

**ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON ENERGY**

March 31, 2009

3:03 p.m.

MEMBERS PRESENT

Representative Bryce Edgmon, Co-Chair
Representative Charisse Millett, Co-Chair
Representative Kyle Johansen
Representative Jay Ramras
Representative Pete Petersen
Representative Chris Tuck

MEMBERS ABSENT

Representative Nancy Dahlstrom

COMMITTEE CALENDAR

HOUSE BILL NO. 196

"An Act relating to the alternative energy revolving loan fund;
and providing for an effective date."

-MOVED CSHB 196(ENE) OUT OF COMMITTEE

HOUSE BILL NO. 166

"An Act relating to the Southeast energy fund."

-MOVED OUT OF COMMITTEE

HOUSE BILL NO. 66

"An Act relating to net energy metering for retail electricity
suppliers and customers."

-HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 196

SHORT TITLE: ALTERNATIVE ENERGY REVOLVING LOAN FUND

SPONSOR(S): ENERGY

03/23/09	(H)	READ THE FIRST TIME - REFERRALS
03/23/09	(H)	ENE, FIN
03/31/09	(H)	ENE AT 3:00 PM BARNES 124

BILL: HB 166

SHORT TITLE: SOUTHEAST ENERGY FUND

SPONSOR(s): THOMAS

03/02/09 (H) READ THE FIRST TIME - REFERRALS
03/02/09 (H) ENE, FIN
03/31/09 (H) ENE AT 3:00 PM BARNES 124

BILL: HB 66

SHORT TITLE: NET ENERGY METERING

SPONSOR(s): SEATON, AUSTERMAN, GATTO, RAMRAS, MUNOZ, WILSON,
BUCH

01/20/09 (H) PREFILE RELEASED 1/16/09
01/20/09 (H) READ THE FIRST TIME - REFERRALS
01/20/09 (H) ENE, L&C
03/31/09 (H) ENE AT 3:00 PM BARNES 124

WITNESS REGISTER

ADAM BERG, Staff
Representative Bryce Edgmon
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 196 on behalf of the House
Special Committee on Energy.

GREG WINEGAR, Director
Division of Investments
Department of Commerce, Community, & Economic Development
(DCCED)
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB
196.

REPRESENTATIVE BILL THOMAS
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Spoke as the sponsor of HB 166.

KACI SCHROEDER-HOTCH, Staff
Representative Bill Thomas
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB
166.

ROBERT VENABLES, Energy Coordinator
Southeast Conference
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 166.

REPRESENTATIVE PAUL SEATON
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As one of the joint prime sponsors,
presented HB 66.

DAVID GARDNER, Vice President
Marketing & Member Services
Golden Valley Electric Association (GVEA)
Fairbanks, Alaska

POSITION STATEMENT: Testified in opposition to HB 66.

MARILYN LELAND, Executive Director
Alaska Power Association (APA)
Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to HB 66.

PHIL STEYER, Director
Government & Corporate Communications
Chugach Electric Association, Inc. (CEA)
Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to HB 66.

ROBERT REAGAN, Representative
Municipal Light & Power (ML&P)
Municipality of Anchorage
Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to HB 66.

ACTION NARRATIVE

[3:03:01 PM](#)

CO-CHAIR BRYCE EDGMON called the House Special Committee on Energy meeting to order at 3:03 p.m. Representatives Johansen, Petersen, Tuck, Ramras, and Edgmon were present at the call to order. Representative Millett arrived as the meeting was in progress.

HB 196-ALTERNATIVE ENERGY REVOLVING LOAN FUND

CO-CHAIR EDGMON announced that the first order of business would be HOUSE BILL NO. 196, "An Act relating to the alternative energy revolving loan fund; and providing for an effective date."

[3:04:10 PM](#)

ADAM BERG, Staff to Representative Bryce Edgmon, Alaska State Legislature, presented HB 196 on behalf of the House Special Committee on Energy. Mr. Berg stated HB 196 takes the Alternative Energy Revolving Loan Fund, established in 1978, and makes changes to the existing statute by eliminating the "sweep" provision; changing the loan rates; and repealing the transfer or sale of mortgages and notes. Further, the bill adds language to take advantage of capitalization opportunities and adds high efficiency wood pellet stoves to the definition of alternative energy systems. Mr. Berg noted that the fund has been inactive since the 1990s when the balance of the fund was transferred to the general fund (GF).

[3:05:36 PM](#)

CO-CHAIR EDGMON added that HB 196 is House Special Committee on Energy proposed legislation. The bill was crafted after hearings in rural communities where the committee discovered a need for low interest rate loans to individuals for improvements to energy [efficiency] infrastructure.

[3:06:08 PM](#)

REPRESENTATIVE PETERSEN asked for the existing balance in the fund.

MR. BERG said there is a zero balance in the fund as any payments due the fund are swept into the GF at the end of each fiscal year.

REPRESENTATIVE PETERSEN surmised then that the plan is to create a revolving fund.

MR. BERG replied yes.

[3:07:20 PM](#)

GREG WINEGAR, Director, Division of Investments, Department of Commerce, Community, & Economic Development (DCCED), informed the committee his agency administered the program from the late

1970s until 1987. During that time, 2,900 loans were made until the changes by the legislature in 1990; in fact, there is a small balance in the account now, but no new loans have been made since 1987. Mr. Winegar opined HB 196 would allow the program to operate again with the aforementioned changes. In response to Co-Chair Edgmon, Mr. Winegar said the proposed interest rate would be prime plus 1 percent, with a floor 5 percent and a ceiling of 8 percent. As the prime rate changes the fixed rate would change between the cap and the floor. The requirements for collateral are a deed of trust against the residence receiving the improvements. He explained that one of the amendments proposes the deletion of the requirement for a first deed of trust; he suggested the program should continue with a lien against the property, but not necessarily a first lien.

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CO-CHAIR EDGMON identified Mr. Winegar's description of the amendment as conceptual Amendment 1, that deletes "first" from page 1, line 12, of the bill. He then offered the amendment for the purpose of discussion.

[3:11:35 PM](#)

MR. WINEGAR stated conceptual Amendment 2 would amend AS 45.88.020(a) such that the energy systems must be located in the state.

[3:12:19 PM](#)

REPRESENTATIVE JOHANSEN called attention to page 2, line 4, of the bill and asked whether it was appropriate to specify the Wall Street Journal in the statute.

MR. WINEGAR said the language is patterned after existing statutory language; however, he agreed with Representative Johansen's point.

[3:13:07 PM](#)

REPRESENTATIVE JOHANSEN then asked about the addition of high efficiency wood pellet stoves and for the definition of "unprocessed wood."

MR. BERG explained that the addition of high efficiency wood pellet stoves denotes that a normal wood stove does not qualify

for the program. He was unsure of the reason for the change from "wood" to "unprocessed wood".

REPRESENTATIVE JOHANSEN asked Mr. Berg to investigate this change because his constituents are providing firewood from timber sales; in fact, he will require more specific definitions at later hearings.

CO-CHAIR EDGMON offered to have his staff investigate.

[3:15:45 PM](#)

REPRESENTATIVE TUCK recalled demonstrations of a soapstone stove and a wood-fired furnace in Dillingham. He asked whether the proposed provision would exclude these projects.

CO-CHAIR EDGMON opined the Dillingham projects would not be excluded.

MR. BERG said he was unsure.

CO-CHAIR EDGMON expressed the intent of the sponsors to use the term wood; however, the drafter used the term unprocessed wood.

[3:17:13 PM](#)

REPRESENTATIVE JOHANSEN called attention to page 2, lines 19-22, of the bill and noted the reference to wood stoves with catalytic converters, and steam, hot water, or ducted hot air central heating system that uses wood or coal for fuel. He opined these were the devices viewed in Dillingham, and restated his interest in the legal definition of the term unprocessed wood.

[3:17:52 PM](#)

REPRESENTATIVE TUCK stressed the inclusion of the soapstone stove.

[3:18:18 PM](#)

CO-CHAIR MILLETT opined the soapstone stove is covered under the language referring to a ducted hot air central heating system.

REPRESENTATIVE TUCK confirmed the intention of the proposed legislation to exclude "just any old wood stove" from qualifying.

MR. BERG agreed.

[3:19:17 PM](#)

CO-CHAIR MILLETT moved Amendment 1, labeled 26-LS0754\R.1, Kane, 3/31/09, which read:

Page 1, line 12:
Delete "first"

REPRESENTATIVE PETERSEN objected for discussion purposes, and related his understanding of Amendment 1.

MR. WINEGAR restated Amendment 1 allows for a second deed of trust.

[3:20:34 PM](#)

REPRESENTATIVE PETERSEN withdrew his objection. There being no further objection, Amendment 1 was adopted.

[3:20:40 PM](#)

CO-CHAIR MILLETT moved Amendment 2, labeled 26-LS0754\R.2, Kane, 3/31/09, which read:

Page 1, following line 9:

Insert a new bill section to read:

"***Sec. 2.** AS 45.88.020(a) is amended to read:

(a) The department may

(1) make loans for the purchase, construction, and installation of alternative energy systems that are located in the state;

(2) adopt regulations necessary to carry out the provisions of AS 45.88.010 - 45.88.090, including regulations to establish reasonable fees for services provided and charges for collecting the fees;

(3) collect the fees and collection charges established under this subsection."

Renumber the following bill sections accordingly.

CO-CHAIR EDGMON objected.

MR. WINEGAR restated that Amendment 2 clarifies that the projects are located in Alaska.

CO-CHAIR EDGMON withdrew his objection. There being no further objection, Amendment 2 was adopted.

[3:21:36 PM](#)

CO-CHAIR MILLETT moved to report HB 196, 26-LS0754\R, as amended, out of committee with individual recommendations and the accompanying zero fiscal notes. There being no objection, CSHB 196(ENE) was reported from the House Special Committee on Energy.

[3:22:17 PM](#)

The committee took an at-ease from 3:23 p.m. to 3:25 p.m.

[3:25:38 PM](#)

B 166-SOUTHEAST ENERGY FUND

CO-CHAIR EDGMON announced that the next order of business would be HOUSE BILL NO. 166, "An Act relating to the Southeast energy fund."

[3:26:34 PM](#)

REPRESENTATIVE BILL THOMAS, Alaska State Legislature, speaking as the sponsor of HB 166, paraphrased from the following written sponsor statement:

In 1993 the Alaska State Legislature established the Southeast Energy Fund as a holding tank for money that could then later be used and appropriated to the Swan Lake-Tyee Hydroelectric Project. Since then, the need and fervor for hydroelectric power in Southeast Alaska has grown. Hydroelectric power is the most readily available source of renewable energy in Southeast. Some people refer to Southeast as the Saudi Arabia of renewable. However, despite this source of renewable energy, most communities in Southeast Alaska remain heavily dependent upon diesel generated electricity.

REPRESENTATIVE THOMAS related the highest rate for electricity is \$.83 per kilowatt, before Power Cost Equalization (PCE), with

an average of \$.58 per kilowatt. He opined the high cost of electricity has crippled communities. House Bill 166 broadens the authority of the Southeast Energy Fund to include all power projects within Southeast Alaska. In fact; it allows for a funding mechanism for the construction of power generation projects in Southeast and for the completion of the regional electrical intertie. Representative Thomas pointed out Haines has an intertie with Skagway; however, there is a 3-5 percent growth in the demand for electricity each year. He acknowledged that regions of the state compete for funds and stressed that regional pools of funds are best.

3:31:18 PM

REPRESENTATIVE TUCK called attention to page 1, line 12, of the bill and asked for an explanation of the reference to "the authority."

3:31:44 PM

KACI SCHROEDER-HOTCH, Staff to Representative Bill Thomas, Alaska State Legislature, informed the committee the authority referred to is the Alaska Energy Authority (AEA).

3:32:20 PM

ROBERT VENABLES, Energy Coordinator, Southeast Conference, related his organization's support for HB 166, as it is a timely bill that will continue the progress in the development of natural resources in Southeast Alaska. He compared the bill with the Railbelt Energy Fund and said the bill would catch Southeast Alaska up with the Railbelt. Mr. Venables noted that the projects in the region will be costly, regardless of the investments that have been made in renewable energy. With the Congressional authorization of \$384 million, there are vehicles that may bring funding into Southeast Alaska thus the need for a funding mechanism. He opined the needs of the system are for transmission lines for the intertie, and the development of capacity of other facilities along the intertie system. The total estimated cost for the planned projects in the region is in excess of \$1 billion. He concluded the funding mechanism for these projects has always eluded his organization, and that is one reason Southeast Alaska is not ready when funds are available. Mr. Venables continued to explain that Southeast communities have worked together to forge a vision to develop their renewable resources into a regional electrical system, and

HB 166 could be the mechanism that could facilitate this mission.

[3:36:29 PM](#)

REPRESENTATIVE JOHANSEN asked whether the reference to hydroelectric projects on page 1, line 14, of the bill also includes interties.

MS. SCHROEDER-HOTCH understood interties are included; however, if not, interties would be included in paragraph (2).

[3:37:39 PM](#)

REPRESENTATIVE TUCK confirmed that the bill allows options for other funds to enter the fund, and that the [AEA] will be able to administer the funds as needed. Furthermore, the funds can be invested in other projects in the region.

MS. SCHROEDER-HOTCH concurred.

[3:38:28 PM](#)

CO-CHAIR EDGMON, upon determining no one else wished to testify, closed public testimony.

[3:38:54 PM](#)

REPRESENTATIVE JOHANSEN moved to report HB 166, 26-LS0689\R, out of committee with individual recommendations and the accompanying zero fiscal notes. There being no objection, HB 166 was reported from the House Special Committee on Energy.

[3:39:20 PM](#)

The committee took an at-ease from 3:39 p.m. to 3:40 p.m.

[3:40:58 PM](#)

B 66-NET ENERGY METERING

CO-CHAIR EDGMON announced that the final order of business would be HOUSE BILL NO. 66, "An Act relating to net energy metering for retail electricity suppliers and customers."

[3:41:06 PM](#)

REPRESENTATIVE PAUL SEATON, Alaska State Legislature, speaking as one of the joint prime sponsors of HB 66, informed the committee the bill will promote alternative energy use by establishing a net metering policy for Alaskan utilities. He explained that net metering is a measurement of the difference between electricity purchased from a utility, and electricity produced from a customer's private generating equipment. Home and business owners who install renewable energy equipment, such as solar panels or windmills, get to use their own electricity and will receive a credit for their excess energy generation. The credit is in kilowatt hours and reduces the customers' electrical billing the following months. This "carry forward" of credits from renewable energy generation allows the customer to harvest excess energy during peak renewable production times, such as the summer for solar, or wind in winter, and benefit from this production during the following months. A net metering policy encourages private investment by allowing a customer/generator to calculate the pay-down of their equipment cost through the calculation of the potential annual solar, wind, or hydro production. Representative Seaton stressed the importance of this concept in encouraging individuals to invest in capital projects, as they can estimate their costs on an annual basis. He then explained how the utilities will benefit under this legislation: Utilities can gain about 10 percent in sales from distributed generation as there is little line loss to the point of sale, although the utility charges for an anticipated line loss of 7 percent.

REPRESENTATIVE SEATON then reviewed the document entitled "HB 66 provisions and rationale." The bill allows a customer/generator to have a renewable energy system producing up to 25 kilowatts. Participation in net metering can reach up to 1 percent of the retail system peak demand. Moreover, a utility may limit net metering installations due to special circumstances such as long transmission lines.

[3:48:33 PM](#)

REPRESENTATIVE SEATON continued to explain that the bill allows a customer/generator to receive a credit of kilowatt hours if they generate more electricity than they consume. He clarified that the receipt of a kilowatt hour credit is not considered a business transaction by the Internal Revenue Service (IRS) thus potential problems are avoided. Customers of a small utility, that generates fewer than one million kilowatts per year, may vote to exempt the utility from the provisions of the bill. A default uniform statewide utility interconnection standard is

established by the bill. Furthermore, HB 66 prohibits additional fees for net metering. The bill does not prohibit a utility from concurrently offering a Sustainable Natural Alternative Program (SNAP) to its customers nor does it prevent negotiations between a utility and a customer/generator for an individual power purchase agreement for excess customer power generation.

[3:54:46 PM](#)

REPRESENTATIVE SEATON opined the legislature has been proactive in exploring alternative energy and renewable energy, but has focused on the scale of programs for utilities; this legislation is for individuals who wish to support renewable energy by investing in their own systems and contributing to the generation of electricity. He then described three proposed amendments.

[3:56:05 PM](#)

REPRESENTATIVE SEATON offered an amendment to page 2, line 21, that inserts a new (d) which read:

(d) A customer-generator owns the tax credits associated with the equipment and renewable energy credits associated with the electricity it generates.

"Renewable energy credit" is a tradable instrument that includes all renewable and environmental attributes associated with the production of electricity from a renewable energy generation system.

REPRESENTATIVE SEATON called attention to page 24 of the book included in the committee packet titled Freeing the Grid, for a discussion of renewable energy credits. He noted that the federal program would have to be adopted by the state in order to credit those who install renewable energy systems. Proposed Amendment 2 addresses page 2, line 25, and replaces "annual peak energy usage" with "peak demand". Proposed Amendment 3 addresses page 3, lines 23 and 24, and replaces "an alternative energy system, as the term is defined in AS 46.11.900" with "alternative energy as identified in section 1 of this act".

[4:00:27 PM](#)

REPRESENTATIVE PETERSEN recalled a resident in Dillingham who had two wind generators with two meters. One meter measured

what he took off the grid and one measured what he put back onto the grid. He asked whether this was a typical installation.

REPRESENTATIVE SEATON described the meters in Alaska, all of which are capable of running backwards and registering a credit. The meter goes forward for usage, slows when the consumer is generating electricity, and turns backwards when the consumer is generating excess electricity; this is the net meter fashion. There is another type of meter that meters electricity in and out at a certain price under a power sale agreement. This type of meter is used for participants in the SNAP program available in Fairbanks and Homer. Representative Seaton pointed out that although there are alternatives such as the SNAP program, 42 states have adopted net metering as the best way to promote the use of renewable resources. In fact, the federal government mandated that all public utility commissions had to review a national metering program and adopt, or not adopt, the recommended standards. The Regulatory Commission of Alaska (RCA) chose not to adopt the national standards, but is in the process of developing state standards for Alaska. He explained that the worst case scenario for a utility would be if a customer generated exactly the amount of electricity that they used in a year; however, if a customer generates more electricity than they use, that excess is donated to the utility. Representative Seaton compared the impact to the utility with conservation and said, "It's just like the customer had insulated his house, or put in new windows. He reduced his apparent usage...." He concluded that most of time net metering will only offset a portion of a customer's electrical usage; in fact, often electrical usage increases as customers choose to use electricity instead of diesel fuel for home heating.

[4:05:37 PM](#)

REPRESENTATIVE PETERSEN recalled that the aforementioned resident in Dillingham was paying \$.42 per kilowatt hour and was receiving \$.28 per kilowatt hour; this rate would pay off the expense of the installation of the wind generators in four to five years.

[4:06:28 PM](#)

REPRESENTATIVE JOHANSEN referred to page 3, lines 25-31 of the bill. He noted that an exemption is created for utilities that sell smaller amounts of electricity; however, there is not an exemption for municipal-owned utilities such as in Ketchikan.

He asked whether the municipal utility in Ketchikan would be forced to accept windmills, for example.

REPRESENTATIVE SEATON advised a community could have height limits or prohibit the installation of windmills if it so desired; the proposed legislation addresses net metering, but does not include requirements for all municipalities to waive their planning and zoning rights. Regarding the exemption, he pointed out this is a benefit to the utility as a small consumer/generator of power does not receive payment from the utility, but only receives credits against the amount the consumer/generator used during the year.

[4:09:00 PM](#)

REPRESENTATIVE JOHANSEN surmised the community would "locally legislate their way around this mandate from the state statute."

REPRESENTATIVE SEATON said,

That's correct if ... they didn't want windmills. If you're talking about that they didn't want renewable energy ... [or] net metering, then they ... would have to exercise some kind of other option because if they wanted to also prevent micro hydro, and they wanted to also prevent solar, that would be real tricky. Because under this bill it's just like most of our, RCA or most of our ... interconnect standards for Alaska....

[4:10:15 PM](#)

REPRESENTATIVE TUCK asked for confirmation that only one meter is necessary because when a resident is supplying power, the resident is receiving credit as the meter slows down or comes to a stop. When the meter runs backward, the credit goes to the utility because the utility provides the transmission lines and infrastructure.

REPRESENTATIVE SEATON agreed. He restated that all meters in Alaska can be used in conjunction with net metering; however, a utility could require a second meter in order to know how much electricity is being produced by the consumer/generator.

[4:11:49 PM](#)

REPRESENTATIVE JOHANSEN asked for the fiscal implications of net metering. For example, a bond may be floated based on how much money flows in and out of a utility. He asked for an example of how net metering affects a utility's cash flow.

REPRESENTATIVE SEATON related a discussion with Flathead Electric Cooperative in Montana. It is a rural electrical cooperative with a somewhat similar system to that proposed by HB 66. According to Representative Seaton, the cooperative did not see any [negative] impact; in fact, it reported better customer relations and satisfaction. He added that if a utility uses renewable energy, such as hydro, for its main power source and uses carbon-based fuel only as a supplemental power source, the proposed legislation would not apply. The goal of HB 66 is not to displace a municipality's renewable energy source, or to make it less cost-effective, but to replace carbon-based high-cost fuels. As a matter of fact, Cordova is slightly problematic because 100 percent of its summer demand is satisfied by hydro, but hydro provides only a portion of its winter demand.

[4:15:08 PM](#)

REPRESENTATIVE PETERSEN asked whether a local electricity company would have the independent option to require that consumer/generators install two meters, pay a negotiated rate for what the consumer/generator produces, and charge a different rate for the power the utility sells.

REPRESENTATIVE SEATON explained that HB 66 applies to all of the areas [with utilities] that do not exempt themselves. The utility can put in two meters and have a purchase sale agreement; furthermore, the SNAP program would allow higher power generation. However, a big utility would not be allowed to restrict the development of renewable fuels by paying a consumer/generator the avoided cost of \$.02 per kilowatt and charging \$.14 per kilowatt. A consumer/generator is allowed to produce power and offset their usage. He concluded that net metering is a valuable means to stimulate renewable energy usage because a consumer/generator who is paying avoided cost, will never reach a pay-back on their system.

[4:17:55 PM](#)

REPRESENTATIVE PETERSEN asked for the difference between net metering and net billing that is proposed by other pending legislation.

REPRESENTATIVE SEATON explained that the other proposed legislation will take away the authority of the cooperatives in the state to offer net metering without a vote of the full membership. In addition, the power from the consumer/generator is computed on a monthly billing cycle; therefore, excess power in any given month will be paid by the utility at the wholesale cost, which constitutes a business transaction complete with IRS involvement.

[4:20:51 PM](#)

DAVID GARDNER, Vice President, Marketing & Member Services, Golden Valley Electric Association (GVEA), informed the committee GVEA has successfully promoted consumer participation in its SNAP program; in fact, the SNAP program meets the needs of GVEA members and the cooperative better than net metering. The SNAP program is voluntary and self-supporting, therefore, it does not cross-subsidize costs for [consumer/generators] by the members who choose not to participate. Furthermore, SNAP producers share the funds collected, and GVEA compensates [consumer/generators] at a higher rate than they would receive through a net metering program. Nevertheless, Mr. Gardner assured the committee GVEA is participating in the RCA's net metering and interconnection standards workshops and believes that the RCA should be tasked with the oversight and administration of the program should the state adopt net metering and interconnection standards legislation. On behalf of GVEA, he encouraged the committee to delay the consideration of net metering legislation while the RCA is investigating this issue.

[4:22:28 PM](#)

MARILYN LELAND, Executive Director, Alaska Power Association (APA), stated that the Alaska Power Association (APA) is the statewide trade organization representing electric utilities that supply power to 500,000 Alaskans from Barrow to Unalaska and the Inside Passage. She recalled that the RCA considered net metering in its docket on the adoption of regulations to amend the Public Utilities Regulatory Policies Act (PURPA) of 1978. The RCA did not adopt federal standards for Alaska, but opened a docket to consider Alaska-specific standards on net metering. Ms. Leland opined there has been good participation from the interested parties and the RCA on this subject and an agreement on a regulation is promised. On behalf of APA, she recommended that the legislature not take action on any net metering legislation this year. The utilities are not opposed

to renewable generation, to purchasing power from [consumer/generators], or to consumers generating their own power; however, the issue is agreeing on a fair and equitable rate to all rate-payers.

[4:24:33 PM](#)

PHIL STEYER, Director, Government & Corporate Communications, Chugach Electric Association, Inc., (CEA), said the CEA believes the RCA is the proper venue for a discussion of the issues of net metering. The RCA has begun the process that will lead to an appropriate decision on net metering. On behalf of the CEA, he suggested that rather than advancing legislation at this time, the committee should allow the RCA to complete its docket on net metering.

[4:25:25 PM](#)

ROBERT REAGAN, Representative, Municipal Light & Power (ML&P), Municipality of Anchorage, on behalf of ML&P, informed the committee that net metering would be a massive subsidy paid by rate-payers of utilities to a few customers who are in a position to own and operate net meter generation. He urged the committee not to take action on net metering prior to the RCA's completion of its work on the subject. Mr. Reagan opined net metering is not a simple beneficial idea, but requires a commercial relationship between utilities and their customers that is generally considered unsustainable in other industries and that may cause catastrophic harm in the utility industry. He assured the committee that the depth of the RCA's investigation has a better chance of avoiding unintended consequences than action by the legislature.

[4:27:18 PM](#)

CO-CHAIR EDGMON, upon determining no one else wished to testify, announced that HB 66 would be held over with public testimony open.

[4:27:51 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Energy meeting was adjourned at [4:27] p.m.