

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

January 28, 2010

3:07 p.m.

**MEMBERS PRESENT**

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

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

PRESENTATION BY ROBERT PICKETT, CHAIRMAN OF THE REGULATORY COMMISSION OF ALASKA: NET METERING REGULATIONS REVIEW AND PROPOSED COOK INLET NATURAL GAS STORAGE PROJECT UPDATE.

- HEARD

HOUSE BILL NO. 306

"An Act declaring a state energy policy."

- HEARD AND HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 306

SHORT TITLE: STATE ENERGY POLICY

SPONSOR(S): ENERGY

|          |     |                                 |
|----------|-----|---------------------------------|
| 01/19/10 | (H) | READ THE FIRST TIME - REFERRALS |
| 01/19/10 | (H) | ENE, RES                        |
| 01/26/10 | (H) | ENE AT 3:00 PM BARNES 124       |
| 01/26/10 | (H) | Heard & Held                    |
| 01/26/10 | (H) | MINUTE(ENE)                     |
| 01/28/10 | (H) | ENE AT 3:00 PM BARNES 124       |

**WITNESS REGISTER**

ROBERT M. PICKETT, Chairman  
Regulatory Commission of Alaska (RCA)  
Office of the Governor  
Anchorage, Alaska

**POSITION STATEMENT:** Presented a report titled "RCA Net Metering Regulations; Cook Inlet Gas Storage.

ROBERT VENABLES, Energy Coordinator  
Southeast Conference  
Juneau, Alaska

**POSITION STATEMENT:** Testified in support of HB 306.

JERRY MCCUTCHEON  
Anchorage, Alaska

**POSITION STATEMENT:** Testified during the hearing on HB 306.

DAVID LEVY, Member  
Alaska Mobility Coalition  
Anchorage, Alaska

**POSITION STATEMENT:** Testified during the hearing on HB 306.

CHRIS ROSE, Executive Director  
Renewable Energy Alaska Project (REAP)  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of HB 306.

BILL POPP, President and CEO  
Anchorage Economic Development Corporation (AEDC)  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of HB 306.

CAITLIN HIGGINS, Executive Director  
Alaska Conservation Alliance  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of HB 306.

## **ACTION NARRATIVE**

[3:07:07 PM](#)

**CO-CHAIR BRYCE EDGMON** called the House Special Committee on Energy meeting to order at 3:07 p.m. Representatives Ramras, Petersen, Tuck, Dahlstrom, Millett, and Edgmon were present at the call to order. Representative Johansen arrived as the meeting was in progress.

[3:07:24 PM](#)

**Presentation by Robert Pickett, Chairman of the Regulatory Commission of Alaska: Net Metering Regulations Review and Proposed Cook Inlet Natural Gas Storage Project Update**

[3:07:24 PM](#)

CO-CHAIR EDGMON announced that the first order of business would be a "listen-only" presentation by Robert M. Pickett, Chairman of the Regulatory Commission of Alaska (RCA).

[3:07:57 PM](#)

ROBERT M. PICKETT, Chairman, Regulatory Commission of Alaska (RCA), said he was asked to address two specific areas: (1) Recently adopted RCA net metering regulations; (2) Cook Inlet storage issues and a request for legislative assistance. As background information, he reminded the committee that the federal Energy Policy Act of 2005 (EPAAct) contained a series of energy standards that each state regulatory commission was mandated to consider for adoption. Net metering was one of the five proposed federal standards to be considered for adoption by each state. The commission opened a regulations docket and held a series of technical workshops and public meetings on this subject; however, the RCA declined to adopt the federal net metering standard because it believed the standard was confining and of a "rather undefined nature that had some concerns for Alaska advocates and ratepayers." In response to the intense interest in net metering, the RCA opened Docket R-09-1, in February 2009, to consider regulations implementing an Alaska-specific net metering standard. Mr. Pickett explained that the RCA engineering staff and financial analyst staff created a "straw man proposal" designed to generate comments on elements of a net metering requirement.

MR. PICKETT recalled the RCA held a technical workshop on March 4, 2009, to discuss the net metering proposal and on June 12, 2009, proposed net metering regulations were issued for public comment. Forty-five comments were received, some of which were initial and reply comments.

[The committee meeting was interrupted by a power outage at 3:10 p.m.]

CO-CHAIR EDGMON called the meeting back to order at 3:48 p.m.

[3:48:29 PM](#)

MR. PICKETT relayed the RCA reviewed the public comments, made revisions, and voted to adopt net metering regulations at its October 14, 2009, public meeting. He acknowledged that "the advocates thought we should have gone a little bit further; utilities thought we probably went too far." The commission must balance the fundamental issues of equity; in truth, this regulation is a technical violation of the regulatory principle called "cost-cause or cost-payer." But in fact, this violation happens for other reasons, too. For example, if a utility covers a wide range of urban and rural areas, the argument can be made that a "postage stamp" rate also violates cost-cause or cost-payer. Therefore, this was a minor concern and the RCA was comfortable with the regulations that were adopted. He continued to explain that net metering allows the consumer to reduce his/her load requirement by interconnecting on-site generation facilities to electric utility facilities. The amount of the customer-generated power is compared to the customer's electric consumption for the billing period, and the customer either is billed for net consumption, or credited for excess generation over consumption. He offered to make these citations and regulations available as soon as they are approved by the lieutenant governor. Electric utilities subject to the net metering regulations are the economically regulated utilities, except for the following two exemptions: a utility that generates 100 percent of its power from an eligible facility; and economically regulated utilities with annual retail sales under 5,000,000 kilowatts per hour (kWh). Thus, this does not apply to the small, rural utilities such as those represented by the Alaska Village Electric Cooperative (AVEC), and the Alaska Power Association (APA); however, small utilities can participate in net metering on a voluntary basis.

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CO-CHAIR EDGMON asked whether the RCA regulations would still be in place if the proposed net metering bills became law.

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MR. PICKETT said "statute trumps regulation, and so if there was a conflict with some of the provisions ... we would have to ... revise these and go through the process that's necessary." He

understood that one of the proposed bills reflects the provisions of these regulations. In further response to Co-Chair Edgmon, he confirmed that the regulations are waiting for approval from the lieutenant governor and the process "should be relatively quick."

[3:52:45 PM](#)

MR. PICKETT, returning to his presentation, said that a utility may limit net metering installations by showing system technical constraints, or other operations issues, as there is no intention to destabilize electric utilities. Furthermore, the utility may refuse net metering if the capacity of participating net metering systems exceeds 1.5 percent of the utility's average retail demand; however, the utility can request an increase in the 1.5 percent capacity limit. There is also a 25 kilowatt limit on an individual consumer-generation facility. Mr. Pickett identified the following permissible energy generation sources: solar photovoltaic, solar thermal, wind, biomass, hydroelectric, geothermal, hydrokinetic, ocean thermal, landfill gas or biomass gas produced from organic matter, wastewater, anaerobic digesters or municipal solid waste, and other similar sources as approved by the RCA. Turning to compensation for excess generation, he said that the kilowatt per hour bill is based on the utility's non-firm purchase power rate-typically on an avoided cost basis-and noted that carry-forward kWh credits do not expire.

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MR. PICKETT stated that another issue stems from the 2005 EPAct changes to the Public Utility Regulatory Policies Act of 1978 (PURPA): interconnection standards. The RCA has another docket underway to develop Alaska-specific interconnection standards; this docket should be completed in the spring and he anticipated that it will be based on the Interconnecting Distributed Resources With Electric Power Systems (IEEE 1547) interconnection standards for distributed generation. He acknowledged that there are still questions about revisions and another technical workshop may be necessary for this docket. It is important for sponsors of large scale renewable projects to understand that the RCA is responsible for ensuring that larger utilities are on a sound operational basis; in fact, larger utilities have interconnection standards in place that can frustrate renewable project sponsors. The utilities focus will be on the protection of their ratepayers and system, but the

sponsors of renewable projects may interpret the standards to be a form of "stonewalling."

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CO-CHAIR MILLETT asked for examples of why the RCA did not adopt the proposed federal net metering standards.

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MR. PICKETT responded that the RCA looked at the "system caps" and felt it could not take the arbitrary number given by the federal regulations. Alaska utilities were also concerned about this number. In addition, there was an issue about compensation and whether compensation would be the full retail rate or an avoided cost rate; obviously, investors want to be compensated at the full retail rate, but utilities "are going to come down on the other side." There were also other issues, such as the interconnection standards, that could not be reviewed in the given time period.

[3:58:53 PM](#)

REPRESENTATIVE PETERSEN surmised that someone who built a renewable electric generation facility with excess power would get credits, not a check, and those credits would never expire.

[3:59:33 PM](#)

MR. PICKETT said yes.

[3:59:36 PM](#)

CO-CHAIR EDGMON asked whether the 1.5 percentage limit on participating net metering systems was "in a collective sense."

[4:00:07 PM](#)

MR. PICKETT confirmed that the percentage is an aggregate figure; for example, if 25 self-generating systems came online and the combined number exceeded 1.5 percent of the average annual demand, the utility would not have to accept new net metering customers.

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MR. PICKETT, in further response to Co-Chair Edgmon, observed that this percentage could be raised, but this number was agreed to by the parties.

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REPRESENTATIVE TUCK called attention back to the two exemptions to net metering provisions shown on slide 8. He asked for examples of facilities that meet the first exception.

[4:01:18 PM](#)

MR. PICKETT referred to regulation 3 AAC 50.949(9) and clarified that if the utility is already getting 100 percent from, for example, hydro generation, a net metering customer cannot "come in and say, 'Hook me up and pay me.'"

[4:02:07 PM](#)

MR. PICKETT turned to the second subject of his presentation: Cook Inlet Gas Storage. As most legislators are aware, natural gas deliverability is a huge issue in Southcentral Alaska and the RCA recognizes that third-party gas storage is one key strategy to address this issue. Essentially, gas injected into storage during the warmer summer months would help meet the "swing" in the amount of gas needed during the winter. Remarkably, the difference between the amount of gas supply needed on a July day and a December or January day can be a factor of ten. In the past, the gas fields were more robust and the field pressures were higher; as the pressure drops it is to the point where that is not enough. He opined that gas storage is the missing piece; in fact, ENSTAR has demonstrated that without the ConocoPhillips Liquefied Natural Gas (LNG) plant in Kenai, the margin is gone. Conditions of seven to ten days of 25 below (Fahrenheit) temperatures would severely stress or damage the system. Mr. Pickett informed the committee that ANR Pipeline Company, a subsidiary of TransCanada, created Cook Inlet Natural Gas Storage, LLC (CINGS). This company proposes to develop, construct, own, operate, and manage an independent, third-party natural gas storage facility in a depleted natural gas reservoir in the Cannery Loop Unit near Kenai. This proposal would allow customers to store gas during low consumption periods and withdraw that gas during peak periods. The facility would include five injection/withdrawal wells, pressure regulators, separation and conditioning equipment, heating elements, and measuring equipment. Although the RCA has never dealt with storage in a docketed format, it sponsored a

workshop in December to begin to explore gas storage issues and met some success with gas supply agreements. On December 21, 2009, CINGS filed a "Petition for Declaratory Judgment Regarding the Regulatory Commission of Alaska's Jurisdiction Over the Natural Gas Storage Project Proposed by Cook Inlet Natural Gas Storage LLC" with the RCA.

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CO-CHAIR MILLETT questioned whether there is anything in the RCA regulatory framework regarding gas storage in Alaska.

[4:07:00 PM](#)

MR. PICKETT said no. Similarly, the Alaska Oil and Gas Conservation Commission (AOGCC) does not have the "regulatory piece" in place to issue orders on the wells, or to verify the integrity of the reservoirs. Returning to the CINGS petition, he explained that CINGS respectfully requested a declaratory ruling on the threshold issue of the commission's jurisdiction in order to determine how to best move forward in the most expeditious manner. The two concerns presented by CINGS in the petition were: (1) CINGS did not want to presume that it was unregulated only to find out later that it needs to apply for a certificate of public convenience and necessity (CPCN); (2) CINGS did not want to apply for a CPCN only to have it dismissed because of the lack of RCA jurisdiction. He relayed the timeline of the following actions: December 21, 2009, CINGS files petition; December 24, 2009, RCA opens Dockets U-09-124/P-09-016; December 31, 2009, CINGS is ordered to file concise statement of material facts; January 8, 2010, close of public comment period; January 15, 2010, legal briefings were due. The RCA was asked to issue its determination on January 23, 2010.

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CO-CHAIR MILLETT asked for a summary of the public comment.

[4:09:15 PM](#)

MR. PICKETT said that comments received from the utilities were mostly in favor of regulation, and those from the producers and CINGS were against regulation. Furthermore, there were comments from property owners who were suspicious that a project was being "sneaked" through without public process. After receiving the legal briefings, the RCA issued its decision on January 28, 2009. In essence, the decision said the statute is totally

unclear; in fact, there was even disagreement on the meaning of the statute between the commissioners. Mr. Pickett opined that, when pertaining to issues of statutory interpretation, the Alaska Supreme Court and the Alaska Superior Court do not give deference to the RCA. The courts leave an uncertainty regardless of whether the RCA makes a definitive declaratory judgment on its jurisdiction. He remarked:

I guess my plea to the legislature is this is one of those times where statutory clarity is absolutely necessary I tend to be a little bit of a strict constructionist when I read statutes, I want to see it and understand that that was the legislative intent. To reach and stretch is a bit much ... we do have broad powers, in terms of the public interest, to protect the public, and there may be times where it's necessary for the commission to exercise those. But ... when you talk about massive investment, and you're asking the utilities to engage in 20-year contracts, to provide some kind of certainty for this project ... I don't think that this is the time or the place to have statutory ambiguity.

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CO-CHAIR MILLETT asked whether there was any concern by ratepayers about the cost of storage being added to utility bills.

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MR. PICKETT related that one individual expressed concern about a conspiracy between the RCA, the producers, and the utilities. He pointed out that clarity is critical to the public perception, also.

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CO-CHAIR MILLETT observed that the RCA wants clarity on statutory authority, but has no opinion.

[4:14:34 PM](#)

MR. PICKETT advised that the RCA is the creation of the legislature. His personal opinion is that when the RCA creates a monopolistic situation, there will not be room for new players. In addition to the utilities that are the base

players, there should be room for small producers, as in a spot market, for different types of contracts. The producers need the assurance of longer contracts, but by the same token, others need incentives. He then asked, "If you put the RCA in the position of saying 'it's unregulated' ... but, at the end of the day the state is somehow going to put money into it in the form of tax credits, ... and then we're supposed to ensure that the benefits of those credits flow to the ratepayers ... now how would that work?" The cost elements of storage are simple; however, the producers will protect their own storage. Indeed, one of the legal briefs from a producer noted that if the RCA asserts jurisdiction, this jurisdiction must be clearly defined and not the equivalent of "a camel's nose under the tent."

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CO-CHAIR MILLETT asked whether other states are regulated or unregulated on third-party gas storage.

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MR. PICKETT answered that natural gas and gas storage were heavily regulated. At this time, in the Lower 48, there is jurisdiction over in-state storage, but as gas moves between states it is regulated by the Federal Energy Regulatory Commission (FERC).

[4:18:02 PM](#)

REPRESENTATIVE RAMRAS asked whether a subsidy was being contemplated.

[4:18:13 PM](#)

MR. PICKETT said he considered tax credits to be a form of subsidy to encourage development and to benefit ratepayers.

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CO-CHAIR EDGMON assumed the RCA will not get the clarity the commission needs if the proposed legislation does not pass. He asked what the RCA action would be.

[4:19:09 PM](#)

MR. PICKETT explained that the RCA is a reactive agency. Like a utility, CINGS will make a filing, depending on its business

plan. The RCA might have the three votes needed to assert jurisdiction, but if the statutes remain unclear, the legal issue remains.

[4:20:11 PM](#)

### HB 306-STATE ENERGY POLICY

CO-CHAIR EDGMON announced that the final order of business would be to hear public testimony on HOUSE BILL NO. 306, "An Act declaring a state energy policy."

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ROBERT VENABLES, Energy Coordinator, Southeast Conference, informed the committee that Southeast Conference is a regional development organization. Its mission is to encourage activities and promote strong economies, healthy communities, and a quality environment in Southeast Alaska. Mr. Venables shared that, for the last 12 years, his organization has been working to develop the energy policies and projects that will lead to the displacement of diesel as the primary fuel for the generation of electricity in Southeast communities. He stated that Southeast Conference supports HB 306; in fact it was a member of the stakeholders group during the interim. He opined HB 306 leads the way for state investment in energy projects, economic development, and renewable energy projects in rural areas. Mr. Venables stated his organization's intent to participate with the state in on-going projects, both for the generation and the transmission of energy, and he cited the need for a higher level of planning to direct Southeast investments. He offered to lend Southeast Conference members and utilities in support of the bill.

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CO-CHAIR EDGMON thanked Southeast Conference for its contributions to the plan.

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JERRY MCCUTCHEON informed the committee he would send written comments to the legislature. He opined that HB 306 was "not much" and did not do anything. The state must address that which is doable, and not get tied up in illusions about what is not doable; for example, pursuing a gas line when the Lower 48

and western Canada is awash in gas. He relayed a short history of the gas line project.

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DAVID LEVY stated that the Alaska Mobility Coalition represents and advocates for public and community transportation statewide. It has 76 members from Bethel to Prince of Wales Island, and its members represent public and community transportation systems that provide over 7,000,000 rides annually. Mr. Levy thanked the committee for its work and pointed out that the role of public transportation, and the energy savings and support for employment it provides, should be part of the discussion regarding energy. He informed the committee that the senate has included public transportation in its bill, and he encouraged the House Special Committee on Energy to do so. He expressed support for the amendment offered by Representative Petersen to include public transportation as part of the overall dialog.

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CHRIS ROSE, Executive Director, Renewable Energy Alaska Project (REAP), said that he participated with the stakeholders group that worked on the proposed legislation. Today, however, he is representing REAP in support of the bill. A state energy policy is necessary to set the broad framework on how the state makes its energy decisions. Although there are plenty of energy programs and projects in place around the state, there needs to be a policy to provide a framework and a long-term vision. He opined the language of the bill looks at the influence on the state from around the world, such as the increasing price of fossil fuels, and the growth of the clean energy industry. Mr. Rose stressed that the emphasis on energy efficiency in the bill is very important and makes economic sense. His organization also supports the emphasis on renewable energy. Upon review of the bill by the REAP policy committee, the policy committee felt that REAP should be neutral on parts of the bill that do not support its mission- increasing the production of renewable energy and promoting energy efficiency-but other parts such as workforce development, education campaigns, and the streamlining of governmental functions, pertain to REAP's mission statement.

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BILL POPP, President and CEO, Anchorage Economic Development Corporation (AEDC), said that he was a member of the stakeholders group and thanked all of those who contributed to

the formation of the bill. He agreed with Mr. Rose, and added that it is vital for the state to bring forward an energy policy that addresses the basis on energy for the state in the coming decade. Without such a policy, the state will "clunk along" with some successful individual projects that may not be in line with a broader vision and a set of goals. He expressed his concern that without a basis for the process, decisions are made about the allocation of resources that may not fit the state's longer term goals, whether for renewable or nonrenewable projects. In the past, Alaska has faced challenges in choosing projects that should go forward, and others that should not. Mr. Popp opined that this policy recognizes that, although renewable energy is a part of our future and will make a difference especially in rural areas, the state economy is based on non-renewable resource extraction and will be for many decades. He strongly urged the passage of HB 306.

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REPRESENTATIVE TUCK asked whether Mr. Popp supports the workforce development portion of the bill.

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MR. POPP confirmed that a strong vital workforce is necessary to support the building, operation, and maintenance of energy infrastructure of all types. In addition, a good, well-thought-out investment in energy infrastructure workforce training is very important and the policy is a first step toward gaining that investment.

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CAITLIN HIGGINS, Executive Director, Alaska Conservation Alliance, stated that the Alaska Conservation Alliance and its 40 member organizations, representing 38,000 Alaskans, wishes to applaud the committee on its strong leadership and hard work on these issues. The committee's commitment to the creation of an overarching policy to guide related energy decisions is encouraging. As a member of the stakeholder group, Ms. Higgins thanked the co-chairs for the opportunity to participate in the process, and the other members for their contributions. The proposed legislation will put Alaska on an economically stable and sustainable path to the future that is supported by the conservation community. The alliance strongly supports the provisions in the bill that focus on energy efficiency first, and it encourages the establishment of statewide energy

efficiency codes, decreased energy use in public buildings through efficiency, and the education of the public on energy efficiency. In fact, this support is so strong that the alliance commissioned a report that shows how the Railbelt can reach a goal for energy efficiency—perhaps as high as 50 percent—by 2025. The Railbelt Electricity Efficiency Landscape (REEL In Alaska roadmap) results will be issued soon and will support efforts to set aggressive energy efficiency goals that encourage the state and its citizens, businesses, and industry to strive to be as energy efficient as possible. Ms. Higgins recalled that everyone in the stakeholders group and the committee share an interest in promoting and incentivizing energy efficiency so that Alaska can benefit from this clean, cheap, and simple way to meet its energy needs. Although the alliance supports the inclusion of goals for energy efficiency in the proposed policy, it encouraged the committee to place these goals in codified language. She opined placing all of these goals in codified statute will increase the likelihood that the goals will be met. The alliance also supports the inclusion of provisions encouraging renewable energy development, because such development will help the state secure its energy future. Lastly, the alliance supports the provisions encouraging training and research, emerging technology research and development in the field of renewable energy, and the coordination of state entities focused on energy. On behalf of the Alaska Conservation Alliance, she encouraged the passage of HB 306 during 2010.

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REPRESENTATIVE JOHANSEN observed that the Alaska Conservation Alliance has a membership of 40 groups. He asked which members were based in Southeast.

[4:43:14 PM](#)

MS. HIGGINS said those groups would include the Sitka Conservation Society, Lynn Canal Conservation, the Southeast Alaska Conservation Council (SEACC), and others. In further response to Representative Johansen, she said the Tongass Conservation Society is no longer a member.

[4:43:58 PM](#)

REPRESENTATIVE JOHANSEN agreed with Ms. Higgins' support of HB 306. He advised that to achieve goals that the alliance, and he, support such as the 50 percent [of electric generation from

renewable energy sources by 2025], choices have to be made. For example, during construction of the intertie between Wrangell and Ketchikan, the price was accelerated by litigation brought by groups like SEACC. He remarked:

I'm hoping that your organizations, at some point, are going to make a choice between litigating access corridors, because you have to cut down a renewable tree, versus cheap and affordable energy. And I hope that conversation is going on within your groups ... But it's a real challenge to transmission, and I hope we all understand that that's going to be a question that's going to come up. At what point do you make a choice between cheap and renewable energy and allowing the corridors to go through?

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CO-CHAIR EDGMON closed public testimony.

[4:46:35 PM](#)

REPRESENTATIVE TUCK moved to adopt Amendment 3 to HB 306.

CO-CHAIR EDGMON objected for the purpose of discussion.

[4:47:09 PM](#)

REPRESENTATIVE TUCK stated that the intent of the amendment is to ensure that workforce development is a priority. The amendment read:

Page 3, line 2, following "programs":

Insert "that will help create jobs for Alaskans and"

[4:47:45 PM](#)

CO-CHAIR EDGMON removed his objection. Hearing no further objection, Amendment 3 was adopted.

[4:48:06 PM](#)

REPRESENTATIVE PETERSEN moved Amendment 1.

[4:48:17 PM](#)

CO-CHAIR EDGMON objected for purposes of discussion.

[4:48:23 PM](#)

REPRESENTATIVE PETERSEN informed the committee that this amendment adds a new subparagraph which read:

Page 2, following line 18:

Insert a new subparagraph to read:

"(D) encouraging  
the use of public  
transportation and  
assisting communities in  
developing public transportation  
options in an effort to decrease  
fuel usage by motor vehicles."

REPRESENTATIVE PETERSEN added that this amendment would also reduce wear and tear on highways.

[4:49:01 PM](#)

CO-CHAIR MILLETT recalled previous discussion in the stakeholders group on this issue. Because the proposed legislation is statewide policy, participants did not feel it was appropriate as public transportation is not relevant to rural communities. She expressed her opposition to Amendment 1.

[4:50:00 PM](#)

REPRESENTATIVE DAHLSTROM surmised that "assisting communities" would obligate the state to fund assistance.

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REPRESENTATIVE PETERSEN relayed that in other states public transportation usually needs a public subsidy until it turns a profit; for example, in New Mexico the state built a commuter rail. Public transportation has also been successful in Seattle and Portland. He pointed out that the proposed policy is a long-term view of the future and a comprehensive-type of bill, and encouraged the inclusion of the amendment.

[4:52:05 PM](#)

REPRESENTATIVE DAHLSTROM stated that because HB 306 is comprehensive and statewide, she was reluctant to "give the perception that we are interested in developing ... public transportation statewide." She expressed her opposition to Amendment 1.

[4:52:52 PM](#)

REPRESENTATIVE PETERSEN commented that the Alaska Marine Highway System (AMHS) is subsidized by the state budget every year and is a form of public transportation.

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REPRESENTATIVE JOHANSEN pointed out that the AMHS is the only transportation system with a fare box; on the other hand, every road in Alaska is completely subsidized.

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REPRESENTATIVE RAMRAS recalled remarks he heard by rural legislators about inequities and the lack of parity in the governor's proposed scholarship program; in truth, the lack of parity between rural and urban regions of the state can be offensive. He said:

I think [the amendment's] inclusion, frankly even a vote on amendment 1, incurs the same offense by not recognizing some of the limitations that we have in rural Alaska.

[4:55:11 PM](#)

CO-CHAIR EDGMON stated his understanding from the stakeholders group discussions that the policy must be general, statewide, and uniform in application. He suggested that the amendment is more appropriate to a plan of action rather than to the overarching policy.

[4:56:07 PM](#)

REPRESENTATIVE TUCK agreed that mass transportation can conserve energy, as the policy seeks to do; however, the committee does not want to isolate rural Alaskans, but to provide energy opportunities for them as well, and he agreed that the amendment would benefit urban areas.

[4:57:44 PM](#)

REPRESENTATIVE PETERSEN withdrew amendment 1.

[4:58:12 PM](#)

REPRESENTATIVE PETERSEN moved Amendment 2 which read:

Page 1, line 13, following "projects":

Insert ";

(5) the state remain a leader in petroleum and natural gas production and become a leader in renewable energy development;

(6) consumer fuel and electricity prices in the state be comparable to those prices in other leading energy producing regions"

CO-CHAIR EDGMON objected for purposes of discussion.

[4:58:57 PM](#)

REPRESENTATIVE RAMRAS offered an amendment to Amendment 2, which was the deletion of lines 5 and 6.

[4:59:21 PM](#)

CO-CHAIR EDGMON confirmed that the amendment removed item (6) of Amendment 2.

[4:59:53 PM](#)

CO-CHAIR MILLETT supported lines 3 and 4 of Amendment 2.

[5:00:22 PM](#)

REPRESENTATIVE JOHANSEN objected to the amendment to Amendment 2, and stated his support of the amendment to Amendment 2.

[5:00:34 PM](#)

REPRESENTATIVE TUCK explained that the purpose of item (6) is to ensure that the state, with renewable projects, is not "going backwards in energy savings and cost due the ratepayers, in exchange of trying to hit some of our targets." As the state moves to reach its renewable goals, it must not be at the cost of ratepayers along the way.

[5:01:17 PM](#)

CO-CHAIR EDGMON re-stated the efforts of the stakeholders group to not incorporate statements of subjectivity. He opined lines 5 and 6 of Amendment 2 have an element of interpretation that is not in alignment with the spirit of the legislation. He indicated his support for the amendment to Amendment 2.

[5:02:07 PM](#)

REPRESENTATIVE JOHANSEN removed his objection to the amendment to Amendment 2.

[5:02:19 PM](#)

CO-CHAIR EDGMON announced that the amendment to Amendment 2 is adopted.

[5:02:25 PM](#)

REPRESENTATIVE RAMRAS concluded that the maker of Amendment 2, as amended, has captured the intent of much of HB 306.

[5:03:38 PM](#)

CO-CHAIR EDGMON removed his objection. Hearing no further objection, Amendment 2, as amended, was adopted.

[5:04:16 PM](#)

CO-CHAIR MILLETT moved Amendment 4.

[5:04:21 PM](#)

CO-CHAIR EDGMON objected for purposes of discussion.

[5:04:22 PM](#)

CO-CHAIR MILLETT explained Amendment 4 is a technical amendment to page 3, line 10, deleting "review" and inserting "regulation".

[5:04:48 PM](#)

CO-CHAIR EDGMON removed his objection. Hearing no further objection, Amendment 4 was adopted.

5:05:13 PM

REPRESENTATIVE JOHANSEN said he is working on an amendment.

5:05:45 PM

CO-CHAIR EDGMON announced HB 306 was held in committee.

5:06:19 PM

**ADJOURNMENT**

There being no further business before the committee, the House Special Committee on Energy meeting was adjourned at 5:06 p.m.