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Governor Mike Dunleavy
STATE OF ALASKA

February 2, 2022

The Honorable Peter Micciche
Senate President
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Micciche:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to the creation of a renewable portfolio standard for regulated electric utilities.

This bill would direct regulated utilities to increase their proportion of net electricity production from renewable energy resources to meet discrete statutory targets, starting with 20 percent renewable energy resources by 2025 and 80 percent renewable energy resources by 2040.

Benchmarks will be set every five years, beginning December 31, 2025, by dividing each utility's annual net sales to customers of generation derived from renewable energy resources by the same utility's total retail electricity sales each year. The Railbelt Reliability Council will be required to account for these production targets in their integrated resource planning. Reporting and attainment will be managed by the Regulatory Commission of Alaska, beginning with the first annual reports in 2024.

While 30 states and counting have passed a renewable portfolio standard as of 2020, this bill does not take a one-size-fits-all approach. Waivers have been provided for transmission capacity constraints, natural disasters, and many other "good cause" considerations. To emphasize Alaska's unique "succeed together" approach, utilities will be granted an exemption if production targets are met by all utilities in aggregate regardless of individual utility failures. Finally, all utilities have been granted one exemption from their first instance of noncompliance.

This bill takes a concrete step toward energy independence, long-term cost reductions through up to \$650 million in annual fuel savings by 2040, and the creation of a competitive marketplace for innovative power producers.

I urge your prompt and favorable action on this measure.

Sincerely,

A blue ink signature of Mike Dunleavy, consisting of stylized initials and a surname.

Mike Dunleavy
Governor

Enclosure