

ALASKA STATE LEGISLATURE
HOUSE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE

March 3, 2008

4:07 p.m.

MEMBERS PRESENT

Representative Anna Fairclough, Co-Chair
Representative Gabrielle LeDoux, Co-Chair
Representative Sharon Cissna
Representative Woodie Salmon

MEMBERS ABSENT

Representative Nancy Dahlstrom
Representative Mark Neuman
Representative Kurt Olson

OTHER LEGISLATORS PRESENT

Representative Craig Johnson
Representative Bryce Edgmon

COMMITTEE CALENDAR

WORK GROUP ON HB 404

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

SARA FISHER-GOAD, Acting Executive Director
Alaska Energy Authority (AEA) and Alaska Industrial Development
& Export Authority (AIDEA)
Department of Commerce, Community, & Economic Development
(DCCED)
Anchorage, Alaska

POSITION STATEMENT: During hearing, answered questions.

PETER CRIMP
Project Manager
Alaska Energy Authority

(AEA) and Alaska Industrial Development & Export Authority
(AIDEA)
Department of Commerce, Community, & Economic Development
(DCCED)
Anchorage, Alaska

POSITION STATEMENT: During hearing, answered questions.

ACTION NARRATIVE

CO-CHAIR ANNA FAIRCLOUGH called the House Community and Regional Affairs Standing Committee meeting to order at [4:07:17 PM](#). Representatives Fairclough, LeDoux, and Salmon were present at the call to order. Representative Cissna arrived as the meeting was in progress. Representatives Johnson and Edgmon were also in attendance.

Work Group on HB 404

[Contains discussion of HB 404]

CO-CHAIR FAIRCLOUGH announced that the only order of business would be a working group on HB 404, which addresses affordable energy. She pointed out that over the years, the state has discussed the need for affordable energy throughout the state. She expressed concern that without bipartisan support for [HB 404] in both houses, the legislation would languish. Furthermore, it would behoove the legislature, over the course of next summer, to review projects throughout the state and help move those projects forward.

[4:10:11 PM](#)

REPRESENTATIVE BRYCE EDGMON, Alaska State Legislature, related his support for HB 404 and the concept of a task force that returns to the legislature with recommendations and guiding commentary to narrow the statewide energy plan. He related his understanding that everyone wants a statewide energy plan, but no one seems to know what it is or who is coordinating it. He mentioned that many organizations are tackling the issue of affordable energy on their own, and thus it would be more beneficial to have a group effort that results in findings and recommendations that are presented to the legislature. He expressed the need to have an ongoing effort in the area of alternative energy and to perform substantive work that results in surplus funds that can be utilized.

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CO-CHAIR LEDOUX asked if representatives of those organizations specified as members of the proposed task force are on line.

CO-CHAIR FAIRCLOUGH replied no. She then related the resistance she has experienced in relation to [this proposal].

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CO-CHAIR FAIRCLOUGH inquired as to the mission of [the Alaska Energy Authority (AEA)] and what it's doing with regard to affordable energy.

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SARA FISHER-GOAD, Acting Executive Director, Alaska Energy Authority (AEA) and Alaska Industrial Development & Export Authority (AIDEA), Department of Commerce, Community, & Economic Development (DCCED), related that the mission of AEA is to reduce the cost of energy in Alaska. The AEA primarily deals with electrical generation. She acknowledged that the legislature is concerned with the cost of heating fuel and transportation fuel. One of AEA's areas of primary focus has been the request for proposal (RFP) processes for the energy cost reduction program. In fact, AEA has just closed the fifth RFP and is in the process of evaluating the energy cost reduction proposals. Furthermore, the first RFP specific to alternative energy projects has been closed. For the RFP specific to alternative energy projects, the AEA received a \$118 million request for projects and the AEA has just started phase one of the evaluation of the projects. Ms. Fisher-Goad noted that the AEA web site includes a list of the projects that have been submitted with a brief description of them. The legislation, HB 404, seems to evaluate the costs and benefits of renewable energy. She related that in a conversation with the Bob Swenson, Acting Director, Division of Geological & Geophysical Surveys, Department of Natural Resources (DNR), he suggested that it may be appropriate to expand the legislation such that the costs and benefits of energy, not just renewable energy, are reviewed. Ms. Fisher-Goad informed the committee that this year AEA has an energy project appropriation request for \$10 million in general funds to match federal programs related to wind, biomass, geothermal, and hydropower projects. Additionally, a portion of those funds are to be used for some additional RFPs for other energy efficiency and alternative energy projects.

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REPRESENTATIVE CISSNA expressed the need to maximize the usefulness of what already exists

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CO-CHAIR FAIRCLOUGH related frustration with what's referred to as "silo projects" that lack [specifics] as to how to address issues throughout Alaska. Co-Chair Fairclough acknowledged that although one size doesn't fit all, and explained that she's trying to bring together those with like minds who want to see a systemwide plan for the cost benefits of energy. Co-Chair Fairclough clarified that one possibility within the review of energy needs to be a renewable or alternative energy component. She then inquired as to other members' thoughts on the proposal in HB 404 and whether the task should be taken on by the legislative body itself since the legislature is the appropriating body.

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REPRESENTATIVE EDGMON said that the notion to downsize the task force and even have all the meetings in Anchorage so that the fiscal note is as small as possible certainly makes sense. He inquired as to whether a statewide energy plan would serve any purpose, especially knowing that in the next few days there will be a new energy coordinator.

MS. FISHER-GOAD opined that there are two aspects to this planning, including describing the policy [AEA] should follow with respect to the planning desired. The AEA reviews life cycle savings when it analyzes projects for the energy cost reduction program. The aforementioned is the anticipated direction that AEA would follow with the alternative energy solicitation that AEA is reviewing. She related that AEA would anticipate using this same process with the development of the HB 152 advisory committee. If HB 152 passes and the proposed fund is capitalized, it would be a valid process to bring forward. She noted that AEA has been involved in some planning projects such as the Southeast project for the AKBC Intertie. She also noted that AEA is involved in a Railbelt study regarding the utilities that provide power to Railbelt communities and what the organization should look like. With appointment of the new energy coordinator and AEA executive director, AEA would look to those two individuals to lead the

effort on the statewide policy and planning that everyone understands should be done.

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REPRESENTATIVE EDGMON asked if AEA is the repository of all the various efforts [related to energy].

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PETER CRIMP, Project Manager, Alaska Energy Authority, (AEA) and Alaska Industrial Development & Export Authority (AIDEA), Department of Commerce, Community, & Economic Development (DCCED), related that AEA has found that there is a large demand for developing renewable, alternative energy projects in the state. He noted that upwards of 90-95 projects were submitted, which would cost over \$1 billion for all. The projects were fairly equally distributed between rural, Railbelt, and Four Dam Pool communities. Mr. Crimp suggested that policies for a statewide energy plan may be best assessed by going through these projects and reviewing them for common themes. For instance, one state policy factor may be regarding how much resource is allocated to rural areas versus the Railbelt and Four Dam Pool areas. Another factor may be whether the legislature and administration want to address development in a portfolio approach. With a new executive director starting, he opined that AEA will want to work with utilities and reach out to others to answer some of these questions. He mentioned that the advisory group within HB 152 that guides the development of alternative energy projects would likely address some of those issues.

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REPRESENTATIVE EDGMON highlighted that the aforementioned assumes that HB 152 passes and is capitalized. Therefore, he questioned what would happen if HB 152 and the \$250 million don't materialize.

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REPRESENTATIVE SALMON emphasized the need to focus on sources of energy beyond wind and solar power, such as hydro power from the Yukon River. There are about 30 villages on the Yukon River that could tap into the river. In fact, he related his understanding that Eagle is going to place a 95 kilowatt (kW) river turbine in the Yukon River. Even if the river power can

be used for four to five months a year, it would provide some energy relief during those periods. He expressed concern with the size of the board because if it's too large, it will likely move away from the goal. Therefore, he suggested having a smaller group that concentrates on renewable energy only and consists of members with expertise in the area.

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CO-CHAIR LEDOUX inquired as to the staffing envisioned for the task force.

CO-CHAIR FAIRCLOUGH answered that legislative staff would be used.

CO-CHAIR LEDOUX, referring to Section 2(c)(1)-(4), opined that the task of the task force seems large without staff, researchers, etcetera. Although the idea of the proposed task force is well-intentioned, she questioned whether doing so with a light fiscal note really accomplishes what's desired. To accomplish the goal of the task force it almost takes an entire department.

CO-CHAIR FAIRCLOUGH noted her agreement, but pointed out there hasn't been much movement on this matter for generations. The long-term goal is the development of the framework for a statewide energy plan. She opined that forwarding individual projects fractures the [plan].

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CO-CHAIR LEDOUX recalled that there have been some fairly successful task forces in the legislature's history, such as the Joint Salmon Industry Task Force and the Joint Legislative Education Task Force. She inquired as to why some task forces have been successful and others not.

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REPRESENTATIVE CISSNA said that the leadership in an organization relates to its success. She recalled a Legislative Legal and Research Services report that addressed citizen boards. The report related that without all the stakeholders involved, it can be a difficult process. She then related her travels and participation in meetings using polycoms and [video conferencing]. She identified one of the problems in the state as the large size of the state and the significant differences

throughout the state. Although Representative Cissna said that she agreed with legislative involvement, she agreed that others need to be involved as well.

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CO-CHAIR FAIRCLOUGH asked if members would recommend only having the state legislature involved with acquiring information first. She explained that she's trying to pen legislation that reaches the House Finance Committee.

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REPRESENTATIVE EDGMON related that he views energy as a life, health, and safety issue. With regard to making the [task force] successful, Representative Edgmon suggested stripping the legislation and limiting the scope of the task force. He then expressed the need for all entities to come to the table and develop a comprehensive statewide energy policy and determine the value of such a policy to policymakers and the administration in terms of addressing energy. Representative Edgmon mentioned that the task force should realize that it's not going to solve the problem but rather is setting the stage for further development of statewide energy.

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REPRESENTATIVE CRAIG JOHNSON, Alaska State Legislature, expressed concern with the task force and the lack of knowledge regarding where the state stands with capability and interconnectivity. Therefore, there needs to be knowledge with regard to the projected needs of energy in the future. Until the aforementioned is known, it's difficult to know how to get there, he opined. He emphasized that a critical part of this process needs to be an assessment of where the state is and where it needs to be prior to determining how to achieve the goal. He suggested using all the resources and plugging them in the region that best fits each region's needs. Representative Johnson said he wholeheartedly supports the concept [of HB 404], but reiterated the need to know the projected energy needs of the state in the future.

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CO-CHAIR LEDOUX said Representative Johnson's comments make sense, but she questioned who would have this knowledge.

REPRESENTATIVE JOHNSON answered that AEA seems to be the best entity. He opined that individual utilities seem to be developing energy plans, but no entity is charged with coordinating these assessments. He expressed the need for an umbrella group to coordinate all these individual assessments. The AEA seems to be the best umbrella group at this time.

MR. CRIMP interjected that AEA, with the Institute of Social and Economic Research (ISER), is planning to resume producing the Alaska Energy Statistics publication, and thus there would be knowledge regarding the current prices and use of energy statewide. The aforementioned is basic information that's necessary for planning. Load forecasts are another step, he mentioned. In further response to Representative Johnson, Mr. Crimp confirmed that projected usage isn't part of the aforementioned publication. However, part of any planning will involve the load forecast for various energies. He said that the place for those [load forecasts] are in the regional plans.

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REPRESENTATIVE JOHNSON inquired as to whether individual utilities are performing forecasts beyond five- and ten-year thresholds.

MR. CRIMP said he can't answer that. However, he opined that load forecasts are part of the integrated resource planning that some Railbelt and Southeast utilities have to perform when planning. In further response to Representative Johnson, Mr. Crimp said he didn't know whether it's proprietary information. However, he related that the Railbelt Energy Grid Authority planning and the necessary integrated planning will require forecasts for the Railbelt.

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CO-CHAIR FAIRCLOUGH noted her agreement with Representative Johnson, but also noted her agreement with Mr. Crimp that thus far it has been a "silo" approach rather than a collaborative effort that includes urban and rural areas.

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REPRESENTATIVE JOHNSON, returning to the question of why some task forces are successful and others not, indicated that success is tied to urgency of the matter. He reiterated the importance of the assessment of where the state is and is going.

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REPRESENTATIVE CISSNA remarked that one of the important questions is to whom is energy important. She related her belief that the state is moving towards the end of the [oil] boom and thus the state needs to find sustainable energy and jobs that outlast oil. Furthermore, the state needs to find and review more than a single source of energy.

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REPRESENTATIVE SALMON suggested focusing HB 404 on renewable energy. He pointed out that the interties between Anchorage and Fairbanks do have renewable energy in the form of dams. Representative Salmon emphasized the need to bring the goal of HB 404 to a finer point. He then questioned whether there is enough renewable energy to supply the future needs of the state.

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REPRESENTATIVE EDGMON expressed the need, along with the sense of urgency, to create a sense of momentum in the 2009 legislative session. He expressed the need to take a holistic view of energy.

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ADJOURNMENT

There being no further business before the committee, the House Community and Regional Affairs Standing Committee meeting was adjourned at [4:58:01 PM](#).