

ALASKA STATE LEGISLATURE

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House Energy Committee,
Co-Chair

Community and Regional
Affairs Committee

State Affairs Committee

Joined Armed Services
Committee

REPRESENTATIVE KY HOLLAND

HB 153 – Utilities: Renewable Portfolio Standards

Version A Sectional Analysis

Section 1 - Amends Sec. 42.05.780, which governs integrated resource plans for electric reliability organizations, to require integrated resource plans to include options by which each load-serving entity may satisfy the renewable portfolio standard.

Section 2 - Amends Sec. 42.05.785(a), which governs large energy facility project preapproval, by stipulating that a public utility which is part of an electric reliability organization may not construct a large energy facility unless the Regulatory Commission of Alaska determines that the facility is not detrimental to a load-serving entity's ability to meet the renewable portfolio standard.

Section 3 – Amends Sec. 42.05.785(c) to establish an exception from the provisions of this pre-approval section for renewable energy projects that help a load-serving entity meet the renewable portfolio standard. Note that section 7 repeals this exception on December 31, 2030.

Section 4 – Adjusts the numbering of section 42.05.785(e) and adds the definition for “renewable energy resource” within the pre-approval for large energy facilities section.

Section 5 - Adds new article under Sec. 42.05 entitled Article 11A Renewable Portfolio Standard (RPS). AS 42.05.900 affects load-serving

entities that are subject to the standards of an electric reliability organization, which includes Chugach Electric Association, Inc., Matanuska Electric Association, Inc., Golden Valley Electric Association, Inc., Homer Electric Association, Inc., and the City of Seward. This section requires these load serving entities to comply with the renewable portfolio standard and requires those electric utilities to diversify their current generation portfolio by increasing the proportion of MWh of renewable electricity generated, or deemed generated, that results in no less than 40 percent by the end of 2030 and 55 percent by the end of 2035.

Sec. 42.05.905 – Incentivizes the development of larger grid-scale wind energy projects that have greater economies of scale, take maximal advantage of existing federal tax credits and encourage utility partnerships. Incentivizes utilities to facilitate investments in energy efficiency and in renewable energy by their end-use customers. Further facilitates Power Cost Equalization (PCE) communities to install renewable energy generation by allowing those utilities to sell renewable energy credits to utilities that must meet the standard.

Sec. 42.05.910 - Governs the use of renewable energy credits. To qualify as part of a load-serving entity's portfolio, renewable energy credits must be from generation connected to the same interconnected electric transmission network. Credits can also qualify if they are purchased from renewable sources located within the service area of an electric utility that serves customers who receive PCE.

Sec. 42.05.915 – Establishes a noncompliance fine for a load-serving entity that fails to meet the RPS, set at \$45 for every megawatt hour (MWh) that the entity is below the standard. Each year, the \$45 shall be escalated according to the Consumer Price Index- Urban. The Regulatory Commission of Alaska (RCA) may waive noncompliance fines if it is determined that a load-serving entity has entered into a power purchase agreement for renewable electricity before the deadline and expects to receive the electricity no more than two years after the applicable deadline.

The RCA may also waive noncompliance fines if it determines that a load-serving entity is unable to meet the RPS for reasons outside the reasonable control of the load-serving entity, as set out in (b), (c), and (e) of this

section, or the entity otherwise establishes good cause for noncompliance as set out in (f) of this section.

Within one year after the RCA imposes a noncompliance fine, a load-serving entity may satisfy a fine by paying all or a portion of a customer's costs of installing a distributed energy system or an electrical energy efficiency technology. If a load-serving entity has met the 40% threshold, then a fine that results from noncompliance of the second threshold of 55% may be avoided by instead depositing \$45 for every MWh that a load-serving entity is short in an RCA-approved account for use by the load serving entity to defray the cost of future renewable electricity purchases or projects.

Sec. 42.05.920 - Establishes an exemption from compliance with the RPS by individual load serving entities if the aggregate generation of renewable electricity of all load-serving entities in an interconnected electric transmission network meets or exceeds the percentage required by the standard.

Sec. 42.05.925 - Provides for definitions used under Article 11A.

Section 6 – Amends Sec. AS 42.45.110(a) to exclude revenue from the sale of recovered heat, or revenue from the sale of renewable energy credits, when calculating PCE.

Section 7 – Establishes a sunset by repeal of section 42.05.785(c)(3), which provides an exception from the provisions of pre-approval for renewable energy projects that help a load-serving entity meet the renewable portfolio standard.

Section 8 – Establishes an effective date of July 1, 2025.