

ALASKA STATE LEGISLATURE

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REPRESENTATIVE LIZ VAZQUEZ

District 22 – Jewel Lake, Sand Lake, Kincaid, Dimond, & North Campbell Lake

Sponsor Statement for House Bill 363

"An Act extending the exemption from regulation by the Regulatory Commission of Alaska for certain facilities or plants generating energy from renewable energy resources."

HB 363 seeks to continue a middle ground compromise between a thoroughly deregulated market and the highly regulated electrical market of Alaska. The exemption from RCA regulation is only applicable to facilities that generate renewable energy that is sold to a regulated utility. This arrangement maintains RCA oversight over the power sales agreements and thereby provides a layer of protection to ratepayers.

Regulation of these small IPPs (Independent Power Producers) can pose several negative effects. First, it presents an obstacle to investment. Keeping barriers of entry and startup costs high discourages interested parties from investing in renewable, possibly cheaper forms of energy. Second, regulation also increases the cost of government through review and regulation processes of small IPPs, who would, by federal statute, otherwise be exempt from regulation.

The extension of the regulatory sunset date from January 1, 2016 to January 1, 2025 provides fiscal and regulatory certainty for Alaskan villages, communities, and entrepreneurs seeking to invest their funds into developing and generating power rather than filing regulatory proceedings. The extension of exemption reduces the cost of government while empowering and enabling the development of our renewable energy resources.

The bill will also maintain an open door to Alaska's electricity market and encourages private sector investment in renewable energy for Alaskans with regulatory certainty to 2025.