ALASKA STATE LEGISLATURE
SENATE SPECIAL COMMITTEE ON ENERGY
March 31, 2016
3:37 p.m.

MEMBERS PRESENT

Senator Click Bishop, Co-Chair
Senator Peter Micciche, Co-Chair
Senator Lyman Hoffman
Senator Dennis Egan

MEMBERS ABSENT

Senator Bert Stedman

COMMITTEE CALENDAR

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 143(FIN)
"An Act authorizing the Alaska Industrial Development and Export Authority to issue bonds to finance the infrastructure and construction costs of the Sweetheart Lake hydroelectric project."

- MOVED CSHB 143(FIN) OUT OF COMMITTEE

SENATE BILL NO. 193
"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 CSSB 193(NRG) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 143
SHORT TITLE: AIDEA BONDS, LOANS, FUND; AEA LOAN
SPONSOR(s): REPRESENTATIVE(s) MUNOZ

03/09/15	(H)	READ THE FIRST TIME - REFERRALS
03/09/15	(H)	FIN
03/31/15	(H)	FIN AT 1:30 PM HOUSE FINANCE 519
03/31/15	(H)	Heard & Held
03/31/15	(H)	MINUTE(FIN)
03/22/16	(H)	FIN AT 9:30 AM HOUSE FINANCE 519
03/22/16	(H)	Scheduled but Not Heard

03/22/16	(H)	FIN AT 1:30 PM HOUSE FINANCE 519
03/22/16	(H)	Moved CSHB 143(FIN) Out of Committee
03/22/16	(H)	MINUTE(FIN)
03/23/16	(H)	FIN RPT CS(FIN) NT 9DP 1AM
03/23/16	(H)	DP: SADDLER, PRUITT, GARA, WILSON, GATTIS, EDGMON, MUNOZ, NEUMAN, THOMPSON
03/23/16	(H)	AM: KAWASAKI
03/29/16	(H)	TRANSMITTED TO (S)
03/29/16	(H)	VERSION: CSHB 143(FIN)
03/30/16	(S)	READ THE FIRST TIME - REFERRALS
03/30/16	(S)	NRG, FIN
03/31/16	(S)	NRG AT 3:30 PM BELTZ 105 (TSBldg)

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)

WITNESS REGISTER

REPRESENTATIVE CATHY MUNOZ
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Sponsor of HB 143.

TERRY HARVEY, Staff
Representative Munoz
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Provided an overview of changes to HB 143.

KEITH COMSTOCK, CEO and President
Juneau Hydropower, Inc.
Juneau, Alaska
POSITION STATEMENT: Testified in support of HB 143.

STUART GOERING, Assistant Attorney General
Alaska Department of Law
Anchorage, Alaska
POSITION STATEMENT: Announced his availability to answer questions regarding SB 193.

JESSE LOGAN, Chief of Staff
Senator McGuire
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Explained the changes made in SB 193.

ACTION NARRATIVE

3:37:02 PM
CO-CHAIR PETER MICCICHE called the Senate Special Committee on Energy meeting to order at 3:37 p.m. Present at the call to order were Senators Egan, Co-Chair Bishop, and Co-Chair Micciche.

HB 143-AIDEA BONDS, LOANS, FUND; AEA LOAN

3:38:18 PM
CO-CHAIR MICCICHE announced the consideration of HB 143, the companion bill to SB 193. He specified that [CSHB 143(FIN), version: 29-LS0599\S] was before the committee.

REPRESENTATIVE CATHY MUNOZ, Alaska State Legislature, Juneau, Alaska, explained that the bill would allow Alaska Industrial Development and Export Authority (AIDEA) to consider conduit-financing of up to $120 million, and conduit-bonding for the Sweetheart Lake Hydroelectric Project (SLHP).

REPRESENTATIVE MUNOZ detailed SLHP as follows:

- 43 miles south of Juneau.
- Ties into the Snettisham powerline and brings power to Juneau.
- Increases Juneau's power capacity by 20 percent.
- 60 percent of SLHP's power would go to the Kensington Mine.
- SLHP would allow the Kensington Mine to displace between 7,000 to 9,000 gallons of diesel fuel per day.
- SLHP would power the Juneau District Heating Project (JDHP).

She noted that SLHP was in its final stages of permitting. She specified that permits from the Federal Energy Regulatory Commission (FERC), US Army Corps of Engineers, and the

Environmental Impact Statement (EIS) were due in the summer of 2016.

3:40:04 PM
TERRY HARVEY, Staff, Representative Munoz, Alaska State Legislature, Juneau, Alaska, stated that he would go over the changes made in House Finance to HB 143 and detail the differences with its companion bill, SB 193.

MR. HARVEY explained that Section 1 was amended to specify exactly the type of bonding that would be used by AIDEA. He specified that conduit-issuance bonds would be used, also known as pass-through or standalone bonds. He pointed out that AIDEA and the State of Alaska would not be exposed to any further debt. He added that conduit-issuance bonding would not count against Alaska's annual bonding cap of $400 million.

He said Section 2 addressed the Lynn Canal transmission line, an important component to the project. He disclosed that the bill originally proposed bonding for the transmission line through the Power Project Loan Fund (PPF) that was administered by the [Alaska Energy Authority (AEA).] He explained that the PPF was determined to not be appropriately capitalized for the project and other means of financing would be used. He specified that accessing the PPF was removed from the bill.

He explained that a third change was made where the repeal date was extended from June 30, 2019 to June 30, 2020.

3:44:07 PM
At ease

3:44:14 PM
CO-CHAIR MICCICHE called the committee back to order. He announced that public testimony was open.

KEITH COMSTOCK, CEO and President, Juneau Hydropower, Inc., Juneau, Alaska, stated that HB 143 was important to Juneau Hydropower. He detailed that Juneau Hydropower started SLHP in 2009, most of the environmental aspects had been addressed, and the hope was for the project's construction to start in 2016. He conceded that further due diligence would be required and the bill was for the possibility of funding, not a commitment.

CO-CHAIR MICCICHE closed public testimony. He announced that HB 143 would be held in committee.

3:46:08 PM
At ease

3:48:38 PM
CO-CHAIR MICCICHE called the committee back to order. He announced that the committee meeting was the second hearing on HB 143 and the changes to the bill were minimal. He summarized that Section 1 was amended to specify the type of bonding, Section 2 eliminated the Lynn Canal project, and Section 3 extended the [repeal] date by one year.

CO-CHAIR BISHOP moved to report CSHB 143(FIN), [version: 29-LS0599\S], from committee with individual recommendations and attached zero-fiscal note from DCCED.

CO-CHAIR MICCICHE announced that seeing no objections, CSHB 143(FIN) passed from committee.

3:50:38 PM
At ease

SB 193-EXTEND EXEMPTION FOR SMALL POWER PLANTS

3:52:05 PM
CO-CHAIR MICCICHE announced the consideration of SB 193. He declared that a committee substitute (CS) for the bill was before the committee.

3:52:14 PM
CO-CHAIR BISHOP moved that the committee adopt the CS for [SB 193(NRG), 29-LS1513\W]. He objected for an explanation of changes.

CO-CHAIR MICCICHE asked that the proposed changes be addressed. He noted that the bill's sponsor supported the changes.

STUART GOERING, Assistant Attorney General, Alaska Department of Law, Anchorage, Alaska, announced his availability to address questions regarding SB 193.

JESSE LOGAN, Chief of Staff, Senator McGuire, Alaska State Legislature, Juneau, Alaska, said the change in the CS was on page 1, line 10. He specified that the exemption was extended from January 1, 2016 to January 1, 2020. He detailed that the change falls in line with the original intent of the bill that passed in 2010 to coincide with federal tax exemptions. He noted that the federal tax exemptions were extended to 2020.

3:54:30 PM
CO-CHAIR BISHOP removed his objection.

CO-CHAIR MICCICHE found no comments.

3:54:47 PM
SENATOR HOFFMAN joined the committee.

CO-CHAIR BISHOP moved to report CSSB 193(NRG), [version: 29-LS1513\W], from committee with individual recommendations and attached fiscal note from DCCED.

CO-CHAIR MICCICHE announced that hearing no objection, CSSB 193(NRG) passed from committee.

3:55:44 PM
There being no further business to come before the committee, Co-Chair Micciche adjourned the Senate Special Committee on Energy at 3:55 p.m.