

ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON ENERGY

April 5, 2018

1:26 p.m.

MEMBERS PRESENT

Representative Adam Wool, Chair
Representative Ivy Spohnholz, Vice Chair
Representative Matt Claman
Representative John Lincoln
Representative DeLena Johnson
Representative Jennifer Johnston
Representative George Rauscher

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 382

"An Act creating the Railbelt Electrical System Authority; and relating to the duties of the Regulatory Commission of Alaska."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 382

SHORT TITLE: RAILBELT ELEC. TRANSMISSION AUTHORITY

SPONSOR(S): REPRESENTATIVE(S) WOOL

02/21/18	(H)	READ THE FIRST TIME - REFERRALS
02/21/18	(H)	ENE, L&C
03/27/18	(H)	ENE AT 10:15 AM CAPITOL 17
03/27/18	(H)	-- MEETING CANCELED --
03/29/18	(H)	ENE AT 10:00 AM BARNES 124
03/29/18	(H)	Heard & Held
03/29/18	(H)	MINUTE(ENE)
04/05/18	(H)	ENE AT 10:15 AM BARNES 124

WITNESS REGISTER

ROBERT PICKETT, Commissioner, Chair
Regulatory Commission of Alaska (RCA)
Department of Commerce, Community & Economic Development

Anchorage, Alaska

POSITION STATEMENT: Testified during discussion of HB 382.

JULIE ESTEY

Director of External Affairs
Matanuska Electric Association
Palmer, Alaska

POSITION STATEMENT: Testified in opposition to HB 382.

MIKE CRAFT

Alaska Environmental Power, LLC
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of HB 382.

STEVE KONKEL, MD

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 382.

KERRY WILLIAMS

Alaska Climate Action Network
Eagle River, Alaska

POSITION STATEMENT: Testified in support of HB 382.

BECKY LONG

Talkeetna, Alaska

POSITION STATEMENT: Testified in support of HB 382.

ACTION NARRATIVE

[1:26:32 PM](#)

CHAIR ADAM WOOL called the House Special Committee on Energy meeting to order at 1:26 p.m. Representatives Wool, Spohnholz, Johnston, Johnson, and Lincoln were present at the call to order. Representatives Rauscher and Claman arrived as the meeting was in progress.

HB 382-RAILBELT ELEC. TRANSMISSION AUTHORITY

[1:27:03 PM](#)

CHAIR WOOL announced that the first order of business would be HOUSE BILL NO. 382, "An Act creating the Railbelt Electrical System Authority; and relating to the duties of the Regulatory Commission of Alaska."

1:27:31 PM

ROBERT PICKETT, Commissioner, Chair, Regulatory Commission of Alaska (RCA), Department of Commerce, Community & Economic Development, (via teleconference) stated that he had been a Commissioner with the RCA since 2008 and had served as the Chairman on three different occasions, including the timeframe in which the letter to the Alaska State Legislature had been issued on June 30, 2015. He offered his belief that this was a very timely hearing as there were a lot of issues yet to be resolved. He allowed that there was some criticism of the process to date, that it was going too slow, and perhaps the legislature should take a more aggressive stance at this point and begin to mandate certain structures. He expressed caution that not everything that had been said was entirely contexted properly. He expressed his understanding for the frustration, specifically from the potential sponsors of renewable energy projects and the transmission system. He pointed out that the earlier testimony from Janet Reiser identifying the pancaking transmission rights was entirely correct.

MR. PICKETT pointed out that three of the recommendations from RCA directly addressed a lot of these issues, noting that RCA had set timelines for reporting from the impacted utilities. He opined that there was "a very balkanized system that from the time I came on the commission in 2008, my overriding impression was just non-stop fighting." He offered some of the history among the older utilities with long term power purchase agreements. He added that the interaction among the utilities was "not particularly helpful in many occasions." He said that earlier concerns for the availability of natural gas from 2007 - 2009 brought up issues that shaped the environment. He reported that the Legislature had invested about \$800,000 to find a rational, unified approach to energy, which had very limited success. He discussed the following two legislative sessions which attempted work with the ISO (Independent System Operator), USO (unified system operator), or Transco functions. He reported that, since the utilities went off the Chugach system and created their own system, there had been more than \$1.5 billion in new generation investment by the Railbelt utilities. He explained that per the nature of Alaska statutes, once a utility made a prudent investment, each utility could make decisions regarding what was deemed best for their own ratepayers. He noted that the RCA lacked any decision-making power over what transmission or generation was built. He pointed out that this had resulted in over-generation capacity in the Railbelt. He said that the likelihood of any significant

new generation on an economic basis in the next decade was probably slim or none. He cited the first of three recommendations from the RCA: the creation of an independent transmission company to rationalize transmission assets, and create a more uniform, system wide tariff. He shared an update for the likelihood of a filing for a certificate of public convenience and necessity. He emphasized that merit order economic dispatch was important, although it was a very complicated process to get disparate utilities to work on a tight pooling agreement. He expressed concern for the current lack of enforceable reliability standards in the Railbelt. He reported that voluntary standards had been filed with RCA in the fall of 2013, and within four months, those standards were ignored. He said that there was a lot of initial controversy questioning the statutory or regulatory authority of the commission over reliability standards. He declared that the RCA had certificate power, and that it was necessary to be fit, willing, and able to hold the certificates. He added that, by and large, the utilities had "done an excellent job keeping the lights on." He noted that the voluntary standards had some gaping holes, particularly in the area of critical infrastructure protection, which covered physical and cyber security issues. He shared that a safeguard review had been conducted, and that all six of the utilities had voluntarily participated in the two-and-a-half-day review, even as it was somewhat disruptive to their operations. He shared that it was his intention, after the filing of the voluntary standards in mid-April, to open a rule making docket on what was on file and to proceed to incorporate that into the regulations on an enforceable basis. He said that would allow for identifying the additional physical and cyber security areas needed to be addressed.

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CHAIR WOOL referenced the letter from the Regulatory Commission of Alaska (RCA) dated June 30, 2015, [Included in members' packets] in which the RCA requested two reports, one from September 30, 2015, and another from December 31, 2015. Representative Wool asked if any other reports been submitted after these.

MR PICKETT stated that several reports had been voluntarily submitted throughout 2016 and 2017, and that the latest formal action had been in August, September, and October of 2017. They were requested to come to a public meeting and present a formal update on the three key items [in the June 30, 2015 letter].

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CHAIR WOOL asked if the RCA was getting the reports in a timely manner.

MR PICKETT opined that he didn't believe the utilities were dragging their feet, and he expressed appreciation that they were bringing in \$1.5 billion dollars in new generation capital expenditures. In addition, there were several depreciation studies and rate cases which were very time-consuming. He pointed out that the utilities were also figuring out their own operational protocols. He mentioned that the talent pool in Alaska for technical operating abilities and management of these assets was "fairly thin." Due to a lack of staffing, when the utilities were assigned a task that often meant that that they were delaying other projects. He noted that, although the process would be too slow for some, these were very complicated issues. He offered an example of a settlement process for type power pooling where there were three different entities, trying to relate that back to their generation stacks, how things were going to be dispatched, and how the compensation factors were going to be played in. He pointed out that, with several moving variables, it was not as easy as it might seem on the surface. He acknowledged that this gave utilities the incentive to perhaps move slower than what the commission or outside parties would like. He stated that the RCA would continue to keep the pressure on.

CHAIR WOOL asked which of the requirements or standards was the most difficult, controversial, or hardest to achieve.

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MR PICKETT offered his belief that the reliability standard was difficult; however, if the filing was made in mid-April and the two sets of basic operating standards were reconciled, that was a good step forward as it had been controversial with many disputes for over three years. He pointed out that there were still gaping holes and that there was not any critical infrastructure protection. He noted the events of the Net Cap substation in the Bay Area, the Ukrainian attacks, and the Industrial Control system attacks, and declared that the attacks had become more and more pervasive. He added that the State of Alaska bulk power systems, even as a small system, was in the crosshairs of various state actors and a whole series of advanced persistent threats, all of which would be challenging moving forward. He offered his belief that the Transco issue

was going to be an economically driven issue, as all the utilities had different concerns and different roles that transmissions play. He offered an example for AEL&P, which had very few transmission assets but a fairly heavy load. He said that this would have a different set of circumstances than that of Homer Electric, Golden Valley, and Matanuska with these transmission assets spread over a much larger area. He added that the economic case for each one of them was going to be different. He shared that RCA started with the assumption in the legislative report that there was not going to be any state appropriations for transmission or other types of activities due to state budget constraints. The commission does not have the power to transfer assets from one entity to another, as the utilities had property rights, and, in statute, they were guaranteed to be able to collect in rates what it would take to pay for these assets.

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REPRESENTATIVE JOHNSTON stated that one of the driving factors was the economic dispatch. She noted the many challenges facing the utilities and the overbuilding of production capabilities. She said that they had messages from people who had renewable energy sources who had not been able to participate online with the Railbelt as Independent Power Producers (IPPs). When the economic dispatch question was addressed, it was necessary to have a spin rate; yet, when there was this overproduction of energy, how would that issue be resolved.

MR. PICKETT asked Representative Johnston if she meant bringing on more renewable energy.

REPRESENTATIVE JOHNSTON replied that most renewable energy, except hydro and the others that were not available in the Railbelt, were intermittent; hence, a spin rate was necessary. She added that there were various costs of spin rates depending on the utility, offering as an example, a utility that had a renewable IPP which must design its spin rate to compensate for the intermittent power. She asked whether trying to arrive at one Railbelt system with economic dispatch was one of the most significant issues as the cost of production had expanded the cost throughout the Railbelt.

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MR. PICKETT explained that the amount of capital investment had been expanded more than in generations throughout the Railbelt.

He added that, at the same time, more efficient generation had been created regarding natural gas generation. This reduced the amount of fuel consumption by 25 to 30 percent. He mused that, regarding the intermittency and variability issues and bar support with voltage support at different points in the system, the renewables had a more difficult time with meeting that as they were not dispatchable all the time, as was possible with most fossil fuel generation. He declared that the states with the most success for use of more renewables had embraced some form of a renewable portfolio standard or specific goals. He offered an example of Texas, as it was the leading state for wind production. He explained that Texas had established a date for 11,000 megawatts of wind energy. The region-wide independent system operator, Electric Reliability Council of Texas (ERCOT), was directed by the Texas legislature to create a mechanism to put the transmission in the areas of West Texas to get it to the populated areas of the state. He asked if Alaska was willing to embrace a renewable portfolio standard.

REPRESENTATIVE JOHNSTON pointed out that Alaska differed in population from Texas.

MR. PICKETT expressed his agreement.

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CHAIR WOOL reflected that Representative Johnston had mentioned access, which was an issue for the IPPs regarding rates and the charges to access the system.

MR. PICKETT interjected that a corollary issue was for what the IPPs would be paid per kilowatt hour.

CHAIR WOOL mused that this tied into spinning reserve and offered his belief that the State of Alaska had declared a goal to reach a certain percentage of renewables by a certain year even though this was not referenced in recent testimony. He pointed out that, as other states had been able to accomplish this efficiently and cheaply, Alaska should not be an exception. He asked if there would be a solution from the current GDS Associates process.

MR. PICKETT replied that he wouldn't prejudge the final GDS Associates report, and that he was looking forward to reviewing it. He opined that it would largely depend on what happened to the transmission assets and how they were managed going forward. He reflected on the potential creation of a Transco, and whether

the transmission assets remained in each of the utility service areas. He added that as, by statute, the utilities could establish their own transmission rates, there would continue to be the challenge of pancaking rates.

CHAIR WOOL expressed his desire to see the upcoming reports.

[1:48:21 PM](#)

JULIE ESTEY, Director of External Affairs, Matanuska Electric Association (MEA), Palmer, Alaska, stated that MEA opposed the proposed bill, as they would prefer to continue with the regulatory request from the RCA to continue the voluntary efforts which were working and making progress. She stated that "we do appreciate the pressure" and that, as the heat was on, they accepted the challenge. She presented a PowerPoint, slide 1 "What is the Railbelt?" and stated that it was an electric system of six interconnected utilities, an islanded grid covering a very large geographic area although it served a relatively small load. She pointed out that there was a lot of infrastructure serving very few ratepayers to cover the costs. She noted that all the utilities were 'public power' and answered to its members, with no profit motive and no shareholders asking to share in a profit.

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CHAIR WOOL reported that testimony had indicated that millions had been saved through this loose power pool agreement, and he asked where had the savings had been realized.

MS. ESTEY replied that there were several categories of rates, which included the COPA, the cost of power adjustment, and included the cost of fuel and purchase power. She noted that, as there were expenditures to cover the costs to serve the members, any income from the power sales went back into the balancing account. She offered an example of a drop in the COPA rate due to sales to other utilities. She pointed out that those values varied, and that MEA had seen those adjustments have real value to its members. She pointed out that the RCA closely reviewed the COPA for accuracy every quarter.

CHAIR WOOL asked for clarification that the portion of an individual's billing designated to COPA expense would be reduced if there were sales to another utility.

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MS. ESTEY stated that the total balancing account which went into the revenue requirement around the COPA was reduced and then it was divided among the members. She returned to slide 1, and addressed the high reliability for the transmission system, which dealt with the redundancy through generation and transmission planning. She explained that this was determined by how a contingency was handled. She added that fuel was expensive relative to the Lower 48, in some cases almost triple the cost. She noted that 40 percent of the cost to the members was fuel.

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REPRESENTATIVE JOHNSTON asked about the term of the most recent fuel contract.

MS. ESTEY said that it was a five-year contract.

CHAIR WOOL noted that if the Intertie with Fairbanks went down, that did not really affect the reliability for MEA.

MS. ESTEY replied that it was dependent on the issue, for how much power was on the system, and where it was coming or going from. She pointed out that this could result in a frequency change that impacted everyone, as the frequency threshold was very narrow for fluctuations.

CHAIR WOOL asked about the disagreements on the reliability standards. He acknowledged that cybersecurity was an issue.

[1:59:13 PM](#)

MS. ESTEY reported that the first reliability standards were filed when the Intertie was built, and these continue to evolve as the system grows and adjusts. She stated that reliability was keeping the lights on and that it depended on a lot of things, including redundancy. She asked how much was intended to be built, what was the benefit for building additional redundancy into a system, and did the membership want to pay for this. She addressed spinning reserve, through generation, and how well that could be handled. She pointed out that there was very little spinning reserve carried in the systems in the Lower 48, whereas in Alaska there was almost 30 percent of spinning reserve to ensure enough power if the generators stop. She declared that this was the sticking point for the reliability standards.

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MS. ESTEY advanced to slide 2, titled "Joint efforts have been discussed in the past. What is different?" She reported that, in the past, the Railbelt utilities had cooperated well, even as this was an economic benefit for the members, the state, and the region. She stated that there was new leadership and that the economics were different, so that the proactive and voluntary coordination was now unprecedented in the Railbelt. She declared that the new generation options had made collaboration more economic, and that new leadership had been working together in a new era of cooperation. She stated that they wanted to take advantage of the natural cohesion in the Railbelt and make more of these agreements contractual to outlive politics. She added that a member survey had shown that 70 percent wanted more renewables on the system, with support for paying more. She declared that there were many innovations available.

CHAIR WOOL referred to earlier testimony stating that there was less demand for power in the Railbelt.

MS. ESTEY said that MEA was one of the few not seeing a decline in demand. She reported that, although MEA had added 1500 new services during the last year, there was only a slight increase in load. She acknowledged that this could be a result of conservation or warmer weather.

CHAIR WOOL mused that the system demand was less.

REPRESENTATIVE RAUSCHER declared that the electrical bill had been a lot higher at his house in the past year.

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MS. ESTEY referenced the letter written by RCA to the legislature in 2015 voicing concerns and urging the utilities to take voluntary steps. She stated that the utilities were taking those steps and it was working. She declared that there were more proposals to be presented to the RCA in the upcoming year, and that it would become clear whether statutory changes would be required to make some of these changes. She declared that reliability, economic dispatch, and transmission, along with some other complicating factors with sales of utilities, created a lot of change. She stated that it was necessary to hear all the input and ensure there were not any unintended consequences.

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Ms. ESTEY moved on to slide 3, titled "The Railbelt utilities are moving forward with voluntary efforts." She shared that first there was collaborative modeling to create an economic model for focused actions. She declared that this had included full open disclosure for costs and other information. She said that there had been a loose Power Pool since 2015, which was a voluntary power market which allowed utilities to buy and sell power when it was most economic. She said that MEA had recognized \$16 million in benefits in the first year, resulting in lower costs to its members. She explained that this was structured into a Tight Power Pool and, instead of voluntary, it became a contractual obligation for utilities to come together and share resources. She added that this would reduce the amount of fossil fuels burned.

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CHAIR WOOL asked if the goal of the Tight Power Pool was to incorporate all the utilities.

MS. ESTEY expressed her agreement that this was the intention, and that all the utilities had "been invited to that table." She explained that 80 percent of the benefits were with getting three of the Railbelt utilities on-line. She added that the Homer Electric Association and Golden Valley Electric Association were both involved in these discussions and were making their decisions for the value to each of them. She noted that the addition of Golden Valley Electric Association would achieve the next 20 percent of additional benefit, although the benefit for the addition of Homer Electric Association was negligible.

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MS. ESTEY directed attention to slide 4, "Potential Economic Benefits," which reflected the 2016 modeling effort. She said there was between \$15 - \$25 million in annual savings, with merit order dispatch. She reiterated that approximately 80 percent of the value was from MLP, MEA, and Chugach in the tight pool. She said that the addition of Golden Valley Electric Association brought an additional 19 percent of savings. She noted that there were still more savings to be achieved.

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MS. ESTEY shared slide 5, "Are the utilities taking too long?" She shared a timeline that began in 2015 and included the RCA letter and the loose power pool; in 2016, the model was developed reflecting the value of transactions; in 2017, there was an MOU for the tight power pool; and in 2018, there was further testing of economic dispatch, the RRC (Railbelt Reliability Council) structure was filed with the RCA, and the tight power pool filing was made. She stated that the utilities were developing tools for communication with each other and their members.

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CHAIR WOOL reflected that the timeline on slide 5 could have begun in 1995, per Robert Pickett, Commissioner of the RCA, and he listed events including the Railbelt Electrical Grid Authority, 2008. He expressed his desire to highlight that this had been going on far longer than since 2015.

MS. ESTEY acknowledged that this was an excellent point and that this was the source of much frustration. She admitted that the reputation had been earned. She pointed out that this was now stakeholder and utility driven, based on economics and what was right for members, as opposed to the earlier issues driven by state agencies. She moved on to slide 6, "The Utility Lens," and stated that the goals for Railbelt collaboration, which included: burn the least amount of fuel, as 40 percent of costs were for fuel, while only 6 percent was for administration; manage and reinforce reliability, which required an enforceability mechanism; reduce rate increases, even as the increases in fuel, materials, labor, and health benefits made sustained rate decreases doubtful; system-wide focus; open access and clear path for independent power producers; and stand up the RRC (Railbelt Reliability Council) and let it make decisions. She listed the proposed members of the RRC board as the stakeholder group that should be making the decisions.

CHAIR WOOL asked if all the utilities were comfortable with a governing body, with the utilities as the minority, that made policy decisions.

MS. ESTEY stated that the stakeholder driven process was pushing the proposed GDS Associates model, with the utilities having three of the nine seats on the RRC. She declared that MEA was supportive.

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MS. ESTEY returned attention to slide 6, and listed the issues important to MEA, which included a structure and solutions: free of control from for-profit special interests; free from instability caused by political cycles; free from conflicts of interest; inclusive of many voices; transparent, collaborative and deliberative to fully understand impacts to ratepayers; firmly rooted in technical excellence and fiscal responsibility; and with RCA oversight.

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MS. ESTEY moved on to slide 7, "Good Things are Happening Everyday". She shared the 2017 accomplishments at MEA, which included: safest year on record; rate case with less than 1 percent total bill impact after a new power plant; new gas contract to save members \$2 - \$3 million, about \$5 each month for the typical member; outages were cut in half from 2016; net metering members doubled; many renewable projects in the pipeline, including solar and waste heat; and, \$1 million given back to the community by members voluntarily rounding up their bills through Operation Round Up.

REPRESENTATIVE JOHNSTON reflected that this process had gone on for the last forty years, yet there was still the issue of winners and losers. She acknowledged that the conversation was changing along with the changing of CEOs, although she maintained concerns for generation in the Railbelt, more than was necessary. She asked if the MEA co-op could be "mothballed" as profit was still built in to the model.

MS. ESTEY declared that they to be looking at the costs and benefits, pointing out that all the new efficient generation was replacing old generation. She stated that, although there was additional power generation, they preferred to not use the older, more expensive generation. She shared that they looked closely at the recovery of costs, including those on the power plant and the transmission system through the base rate.

CHAIR WOOL asked if a full system integrated with one spinning reserve that could accommodate the fluctuations of many IPPs would solve the spinning reserve problems for them.

MS. ESTEY explained that their new power plant was able to help regulate the wind, and, although it was a bit different than spinning reserve, it was regulation for variable power. She said that MEA looked forward to working with the IPPs through

these new structures to better understand the costs and benefits. She declared that a diversified energy portfolio was a smart, long term strategy.

CHAIR WOOL asked about a plan if, at the end of the GDS Associates process, there was a recommendation to ARCTEC to which MEA did not agree.

MS. ESTEY said that MEA was ready to move forward looking for solutions and was ready to present a solution to the RCA for its approval.

[2:34:14 PM](#)

MIKE CRAFT, Alaska Environmental Power, LLC, reported that he was the owner of the Delta Wind Farm, and he offered his belief that the comments by Commissioner Pickett "were right on. It was a very fair analysis of where we are at." He said that the six utilities on the Railbelt grid did a good service to the public and were good at what they did. He said that he had no complaints for the way electricity was delivered to his house, and that he appreciated the service. He expressed concerns for an ISO situation because his experience for the past 12 years had shown him that there was an inherent self-build bias by the utilities, even as he conceded that this was their job to "look out for their shareholders." He opined that, as the shareholders of one utility had no responsibility to the shareholders of another utility, it was not realistic to expect them to average out any impact to the public. He reflected on the issues which lead to his decision for where to locate his wind farm. He shared his belief that the three largest renewable energy projects in Alaska "were dead on arrival less than a month ago at the RCA, and most of it had to do with integration and transmission issues." He suggested that it was unfortunate that \$240 million in private capital, as well as thousands of jobs, was not invested in the State of Alaska. He declared that this would send a signal that "Alaska's not really open for business for the private sector to come in here and do projects that do have public benefit." He declared the need for a board for the ISO which would mirror the description in the proposed bill, otherwise, "we will be getting more of what we've already gotten," which he opined had not gotten the state very far. He reflected that some of the issues stated by the Alaska Power Producers Association were for self-direction, voluntary coordination, no increase to their own ratepayers, free from political cycles, and no competition. He expressed his concern, declaring that the ISO had to be independent. He directed

attention to the state energy policy which stated that, by 2025, the state should have 50 percent renewable [power] and it encouraged private sector development. He stated that this was not happening. He declared that the state was in trouble with the Environmental Protection Agency, as it was necessary to modify the power plants at a cost of about \$163 million. He reported that the military were concerned for personnel stationed in Fairbanks. He opined that the larger issues would not be addressed by a local utility. He directed attention to his letter dated April 4, 2018 [Included in members' packets]. He stated his support for HB 382.

CHAIR WOOL asked if the proposed board structure was acceptable.

MR CRAFT replied that he liked the board description as described in the proposed bill.

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CHAIR WOOL opened public testimony.

[2:44:10 PM](#)

STEVE KONKEL reflected on the history of these issues, pointing to testimony on another bill on February 2, 2016, with the same issues. He shared that there were some key concepts, noting that rate payers had a fundamental interest in energy efficiency and innovation, in a system which took full advantage of what Alaska can do. He pointed to the savings from a possible merger of two utilities in the Anchorage area. He addressed economic dispatch, and expressed his agreement with Chairman Pickett, that this was challenging and involved merit order dispatch which required rules. He reflected on the GDS Associates testimony which stated that this worked in the Lower 48 because it was a benefit to the whole system. He reiterated that, as merit order dispatch was part of economic dispatch, the rules of the road had to be approved by the RCA. He pointed out that the scope of the GDS Associates process did not include integrated resources planning. He noted that, as there was currently more capacity than necessary, there was not any worry for additional investment in generation capacity. He stated that there was concern for pancaking tariffs and investments that need to be made in transmission. He expressed his hope that the GDS Associates process resulted in real investment that could help with a larger area to load balance and accomplish economic dispatch in a way that would save millions of dollars. He suggested that this be viewed on a regional basis to better

include cooperation. He asked that there be a focus on ratepayers, renewables, innovation, and ways to do things in the Railbelt that might have statewide benefits from investments in technology.

[2:49:26 PM](#)

KERRY WILLIAMS, Alaska Climate Action Network, referenced a letter to the committee [Included in members' packets]. He questioned the amount of renewable energy which could be brought on-line. He pointed out that, even with the savings in cost per kilowatt hour, the renewables were not accommodated. He pointed out that, as there was increased efficiency in the use of electricity, the amount of electricity consumption was decreasing and there would not be a need for more generation. He noted that this did not include the issue of electric and battery-operated vehicles, which were currently 2 percent of the new vehicle total and doubling every year and a half. He said that 100 percent of new vehicles would be electric within 10 years, and that this could be a challenge for generation capacity. He said that this was an opportunity to lower our rates by taking advantage of electric vehicles and other storage opportunities, but that, without HB 382, it would not happen. He declared his support for HB 382.

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BECKY LONG reported that she had been following Railbelt electric and transmission issues since the 1980s and had focused on these specific issues since January 2011 when the Railbelt Regional Integrated Resource plan was introduced. She stated her support for HB 382 and offered her belief that a Railbelt electrical transmission authority was necessary to bring region wide merit order economic dispatch, a maximum benefit to the ratepayers. She added that she supported the independent system operator (ISO) concept stated in the proposed bill and that she was comfortable with this authority being a division of the RCA, noting that she was impressed with their work. She offered her belief that the utilities would not succeed voluntarily in getting together economic dispatch and reliability standards on their own. She declared that this process would benefit the Railbelt region. She stated that these were fast changing times, and that the new transmission and distribution technologies could address the intermittencies of renewables through the interconnectivity of the electrical systems. She said that electric management could help to change the nature of peaks and the need for peaking and stand by capacity. She added

that passive consumption was on the brink for the radical shift due to the coming on line of information technology and smart grid technology. She noted that response and demand by the consumer was an important trend. She stated that it was possible for a more flexible system without bringing more capacity on to the system to meet peak demands.

[2:58:58 PM](#)

CHAIR WOOL thanked everyone for adjusting their schedules. [HB 382 was held over]

[2:59:18 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Energy meeting was adjourned at 2:59 p.m.