Fiscal Note

State of Alaska
2026 Legislative Session

Bill Version: HB 369
Fiscal Note Number:
() Publish Date:

Identifier: HB369-DCCED-RCA-02-26-26
Title: ENERGY, ELECTRIC UTILITIES
Sponsor: ENERGY
Requester: (H) ENERGY

Department: Department of Commerce, Community and Economic Development
Appropriation: Regulatory Commission of Alaska
Allocation: Regulatory Commission of Alaska
OMB Component Number: 2417

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2027 Appropriation Requested	Included in Governor's FY2027 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY 2027**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**	**FY 2031**	**FY 2032**
Personal Services	170.0		170.0	170.0	170.0	170.0	170.0
Travel							
Services	26.0		26.0	26.0	26.0	26.0	26.0
Commodities	10.0						
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	**206.0**	**0.0**	**196.0**	**196.0**	**196.0**	**196.0**	**196.0**
Fund Source (Operating Only)							
1004 Gen Fund (UGF)	206.0		196.0	196.0	196.0	196.0	196.0
Total	**206.0**	**0.0**	**196.0**	**196.0**	**196.0**	**196.0**	**196.0**
Positions							
Full-time	1.0		1.0	1.0	1.0	1.0	1.0
Part-time							
Temporary							
Change in Revenues							
None							
Total	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimated SUPPLEMENTAL (FY2026) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2027) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No

(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/28

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

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Division: Regulatory Commission of Alaska — Date: 02/26/2026
Approved By: Hannah Lager, Administrative Services Director — Date: 02/27/26
Agency: Department of Commerce, Community, and Economic Development

FISCAL NOTE ANALYSIS

STATE OF ALASKA **BILL NO. HB 369**
2026 LEGISLATIVE SESSION

Analysis

House Bill 369 (HB 369) amends and adds new sections to the *Alaska Public Utilities Regulatory Act*, AS 42.05, and additionally amends AS 42.45, AS 44.46, AS 44.99, and the uncodified laws of Alaska. HB 369 also establishes the legislature's intent that the state achieve a 15 percent increase in energy efficiency on a per capita basis between 2026 and 2036; that the state receive 40 percent of its electric generation from the diversified energy sources by the end of 2036; that the state work to ensure a reliable in-state gas supply for residents of the state; that the power project fund, codified at AS 42.45.010, serve as the main source of state assistance for energy projects; that the state remain a leader in petroleum and natural gas production and become a global leader in carbon management, critical minerals exploration, detection, and production, and emerging clean energy technologies; the average cost of electricity in the state decrease to the national average by 2040; and the implementation of the diversified portfolio standard not result in undue economic harm to ratepayers or compromise energy reliability.

AS 42.05.323, Portable Solar Generation. This section applies to net metering and utility interconnection to exempt portable solar generation devices from utility interconnection and net metering program requirements adopted by the Regulatory Commission of Alaska (RCA) if the devices meet specific standards. Devices exempted from utility interconnection and net metering program requirements under HB 369 must use portable photovoltaic generation to produce less than 1.2 KW in output; have a feature that prevents the device from energizing the building's electrical system during a power outage; meet the standards of the most recent version of the National Electrical Code; be certified by Underwriters Laboratories or an equivalent nationally recognized testing laboratory; connect to a building's electrical system through a standard 120 Volt alternating current; and be used primarily to offset part of the electric utility customer's consumption. HB 369 provides that electric utilities may require a customer to register a portable solar generation device through a simple registration process but may not require customers to obtain the utility's permission before installing or using the device, pay a fee or charge related to the device, or install additional controls or equipment beyond what is integrated into the device. Finally, HB 369 exempts utilities from liability for any damage or injury caused by a portable solar generation device that meets the requirements of the section and also exempts utilities with sales under 5 GWhs a year from any obligations under the section.

New Article 11A, Diversified Portfolio Standard (AS 42.900) and Other Amendments. This section establishes a standard percentage of megawatt hours of electricity generated from diversified energy resources for all electric utilities, or load serving entities (LSEs), subject to an electric reliability organization (ERO) by a deadline of December 31, 2036; defines the parameters of a diversified energy resource and how a resource is determined to be diversified; outlines methods of compliance, including incentives and alternatives; establishes a system of diversified portfolio credits that can be traded between utilities; and defines section terms. In addition to the new article, HB 369 adds several sections to AS 42.05 and amends AS 44.46 to clarify new responsibilities for the RCA, and Department of Environmental Conservation (DEC).

An LSE may be exempt from the DPS if the total percentage of electricity generated from diversified energy resources by all LSEs on an interconnected electric energy transmission network meets or exceeds the aggregate DPS for those entities. The DPS provides that the portfolio of a load-serving entity subject to AS 42.05.760 must include 40 percent of megawatt hours of electricity generated from diversified energy resources by December 31, 2026. The section identifies standards for which resources may count towards a load-serving entities compliance with the diversified portfolio standard. However, a load-serving entity may not construct an electricity generation facility that facilitates the load-serving entity's compliance with the diversified portfolio standard unless the commission determines the facility is the most advantageous and best value to the state, taking into account resources or facilities that support or improve reliability, resources that encourage price stability, resources that reduce externalized effects to the individuals in the state, and other factors established by regulation adopted by the commission.

Analysis

In addition to generating MWhs from diversified energy resources, an LSE may also use diversified portfolio credits (DPC) from generation connected to the same interconnected electric energy transmission network as the LSE to meet its DPS. An LSE acquires one DPC for each MWh generated from diversified energy resources, the DPC expires one year after its creation. A DPC may be traded, sold, or otherwise transferred for value, but once divested, may not be used by the originating LSE in its own DPS – each DPC may only be used once. Under HB 369, an LSE must track the life cycle of each DPC it creates, transfers, or uses and is responsible for demonstrating that it originated from a diversified energy resource.

Addressing new facilities to meet an LSE's DPS, HB 369 provides that an LSE may not begin construction unless the RCA determines the facility is the most advantageous and best value to the state, taking into account resources or facilities that support or improve reliability; resources that encourage price stability; resources that reduce externalized effects to individuals in the state; and any other factors established by RCA regulations.

Additionally, HB 369 amends AS 42.05.785, the statute addressing large project preapproval by the RCA. The bill adds a new subsection to section (a) that requires that a public utility, including one otherwise exempt from RCA oversight, that is interconnected with an interconnected electric energy transmission network served by an ERO may not construct a large energy facility unless the RCA determines that the facility is not detrimental to a LSE's ability to meet the DPS under AS 42.05.900; it amends section (c) to state that the RCA may not require preapproval for a project that generates electricity from a diversified energy resource and helps an electric utility or other LSE meet the DPS under AS 42.05.900; and it amends section (e) to add a cross reference to the definition of diversified energy resource in AS 42.05.925. Finally, HB 369 amends AS 42.05.780, which addresses integrated resource planning undertaken by an ERO and approved by the RCA to add a requirement to section (a) that an integrated resource plan must include options for satisfying the DPS under AS 42.05.900.

HB 369 places the responsibility for determining whether a resource is considered a diversified resource with DEC. An LSE subject to a DPS may apply to DEC to designate a resource as a diversified resource. DEC must evaluate the lifecycle greenhouse gas emissions of the resource at the generation facility when the LSE submits an application with sufficient information to evaluate the application. DEC will designate the resource as a diversified energy resource if: 1) it determines that scope 1, 2, and 3 greenhouse gas emissions occurring from the use of the resource to generate energy at the facility are less than 100 kg of CO_2 equivalent per MWh of electricity generated across the enter lifetime of the facility; 2) the LSE submits a credible plan for maintaining scope 1, 2, and 3 greenhouse gas emissions below 100 kg of CO_2 equivalent per MWh of electricity generated across the entire lifetime of the facility; and 3) DEC determines that the generation facility is cost competitive. To maintain designation as a diversified energy resource, an LSE must make annual reports to DEC of the amount of scope 1, 2, and 3 greenhouse gas emissions occurring from the generation facility using the diversified energy resource. DEC is charged with verifying these reports.

Definitions added by HB 369 include distributed energy system; diversified electricity; diversified energy resource; DPC; DPS; interconnected electric energy transmission network; LSE; MWh; and renewable energy resource.

Additional modifications to AS 42.05 include the addition of a new section to AS 42.05 as it applies to rates being developed to allow an electric utility to sell excess power generated from a renewable energy resource that the utility cannot use or store at an "economic development rate". The bill requires the RCA to adopt regulations for determining eligibility and pricing for the economic development rate, which must be lower than standard electric rates and reflect market conditions for surplus electricity generated from renewable energy resources. HB 369 also adds a new section to AS 42.05 as it applies to the RCA's power to fix rates, requiring that costs incurred by a cooperative electric utility that is subject to an ERO be permitted to flow into rates if those costs have been approved by the utility's board of directors and stem from either 1) the construction or purchase of a renewable energy facility or battery energy storage system (BESS) with a nameplate capacity of less than 15 MW; or 2) the purchase of power from a renewable energy facility or BESS with a nameplate capacity of less than 15 MW.

Analysis

In this section, HB 369 defines renewable energy facility as a facility that generates electricity from geothermal, wind, solar, hydroelectric, hydrokinetic, tidal, or biomass energy, or from another renewable energy resource.

AS 44.99.115. This section amends the *Declaration of State Energy Policy* to recognize that worldwide supply and demand for fossil fuels and concerns about climate change will affect the volatility of fossil fuels. The amendment also recognizes the universal imperative of affordable and stable energy prices. The section provides that it is the policy of the state to increase energy efficiency and conservation of natural gas and other heating fuels through investments focused on home energy efficiency and beneficial electrification, support for energy audit programs, and state assistance in the development of local and statewide residential and commercial energy efficiency standards. The section also provides that it is state policy to encourage economic development by promoting geologic hydrogen, by using renewable energy and geologic hydrogen resources to produce energy products such as methanol, ammonia, and sustainable aviation fuel, and to support energy research, education, and workforce development by investing in the state's innovative ecosystem.

Other Changes. HB 369 amends Alaska Energy Authority's statutes at AS 42.45.045(d) and (m), amending the due date of the report (summarizing grant applications) required to be filed with the legislature; and requiring the election of a Chair for the Renewable Energy Grant Fund advisory committee and establishes guidelines for their service.

Passage of HB 369 would require the RCA to open new rulemaking proceedings to modify regulations to reflect new statutory programs and responsibilities; The RCA would require one (1) additional Utility Engineering Analyst 3 position to implement this legislation. LSEs would need to file reports with DEC and make tariff filings with the RCA to ensure their tariffs conform to the new statutory language.

RCA regulations dockets must be completed within 730 days of the issuance of an order commencing the regulations docket (AS 42.05.175(e) requires the RCA to complete regulations dockets within 730 days from the initiating order). This legislation proposes a July 1, 2026 effective date, and the estimated completion date for *Associated Regulations* is based on that date.

The RCA will require one new position to support this work.

COST ESTIMATES

Personal Services:	$170.0	One Utility Engineering Analyst 3, range 22, located in Anchorage
Services:	$26.0	Annual statewide and allocated core services costs
Commodities :	$10.0	One-time setup costs for equipment and space in FY2027 only