



6151 A Street Anchorage, AK 99518 *Main (907) 382-7772 *FAX (907) 261-3299
www.chenegaenergy.com

Greg Porter, President
Chenega Energy LLC
A Subsidiary of the Chenega Corporation
6151 A Street, Anchorage, AK, 99518
gporter@chenega.com
907-382-7772

Members of the Alaska State Legislature, Please accept this letter of endorsement and strong support for House Bill 78, ACEA; the Alaska Competitive Energy Act of 2015.

Chenega Energy, LLC designs, builds, and maintains Combined Heat & Power and Distributed Generation plants in arctic environments, with installations from the North Slope of Alaska, to Greenland and Iceland, To McMurdo Station in Antarctica.

We help stabilize larger electrical grids, and provide heat and power to smaller grids anywhere. Our primary mission is to use Combined Heat and Power Distributed Generation to help reduce the total energy usage and costs of individuals, businesses, municipalities, school campuses, and military bases so that they can continue to thrive in this age of high energy costs and aging infrastructure failures.

Giving Alaskans the ability to solve their own problems and save themselves, their communities, and their cultures from crippling utility rates should be a right of those people. Alaskans should be allowed to solve Alaskan problems. Overwhelming utility rates and antiquated regulations are definitely a problem for our great state. These problems are rooted in the policies and regulations that keep some incumbent utilities

Chenega Energy believes that the electrical utility sector's core function is to serve the best interests of the public through provision of the most affordable energy possible. This is true of both IPPs, and incumbent utilities. We support ACEA, because we believe it assures the public's best interest is being met through free market competition, on a non-discriminatory basis, in a manner consistent with the investment environment currently benefitting the lower 48 States, where energy is far less costly. ACEA provides the framework which IPPs and utilities both need to compete and collaborate in a reasonable manner, in support of ratepayers' best interests.

Utilities which are already meeting the public's best interest, treating IPPs in a non-discriminatory manner, and utilizing market forces and fair procurement processes to ratepayers' benefit have no reason to oppose ACEA, or fear RCA oversight.

It is only the utilities which might be failing to meet the public's best interest through fair and non-discriminatory business practices which have cause to fear ACEA's reforms. When an entity expresses fear or resistance to competition, transparency, competitive procurement, and third party oversight, it is usually a sure signal that there are problems present, and that change is needed.

It is important to note that the changes proposed within ACEA are neither new nor revolutionary concepts – they are changes which have already been found to be in ratepayers' best interest, and have been adopted and applied in the lower 48 for decades, to great success.

There is a common and overwhelming theme of prospective IPPs and incumbent utilities across Alaska failing to compete and collaborate to provide more affordable energy to ratepayers.





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This lack of unity is troubling, as what Alaska needs is a collaborative approach that leverages the best qualities of all parties, and mobilizes all available assets responsibly in support of economic growth and prosperity.

The State of Alaska has thus far failed to provide an environment where this type of collaboration and competition can occur. This failure is seen in Alaska's 4% total private sector participation in electrical energy generation, versus 38% across the US. ACEA provides the framework which IPPs and utilities both need to compete and collaborate in a reasonable manner, in support of the best interest of the ratepayers.

Chenega Energy believes that resource planning and procurement should be based entirely on objective factors such as risk, reliability, and price, and agnostic in regard to ownership, politics, ideology, emotions, or subjective judgments. Our company's clients do not seek special treatment – simply equal opportunity. Competitive procurement on a level playing field, grounded in non-discriminatory, objective factors is in the best interest of utilities, ratepayers, and the State of Alaska.

I would like to thank you for your time and attention to this matter, and I strongly urge you, from a lifelong Alaskan, to vote "Yes" on HB78. ACEA supports the best interests of the State of Alaska, ratepayers, incumbent utilities, and independent power producers alike.

Sincerely,

Greg Porter
President, Chenega Energy, LLC
Tel: 907-382-7772
Email: gporter@chenega.com

