

ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE

April 17, 2016

10:03 a.m.

MEMBERS PRESENT

Representative Kurt Olson, Chair
Representative Shelley Hughes, Vice Chair
Representative Jim Colver
Representative Gabrielle LeDoux
Representative Cathy Tilton
Representative Sam Kito

MEMBERS ABSENT

Representative Andy Josephson
Representative Mike Chenault (alternate)

COMMITTEE CALENDAR

CS FOR SENATE BILL NO. 193(L&C)

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

- MOVED HCS CSSB 193(L&C) OUT OF COMMITTEE

SENATE BILL NO. 203

"An Act relating to overtime pay eligibility for medical care providers employed by common air carriers or by carriers that transport mail by air for the federal government and to overtime pay eligibility for flight crews and medical care providers employed by air ambulance service providers."

- SCHEDULED BUT NOT HEARD

SENATE BILL NO. 206

"An Act relating to a reinsurance program for residents who are high risks and insurer assessments to cover the costs of the reinsurance program; relating to application for state innovation waivers for health care insurance; relating to definitions of 'residents who are high risks' and 'covered lives'; and providing for an effective date."

- SCHEDULED BUT NOT HEARD; PENDING REFERRAL

PREVIOUS COMMITTEE ACTION

BILL: SB 193

SHORT TITLE: EXTEND EXEMPTION FOR SMALL POWER PLANTS

SPONSOR(s): SENATOR(s) MCGUIRE

02/22/16 (S) READ THE FIRST TIME - REFERRALS
02/22/16 (S) NRG, L&C
03/15/16 (S) NRG AT 1:00 PM BUTROVICH 205
03/15/16 (S) Heard & Held
03/15/16 (S) MINUTE(NRG)
03/31/16 (S) NRG AT 3:30 PM BELTZ 105 (TSBldg)
03/31/16 (S) Moved CSSB 193(NRG) Out of Committee
03/31/16 (S) MINUTE(NRG)
04/01/16 (S) NRG RPT CS 3DP 1NR SAME TITLE
04/01/16 (S) DP: BISHOP, MICCICHE, EGAN
04/01/16 (S) NR: HOFFMAN
04/05/16 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
04/05/16 (S) Heard & Held
04/05/16 (S) MINUTE(L&C)
04/07/16 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
04/07/16 (S) Moved CSSB 193(L&C) Out of Committee
04/07/16 (S) MINUTE(L&C)
04/09/16 (S) L&C RPT CS 4DP SAME TITLE
04/09/16 (S) DP: COSTELLO, GIESSEL, MEYER, STEVENS
04/09/16 (S) TRANSMITTED TO (H)
04/09/16 (S) VERSION: CSSB 193(L&C)
04/10/16 (H) READ THE FIRST TIME - REFERRALS
04/10/16 (H) L&C
04/16/16 (H) L&C AT 9:00 AM BARNES 124
04/16/16 (H) -- Public Testimony <Time Limit May Be Set> --
04/17/16 (H) L&C AT 10:00 AM BARNES 124

WITNESS REGISTER

SENATOR LESIL MCGUIRE
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Speaking as the bill sponsor, presented CSSB 193(L&C) and answered questions.

JESSE LOGAN, Staff
Senator Lesil McGuire
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: On behalf of Senator McGuire, sponsor, answered questions on Amendment 1 to CSSB 193(L&C).

ACTION NARRATIVE

[10:03:06 AM](#)

CHAIR KURT OLSON called the House Labor and Commerce Standing Committee meeting back to order at 10:03 a.m. Representatives Olson, Kito, Tilton, Colver, LeDoux, and Hughes were present at the call back to order.

[The meeting was a continuation of the meeting recessed at 2:31 p.m. on 4/16/16.]

SB 193-EXTEND EXEMPTION FOR SMALL POWER PLANTS

[10:03:22 AM](#)

CHAIR OLSON announced that the only order of business would be CS FOR SENATE BILL NO. 193(L&C), "An Act extending the exemption from regulation by the Regulatory Commission of Alaska for certain facilities or plants generating energy from renewable energy resources."

[10:03:25 AM](#)

SENATOR LESIL MCGUIRE, Alaska State Legislature, speaking as the sponsor, explained that CSSB 193(L&C) is an extension of a policy the legislature put in place in 2010, as part of an energy package. She reminded the committee that there was an effort to expand and incentivize renewable energy, particularly in small communities that currently depend on diesel fuel, which is a very high-priced commodity. Senator McGuire advised that the proposed bill would extend the sunset on an already existing exemption in state law which allows for power plants that generate less than 65 megawatts of electricity, entirely from renewable energy resources, to be exempt from regulation by the Regulatory Commission of Alaska (RCA). The affected power plants had to have been placed into commercial operation on or after August 31, 2010, could not have received any state grants or tax credits, and have to be selling power on a wholesale basis to regulated utilities, which distribute the power to local customers. She pointed out that distribution through regulated utilities means that RCA has ensured that the rates are fair and reasonable to Alaskans. She noted that even the federal government does not regulate similar facilities under 80

megawatts, and that Alaska was one of the few which did regulate. Senator McGuire said extending this policy is an opportunity to continue to incentivize this source of power by reducing government regulation; in fact, the current budget shortfall will inspire more creative ideas to help the private sector by reducing government costs, as opposed to the past policy of funding state grants.

[10:06:18 AM](#)

REPRESENTATIVE HUGHES moved to adopt Amendment 1, labeled 29-LS1513\H.1, Nauman, 4/15/16, which read:

Page 1, line 10:

Delete "[, AND BEFORE JANUARY 1, 2016]"

Insert ", and before July 1, 2021 [JANUARY 1, 2016]".

CHAIR OLSON objected for discussion purposes.

[10:06:26 AM](#)

JESSE LOGAN, Staff, Senator Lesil McGuire, Alaska State Legislature, informed the committee that Amendment 1 places the sunset extension to July 1, 2021, which is a five-year extension. He stated that the previous sunset scheduled for January would have allowed for "a few months of questionable de-regulation." Further, a five-year sunset is a reasonable amount of time for the program to continue, and to allow for a review by the legislature to ensure the programs are working properly.

REPRESENTATIVE HUGHES expressed her understanding that the Alaska Power Association (APA) sought a sunset date of 2020, and asked whether APA is in support of this new sunset date.

MR. LOGAN replied that the original sunset date had been for 2026, and he directed attention to a letter dated 2/29/16 from APA included in the committee packet, in which APA stated they would not oppose the bill. He noted that the sunset date was previously changed by another committee; however, "To the best of my knowledge, 2021 is satisfactory to them," he said.

REPRESENTATIVE KITO surmised that the original authorization had been from 2010 to 2016.

MR. LOGAN said correct.

REPRESENTATIVE KITO observed this is a similar amount of time, and there have not been any issues in that regard.

MR. LOGAN said correct.

[10:08:15 AM](#)

CHAIR OLSON removed his objection. There being no further objection, Amendment 1 was adopted.

[10:08:28 AM](#)

CHAIR OLSON opened public testimony. After ascertaining no one wished to testify, public testimony was closed.

REPRESENTATIVE HUGHES asked whether there has been growth in small power plants since the original period of 2010 to 2016.

SENATOR MCGUIRE reported that Fire Island Wind and Delta Wind Farm are power plants that have come online during that time, although there are many others underway. She reported that there is a lot of interest, and she has been asked whether there was any consideration of expansion beyond the current megawatt limitation, although currently there appeared to be some discomfort with this. Senator McGuire explained that "nobody wants to be regulated by the RCA," although RCA seeks to shorten its response time. She opined sometimes the interests of the consumer are met by RCA, and sometimes not. Her hope is that there will be more independent renewable power plants to lower electricity costs for consumers.

[10:11:14 AM](#)

REPRESENTATIVE HUGHES moved to report [CSSB 193(L&C), Version 29-LS1513\H], as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HCS CSSB 193(L&C) was reported out of the House Labor and Commerce Standing Committee.

[10:11:41 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 10:12 a.m.