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Walsh
4/10/25

CS FOR HOUSE BILL NO. 153(ENE)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE HOUSE SPECIAL COMMITTEE ON ENERGY

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVES HOLLAND, Carrick

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to generation of electricity from renewable energy resources; relating**
2 **to a renewable portfolio standard; and providing for an effective date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 *** Section 1.** AS 42.05.780(a) is amended to read:

5 (a) An electric reliability organization shall file with the commission in a
6 petition for approval an integrated resource plan for meeting the reliability
7 requirements of all customers within its interconnected electric energy transmission
8 network in a manner that provides the greatest value, consistent with the load-serving
9 entities' obligations. An integrated resource plan must contain an evaluation of the full
10 range of cost-effective means for load-serving entities to meet the service
11 requirements of all customers, including additional generation, transmission, battery
12 storage, and conservation or similar improvements in efficiency. An integrated
13 resource plan must include options to meet customers' collective needs in a manner
14 that provides the greatest value, consistent with the public interest, regardless of the

location or ownership of new facilities or conservation activities. **An integrated resource plan must include options for satisfying the renewable portfolio standard under AS 42.05.900.**

* Sec. 2. AS 42.05.785(a) is amended to read:

(a) A public utility, including a public utility that is exempt from other regulation under AS 42.05.711 or another provision of this chapter, that is interconnected with an interconnected electric energy transmission network served by an electric reliability organization certificated by the commission may not construct a large energy facility unless the commission determines that the facility

(1) is necessary to the interconnected electric energy transmission network with which it would be interconnected;

(2) complies with reliability standards; [AND]

(3) would, in a cost-effective manner, meet the needs of a load-serving entity that is substantially served by the facility; **and**

(4) is not detrimental to a load-serving entity's ability to meet the renewable portfolio standard under AS 42.05.900.

* Sec. 3. AS 42.05.785(c) is amended to read:

(c) The commission may not require preapproval for a

(1) project for refurbishment or capitalized maintenance;

(2) hydropower project licensed by the Federal Energy Regulatory Commission before September 30, 2016;

(3) project that generates electricity from a renewable energy resource and helps a load-serving entity meet the renewable portfolio standard under AS 42.05.900.

* Sec. 4. AS 42.05.785(e) is amended to read:

(e) In this section,

(1) "large energy facility" means

(A) [(1)] an electric power generating plant or combination of plants at a single site with a combined capacity of 15,000 kilowatts or more with transmission lines that directly interconnect the plant with the transmission system;

(B) [(2)] a high-voltage, above-ground transmission line that

(i) [(A)] has a capacity of 69 kilovolts or more; and

(ii) [(B)] is longer than 10 miles;

(C) [(3)] a high-voltage submarine or underground cable that

(i) [(A)] has a capacity of 69 kilovolts or more; and

(ii) [(B)] is longer than three miles;

(D) [(4)] an energy storage device or combination of devices at

a single site with a combined capacity of 15,000 kilowatts and one hour or more of energy storage that directly connects with the interconnected bulk-electric system; and

(E) [(5)] a reactive compensation device or combination of

devices at a single site with a combined reactive capability of 15,000 kilovars or more with a step-up device to regulate interconnected bulk-electric system voltage;

(2) "renewable energy resource" has the meaning given in

AS 42.05.925.

* **Sec. 5.** AS 42.05 is amended by adding new sections to read:

Article 11A. Renewable Portfolio Standard.

Sec. 42.05.900. Renewable portfolio standard. (a) The portfolio of a load-serving entity that is subject to the standards of an electric reliability organization under AS 42.05.760 must include megawatt hours of electricity generated from renewable energy resources, adjusted according to AS 42.05.905(a) and (b), in the following percentages:

(1) 40 percent by December 31, 2032;

(2) 55 percent by December 31, 2035.

(b) When a fossil fuel and renewable energy resource are co-fired in the same generating unit, the unit is considered to generate electricity from renewable energy resources in direct proportion to the percentage of the total heat input value represented by the heat input value of the renewable energy resource.

(c) If electricity transmission constraints prevent delivery of renewable electricity that a load-serving entity is obligated to purchase from a third party, the

1 megawatt hours of undelivered renewable electricity, adjusted according to
2 AS 42.05.905(a) and (b), count toward the load-serving entity's compliance with the
3 renewable portfolio standard.

4 **Sec. 42.05.905. Compliance incentives and alternatives.** (a) To calculate a
5 load-serving entity's compliance with the renewable portfolio standard, the megawatt
6 hours of electricity from a project that generates electricity from wind energy are
7 multiplied by a factor of 1.25 if

8 (1) the project is operational before January 1, 2033;

9 (2) the project has a nameplate generation capacity of at least 100
10 megawatts; and

11 (3) more than one load-serving entity acquires electricity production
12 from the project and each entity acquires at least the entity's load ratio share or 20
13 percent of the project's energy output, whichever is less; in this paragraph, "load ratio
14 share" means a percentage calculated by dividing a load-serving entity's total retail
15 electricity sales by the sum of retail electricity sales from all load-serving entities that
16 acquire electricity from the project.

17 (b) A load-serving entity may satisfy the renewable portfolio standard through
18 megawatt hours of electricity generated by distributed energy systems, multiplied by a
19 factor of 2.0, regardless of whether the electricity is acquired by the load-serving
20 entity or used by the customer. Each load-serving entity shall file a tariff with the
21 commission that establishes and justifies the average capacity factor for each
22 distributed energy system technology connected to the interconnected electric energy
23 transmission network within the entity's service area.

24 (c) In addition to generating megawatt hours of electricity from renewable
25 energy resources, a load-serving entity may satisfy the renewable portfolio standard by
26 using renewable portfolio credits from generation connected to the same
27 interconnected electric energy transmission network that serves the load-serving
28 entity's customers.

29 (d) In addition to generating megawatts hours of electricity from renewable
30 energy resources, a load-serving entity may satisfy the renewable portfolio standard
31 with electricity consumption reduced by investments in energy efficiency technologies

made in whole or in part with payments under AS 42.05.915(f), if the reduced consumption is documented under a program established or approved by the state.

Sec. 42.05.910. Renewable portfolio credits. (a) A load-serving entity subject to the standards of an electric reliability organization under AS 42.05.760 acquires one renewable portfolio credit for each megawatt hour of electricity generated from renewable energy resources, adjusted according to AS 42.05.905(a) and (b).

(b) A renewable portfolio credit may be traded, sold, or otherwise transferred for value. A load-serving entity that transfers a renewable portfolio credit may not use the renewable electricity associated with the transferred credit to comply with the renewable portfolio standard.

(c) A renewable portfolio credit may be used only once. A renewable portfolio credit expires one year after it was created.

(d) A load-serving entity shall track the life cycle of a renewable portfolio credit created, transferred, or used by the load-serving entity. Each load-serving entity is responsible for demonstrating that a renewable portfolio credit used to comply with the renewable portfolio standard is derived from a renewable energy resource and that the renewable portfolio credit has not been previously used or transferred.

Sec. 42.05.915. Noncompliance. (a) A load-serving entity that fails to meet the renewable portfolio standard is subject to a noncompliance remittance requirement for each year that the entity fails to meet the renewable portfolio standard. After notice and an opportunity for hearing, the commission may impose a remittance requirement of \$45 for every megawatt hour that the entity is below the renewable portfolio standard. The commission shall increase the dollar amount of the noncompliance remittance required under this subsection annually by a percentage equal to the average percentage increase over the prior calendar year in all items of the Consumer Price Index for all urban consumers for urban Alaska prepared by the United States Department of Labor, Bureau of Labor Statistics. A load-serving entity shall itemize the effect of a noncompliance remittance on the entity's monthly customer bills.

(b) The commission shall waive all or part of a load-serving entity's noncompliance remittance requirement to the extent that the load-serving entity

(1) has entered into a power purchase agreement for renewable

electricity before the next compliance period;

(2) begins receiving renewable electricity under the power purchase agreement not later than two years after the prior compliance period; and

(3) files with the commission an annual estimate of the megawatt hours the load-serving entity expects to receive from the power purchase agreement that contribute to compliance with the renewable portfolio standard; if the megawatt hours of renewable electricity received by the load-serving entity within two years after the prior compliance period falls below the amount estimated under this paragraph, the load-serving entity is subject to a retroactive noncompliance remittance requirement.

(c) The commission may waive the noncompliance remittance requirement in whole or in part if the commission determines that a load-serving entity is unable to meet the renewable portfolio standard because of reasons outside the reasonable control of the load-serving entity as set out in (d) of this section, or the entity establishes good cause for noncompliance as set out in (e) of this section.

(d) The following events or circumstances are outside of a load-serving entity's reasonable control:

(1) weather-related damage to generation or transmission assets;

(2) natural disasters;

(3) failure of renewable electricity producers to meet contractual obligations to the load-serving entity;

(4) lower than reasonably expected electricity production at a project that generates electricity from a renewable energy resource if the lower electricity production is caused by variation in renewable energy resource availability;

(5) global pandemics; and

(6) acts of war.

(e) The following factors may establish good cause for noncompliance:

(1) the extent of good faith efforts by the load-serving entity to comply, including the actions taken by the load-serving entity to procure the renewable electricity and the lack of past failures to comply;

(2) the likelihood and amount of future renewable electricity to be

1 acquired by the load-serving entity.

2 (f) A load-serving entity may, within one year after the commission imposes a
3 noncompliance remittance requirement, satisfy the requirement by paying a customer
4 all or a portion of the customer's costs of installing a distributed energy system or
5 energy efficiency technologies.

6 (g) Instead of paying a noncompliance remittance associated with a load-
7 serving entity's failure to comply with the renewable portfolio standard, the load-
8 serving entity may deposit an amount equal to the required remittance into an account,
9 approved by the commission, for use by the load-serving entity to defray the costs of
10 building future renewable electricity projects, integrating renewable electricity
11 projects, including battery storage, into the load-serving entity's systems, or
12 purchasing renewable electricity. A load-serving entity shall remit unspent money
13 remaining in the account to the Alaska Energy Authority for deposit in the renewable
14 energy grant fund (AS 42.45.045) as follows:

15 (1) money from noncompliance with AS 42.05.900(a)(1) must be
16 remitted by December 31, 2035;

17 (2) money from noncompliance with AS 42.05.900(a)(2) must be
18 remitted by December 31, 2040.

19 **Sec. 42.05.920. Exemptions.** A load-serving entity is exempt from compliance
20 with the renewable portfolio standard if the aggregate percentage of electricity
21 generated from renewable energy resources by all load-serving entities on the
22 interconnected electric energy transmission network, adjusted according to
23 AS 42.05.905(a) and (b), meets or exceeds the aggregate renewable portfolio standard
24 for those entities.

25 **Sec. 42.05.925. Definitions.** In AS 42.05.900 - 42.05.925,

26 (1) "compliance period" means each period identified in
27 AS 42.05.900(a);

28 (2) "distributed energy system" means a community energy facility as
29 that term is defined in AS 42.05.735 or a renewable energy resource that is located on
30 any property owned or leased by a customer within the service territory of the load-
31 serving entity that is interconnected on the customer's side of the utility meter;

(3) "interconnected electric energy transmission network" has the meaning given in AS 42.05.790;

(4) "load-serving entity" has the meaning given in AS 42.05.790;

(5) "megawatt hour" means 1,000,000 watts of electricity being used in one hour and includes the steam equivalent of a megawatt hour;

(6) "renewable electricity" means electricity or energy generated from renewable energy resources;

(7) "renewable energy resource" means a resource, other than a fossil fuel, that is ultimately derived from solar power, water power, or wind power, comes from the sun or from thermal inertia of the earth, and minimizes the output of toxic material in the conversion of the energy; in this paragraph, "resource" includes

(A) solar and solar thermal energy, wind energy, and kinetic energy of moving water, including

(i) waves, tides, or currents;

(ii) run-of-river hydropower, in-river hydrokinetic;

(iii) conventional hydropower, lake tap hydropower;

(iv) water released through a dam; and

(v) geothermal energy;

(B) waste to energy systems, including

(i) wood;

(ii) landfill gas that has been manufactured in whole or significant part from waste;

(iii) biofuels produced in the state; and

(iv) thermal energy produced from a geothermal heat pump using municipal solid waste, including biogenic and anthropogenic fractions;

(8) "renewable portfolio credit" means a credit under AS 42.05.910;

(9) "renewable portfolio standard" means the standard established under AS 42.05.900.

* **Sec. 6.** AS 42.05.785(c)(3) is repealed December 31, 2030.

* **Sec. 7.** This Act takes effect July 1, 2025.