attachment: APA comments on Senate Bill 69



Alaska Power Association Comments on Senate Bill 69

Alaska Power Association (APA) is the statewide trade association that represents the electric utilities that supply power to more than a half-million Alaskans from Utqiagvik to Unalaska, through the Interior and Southcentral, and down the Inside Passage.

Alaska Power Association and our member electric utilities statewide support the integration of renewable generation to the electric grid. APA's members work regularly with independent power producers to purchase renewable energy through power purchase agreements that are operationally and economically feasible. APA's member utilities have been working collaboratively with IPPs to discuss adjustments to SB 69 and that discussion continues. We are providing utility input to ensure the legislative intent of SB 123 is not undermined due to unintended consequences of language drafted over a decade ago in this fast-changing energy landscape.

Senate Bill 69 would extend by 10 years the deadline by which power plants generating electricity solely from renewable energy must be in operation to qualify for the exemptions in AS 42.05.711(r). APA has reviewed the current statute, factoring in the changed regulatory landscape since a 5-year deadline extension enacted in 2016. It is APA's position that, considering last year's enactment of SB 123 relating to Electric Reliability Organizations (EROs), some modification to SB 69 is necessary. Additionally, the 10-year sunset extension and the 65-megawatt (MW) facility size in SB 69 are excessive and need to be reduced.

APA requests the following changes to SB 69:

- Add "other than AS 42.05.760 – AS 42.05.790" to Line 6.
 - This change will harmonize AS 42.05.711(r) with the provisions of last year's enactment of Senate Bill 123.
 - The provisions of SB 123 apply to ALL owners, operators, and users in an interconnected electric transmission network, even those that are otherwise exempt from regulation.
 - Under SB 123, owners, operators, and users must comply with standards for reliability, duties of load-serving entities, and penalties, and must receive project pre-approval from the Regulatory Commission of Alaska (RCA) to construct an energy facility 15 MW or larger.
- Reduce the 10-year extension period to five-years.
 - This is in line with the original statute and with a past extension and provides a more reasonable timeline to assess the continued appropriateness and effectiveness of the provisions in AS 42.05.711(r). This is especially important considering that regulations for integrated resource planning, pre-approval for large projects, and reliability standards are still being developed under SB 123.
- Change the 65-MW facility size to "the lesser of 15 megawatts, or 10 percent of the aggregate average system load, in megawatts, of the electric utilities purchasing the electricity."
 - This change will 1) align AS 42.05.711(r) with SB 123's definition of a "large energy facility" as being 15 MW, and 2) protect small utilities where 15 MW may

be too large in comparison with the relatively small system loads. Moreover, 65 MW is large by almost any generation standard in Alaska.

Thank you for your consideration of the electric utility industry's perspectives. We look forward to working with you and appreciate your leadership on issues impacting Alaska energy.

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