

ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON ENERGY

April 6, 2021

10:17 a.m.

MEMBERS PRESENT

Representative Calvin Schrage, Chair
Representative Chris Tuck
Representative Matt Claman
Representative Zack Fields
Representative George Rauscher
Representative James Kaufman

MEMBERS ABSENT

Representative Tiffany Zulkosky

COMMITTEE CALENDAR

SENATE BILL NO. 69 AM

"An Act extending an exemption from regulation as a public utility for plants and facilities generating electricity entirely from renewable energy resources; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 69

SHORT TITLE: EXEMPT RENEWABLE ENERGY ELECTRIC PLANTS

SPONSOR(S): SENATOR(S) REVAK

02/03/21	(S)	READ THE FIRST TIME - REFERRALS
02/03/21	(S)	L&C
02/10/21	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/10/21	(S)	<Bill Hearing Canceled>
02/15/21	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/15/21	(S)	Heard & Held
02/15/21	(S)	MINUTE(L&C)
03/03/21	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/03/21	(S)	Moved SB 69 Out of Committee
03/03/21	(S)	MINUTE(L&C)
03/05/21	(S)	L&C RPT 1DP 3AM
03/05/21	(S)	DP: COSTELLO
03/05/21	(S)	AM: GRAY-JACKSON, STEVENS, HOLLAND

03/31/21 (S) TRANSMITTED TO (H)
03/31/21 (S) VERSION: SB 69 AM
04/05/21 (H) READ THE FIRST TIME - REFERRALS
04/05/21 (H) ENE, L&C
04/06/21 (H) ENE AT 10:15 AM ADAMS 519

WITNESS REGISTER

DIRK CRAFT, Staff
Senator Josh Revak
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented SB 69 am on behalf of Senator Revak, prime sponsor.

JENN MILLER, CEO
Renewable Independent Power Producers
Anchorage, Alaska

POSITION STATEMENT: Provided information and answered questions during the hearing on SB 69 am.

SUZANNE SETTLE, Vice President
Energy, Land and Resources
Cook Inlet Region, Inc.
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 69 am.

ACTION NARRATIVE

[10:17:48 AM](#)

CHAIR CALVIN SCHRAGE called the House Special Committee on Energy meeting to order at 10:17 a.m. Representatives Tuck, Claman, Schrage were present at the call to order. Representatives Fields, Rauscher, and Kaufman arrived as the meeting was in progress.

SB 69-EXEMPT RENEWABLE ENERGY ELECTRIC PLANTS

[10:18:25 AM](#)

CHAIR SCHRAGE announced that the only order of business would be SENATE BILL NO. 69 am, "An Act extending an exemption from regulation as a public utility for plants and facilities generating electricity entirely from renewable energy resources; and providing for an effective date."

10:19:00 AM

DIRK CRAFT, Staff, Senator Josh Revak, Alaska State Legislature, presented SB 69 am on behalf of Senator Revak, prime sponsor. He said SB 69 am would extend a narrow regulatory exemption for power plants utilizing renewable resources of under 65 megawatts from July 1, 2021, to July 1, 2028. He reviewed the responsibilities of the Regulatory Commission of Alaska (RCA) and noted that Alaska has seen increasing private sector investment in the development of renewable energy systems across the state. He related that since 2010, Alaska has exempted small power producers from regulation under the RCA if: they generate electricity entirely from renewable energy; their facility is under 65 megawatts; they sell power only to a regulated public utility; and the project receives neither state tax credits nor state grants. He continued:

This extra layer of regulation can not only prevent power producers from providing private risk investment in the state, but it can also add to the cost of government through the additional regulatory layer. Exempting independent power producers under these narrow conditions essentially ensures there isn't duplicative regulation, which adds costs and can create delays for investment, as well as discourage potential investors.

Consumers are protected because the power purchase agreement and other agreements between the [independent power producer] (IPP) and public utility are considered by the RCA. Therefore, an exemption made through SB 69 [am] continues to maintain state oversight on the power purchase agreements, and thereby continues to protect the rate payers.

MR. CRAFT noted that an amendment on the Senate floor made two small changes. One was a reference to the Electrical Reliability Organization (ERO) statute, which was made to clarify that the regulatory exemption under AS 42.05.711(r) does not apply to applicable ERO-related regulations under AS 42.05.760-790, which were authorized under SB 123 last year. The other change was the reduction of the sunset date from 10 years to 7 years. He offered to answer questions from the committee.

10:21:36 AM

REPRESENTATIVE TUCK asked what the RCA was doing that was "making it difficult" for the IPPs.

MR. CRAFT, in response to a question from Representative Rauscher, said the difficulty for IPPs has been related to filing and application for certificate of public convenience and necessity.

[10:23:57 AM](#)

CHAIR SCHRAGE announced the committee would hear invited testimony.

[10:24:07 AM](#)

JENN MILLER, CEO, Renewable Independent Power Producers, said Renewable IPP develops, builds, and operates solar farms in Alaska, the largest one in Willow, Alaska. She offered background regarding IPPs, stating that they can operate any energy generating source, and they sell energy at wholesale prices. She discussed how Renewable IPP works through technical studies and power purchase agreements. She noted that IPPs are responsible for the cost of upgrading the grid to interconnect its facilities. Once a price is agreed upon, the contract is sent to the RCA for review and approval. She explained that if the existing regulatory environment were to sunset, Renewable IPP would be required to do quarterly tariff filing, which requires additional staff. She further explained that the filing is repetitious because four times per year the IPP would be filing on something that was already approved before the project was built. She said SB 69 am would require the IPP to sell 100 percent of its power to a regulated utility, and that utility must also submit quarterly filings, which increases costs. The additional filing requirement also puts the IPP at a disadvantage because Alaska is the only state where this is required, and investors are considering that when deciding whether to invest. She talked about renewable energy being at a tipping point.

[10:32:46 AM](#)

MS. MILLER, in response to a question from Representative Rauscher, mentioned 100 percent private investments and federal solar investment tax credit, and she said although there may be COVID relief dollars in the future, Renewable IPP is not receiving any at this time.

REPRESENTATIVE RAUSCHER asked Ms. Miller to look into COVID [relief funds] that may be going toward the grid itself.

[10:34:37 AM](#)

MS. MILLER, in response to a question from Representative Kaufman, explained that the 65 megawatt size limit is aligned with standards in the Lower 48. She said she thinks the 65 megawatt is a great size; it's good to have a high ceiling, and then leave it to the technical group to work with the utility collaboratively to determine the size.

REPRESENTATIVE KAUFMAN concurred.

[10:36:47 AM](#)

REPRESENTATIVE TUCK asked about communities that don't have a purchase agreement. He mentioned an IPP in Coldfoot, Alaska, and asked if it falls into "this category," as it is the only producer in the area.

MR. CRAFT responded that to fall under the category [covered by the bill provisions] an IPP would have to sell power wholesale to one or more public utilities; it could not have separate agreements with any private entities.

[10:37:55 AM](#)

CHAIR SCHRAGE opened public testimony on SB 69 am.

[10:38:06 AM](#)

SUZANNE SETTLE, Vice President, Energy, Land and Resources, Cook Inlet Region, Inc., stated that Cook Inlet Region, Inc. (CIRI) is an IPP in the railbelt, an investor of wind and gas powered generation and multiple projects across the U.S., as well as an active participant in establishing Alaska's first Electric Reliability Council pursuant to last year's SB 123. She stated support of SB 69 am. She said CIRI used the exemption embedded in statute as part of its development process for a successful Fire Island wind project. She said the agreement and development has provided long-term, flat-priced, renewable wind power to Chugach Electric Association for more than 8 years, with 16 to go. She said CIRI believes this is a good model for private investment in a sector and can benefit the public without burdening state government. She noted the great points already made by Ms. Miller. She warned that allowing the

statute to expire would kill future investment. She stated that CIRI believes it is important to extend the sunset so that other IPPs can have "regulatory certainty in their own project development activities." She extolled the benefits of IPPs to the state, underlining that they put their own dollars at risk; since the price is decided in the agreement, any rise in the cost of building or operating is covered by the IPPs.

[10:42:16 AM](#)

MR. CRAFT responded to questions from Representative Claman. He explained that the amendment by the Senate to make the sunset of seven years was a compromise. He confirmed that the list in the committee packet naming the companies that would qualify under the exemption is an exhaustive list. He offered his understanding that there was no formal audit done on this issue.

[10:45:02 AM](#)

MR. CRAFT, in response to Representative Rauscher, restated the information about the compromise made as to the number of years for the sunset. He pointed out that part of the reasoning behind the number has to do with the private financing that comes in during the construction phase; it can take a lot of time to recoup the costs. He explained that it is hard to secure private financing "when you have a sunset looming over on this type of regulatory exemption."

[10:45:57 AM](#)

MR. CRAFT, in response to Representative Fields, said the bill sponsor had originally supported a lengthier sunset period. He reiterated that a compromise had been made, and he suggested this would be an issue for the committee to discuss.

[10:46:28 AM](#)

CHAIR SCHRAGE closed public testimony on SB 69 am.

[SB 69 am was held over.]

[10:46:44 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Energy meeting was adjourned at [10:47] a.m.