

ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON ENERGY

April 26, 2022
10:22 a.m.

MEMBERS PRESENT

Representative Calvin Schrage, Chair
Representative Matt Claman
Representative Tiffany Zulkosky
Representative George Rauscher
Representative James Kaufman

MEMBERS ABSENT

Representative Chris Tuck
Representative Zack Fields

COMMITTEE CALENDAR

HOUSE BILL NO. 301

"An Act relating to the establishment of a renewable portfolio standard for regulated electric utilities; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 301

SHORT TITLE: UTILITIES: RENEWABLE PORTFOLIO STANDARD

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

02/04/22	(H)	READ THE FIRST TIME - REFERRALS
02/04/22	(H)	ENE, L&C, FIN
03/08/22	(H)	ENE AT 10:15 AM BARNES 124
03/08/22	(H)	Heard & Held
03/08/22	(H)	MINUTE(ENE)
03/10/22	(H)	ENE AT 10:15 AM BARNES 124
03/10/22	(H)	Heard & Held
03/10/22	(H)	MINUTE(ENE)
03/15/22	(H)	ENE AT 10:15 AM BARNES 124
03/15/22	(H)	Heard & Held
03/15/22	(H)	MINUTE(ENE)
03/17/22	(H)	ENE AT 10:15 AM BARNES 124
03/17/22	(H)	Heard & Held
03/17/22	(H)	MINUTE(ENE)

03/22/22 (H) ENE AT 10:15 AM BARNES 124
03/22/22 (H) -- MEETING CANCELED --
03/24/22 (H) ENE AT 10:15 AM BARNES 124
03/24/22 (H) -- MEETING CANCELED --
04/26/22 (H) ENE AT 10:15 AM BARNES 124

WITNESS REGISTER

RYAN JOHNSTON, Staff
Representative Calvin Schrage
Juneau, Alaska State Legislature
POSITION STATEMENT: Answered questions on HB 301, sponsored by House Rules at the request of the governor.

BRIAN HICKEY, Chief Operating Officer
Chugach Electric Association
Anchorage, Alaska
POSITION STATEMENT: Gave a presentation on behalf of the Railbelt Utilities during the hearing on HB 301.

CHRIS ROSE, Executive Director
Renewable Energy Alaska Project (REAP)
Sutton, Alaska
POSITION STATEMENT: Testified in support of HB 301.

JENN MILLER, CEO,
Renewable Independent Power Producers
Anchorage, Alaska
POSITION STATEMENT: Testified in support of HB 301.

ERIN MCKITTRICK, representing self
Seldovia, Alaska
POSITION STATEMENT: Testified in support of HB 301.

MATTHEW PERKINS, Alaska Renewables
Fairbanks, Alaska
POSITION STATEMENT: Testified in support of HB 301.

ACTION NARRATIVE

[10:22:42 AM](#)

CHAIR CALVIN SCHRAGE called the House Special Committee on Energy meeting to order at 10:22 a.m. Representatives Schrage, Rauscher, Kaufman, and Zulkosky were present at the call to order. Representative Claman arrived as the meeting was in progress.

HB 301-UTILITIES: RENEWABLE PORTFOLIO STANDARD

[10:23:16 AM](#)

CHAIR SCHRAGE announced that the only order of business would be HOUSE BILL NO. 301, "An Act relating to the establishment of a renewable portfolio standard for regulated electric utilities; and providing for an effective date."

[10:23:35 AM](#)

REPRESENTATIVE ZULKOSKY moved to adopt proposed committee substitute (CS), Version 32-GH2546\G, Klein, 4/22/22, as a working document.

CHAIR SCHRAGE objected for the purpose of discussion.

[10:24:00 AM](#)

RYAN JOHNSTON, Staff, Representative Calvin Schrage, offered the summary of changes to Version G, [included in the committee packet, and which read as follows]:

Page 1, Lines 1 - 3: amends the title to read "clean energy standard" and adds "relating to the Alaska Energy Authority and clean energy projects;" to the title of the bill. The title change was done to conform with the twenty-seven times of "renewable portfolio standard" is replaced with "clean energy standard" throughout the bill.

Page 1, Lines 9 - 11: after "energy resources" adds to the purpose section of the bill, "in order to minimize costs to consumers, increase stability for economic development, maximize grid resiliency, and minimize the state's carbon emissions."

Page 2, Line 8: amends subsection (B) to be more aligned with utility industry language.

Page 3, Lines 20 - 22: amends the benchmarks for the clean energy standard from four to three. The first being 25% by December 31, 2030. The second being 55% by December 31, 2040. And finally, the third being 80% by December 31, 2050.

Page 4, Lines 6 - 11: adds a new section to AS 42.05.900 that would allow for construction that has begun prior to the end of a compliance period to be counted towards fulfilling the clean energy standard if the project will begin providing energy no later than two years after the compliance period or the end of a period determined by the Regulatory Commission of Alaska.

Page 4, Line 21: adds a new section to AS 42.05.900 whereby a load serving entity may satisfy the clean energy standard using the sale of clean energy credits.

Page 4, Line 23: adds a new section to AS 42.05.900 that a project located on state lands is exempted from state lease fees for a period of 10 years.

Page 5, Lines 9 - 21: amends the previous energy credit system into "clean energy credits". A clean energy credit may only be used once. A credit may be used to comply with the clean energy standard without purchase or use of the electrical generation from which the credit is derived.

Page 6, Line 24: after "commission" changed the word "may" to "shall".

Page 7, Lines 3 - 7: amends the previous exemptions section to a single exemption. The new exemption states that if the as a whole the Railbelt achieves the clean energy standard then the individual load serving entities are exempted.

Page 7, Lines 9 - 16: adds a definition of a "clean energy credit".

Page 7, Lines 17 - 19: amends the previous definition of "renewable energy standard" and reordered it in the definitions section.

Page 7, Line 20: amends the compliance period to a 10-year period.

Page 8, Line 2: the definition of "renewable energy resource" was cleaned up by Legislative Legal to be more in line with their drafting standards.

Page 8, Line 15: adds a new subsection to AS 44.83.940. The new subsection would require that the Alaska Energy Authority shall provide a report to the legislature every two years on the progress of developing renewable and clean energy resources in rural parts of the state.

Page 8, Line 25 - 27: the regulations language for the RCA of Alaska was cleaned up by Legislative Legal to be more in line with their drafting standards.

[10:30:11 AM](#)

REPRESENTATIVE KAUFMAN asked if the two-year report on rural parts of the state would provide a general report of overall performance.

MR. JOHNSTON explained that the Railbelt is extensively studied, and the reports are supplemental to focus on rural areas.

REPRESENTATIVE KAUFMAN asked how the terms "renewable" and "clean" energy are being used throughout the bill.

MR. JOHNSTON explained that renewable was not changed to "clean" and addressed the change to the clean energy standard.

REPRESENTATIVE KAUFMAN asked what would happen if the "grandfathered in" construction permits could not close within the stated window.

MR. JOHNSTON explained that that event is covered in the bill and went on to explained that it is possible, for reason outside of the contractor's control, that a project would be delayed, and, in that case, it still would be covered by the bill so long as an earnest effort was made.

[10:34:22 AM](#)

REPRESENTATIVE RAUSCHER talked about the shift from "renewable" to "clean" and asked if the committee is stepping away from national standards.

MR. JOHNSTON explained that the clean energy standard is a standard used across the country, and both are used.

[10:35:44 AM](#)

REPRESENTATIVE KAUFMAN asked what the various clean energy productions methods are.

MR. JOHNSTON said he did not have it ready but could provide a list later.

[10:36:36 AM](#)

CHAIR SCHRAGE removed his objection to the motion to adopt the CS for HB 301, Version G, as a working document. There being no further objections, Version G was before the committee.

[10:36:55 AM](#)

CHAIR SCHRAGE announced the committee would hear invited testimony on HB 301, Version G.

[10:37:41 AM](#)

BRIAN HICKEY, Chief Operating Officer, Chugach Electric Association, began his presentation on behalf of the Rail belt Utilities. He started by stating that the utilities believe that "the purpose section" of Version G is well written. He reiterated the time and effort spent creating the Electric Reliability Organization (ERO). He went on to explain the ideal implementation of renewable portfolio standards (RPS), reiterating that the Railbelt Utilities believe that it must include caps on user rates, that it must include provisions that allow the RCA to modify or extend or waive certain portions of the RPS if they find that the execution of the RPS is not in the public's interest. He stated second priority of the Railbelt Utilities is that fines that are incurred must be includable in rates and stated that membership is the only income for the energy co-ops. Mr. Hickey stated that the Railbelt Utilities believes those fines should go to infrastructure improvements. He explained the third priority is aligning the target dates with the retirement dates of their current plants. Mr. Hickey finished by stating that a periodic review of the list of allowed "clean energy sources" should be reviewed and analyzed by third parties and updated. He reemphasized that significant transmission projects will be needed for a transition to clean energy and explained that currently the Railbelt Utilities is only capable of transmitting 10 percent of its peak load. He also stated that there will be a need for state funds to improve transmission infrastructure.

[10:48:40 AM](#)

CHAIR SCHRAGE opened public testimony on HB 301, Version G.

[10:49:03 AM](#)

CHRIS ROSE, Executive Director, Renewable Energy Alaska Project (REAP), stated his support of HB 301 but expressed concerns about the timeline. He said that 2050 is "too far out" for any immediate movement from the utilities. He stated further concern over the title change, citing the lack of definition of "clean energy". He opined that while the exemption that allows the utilities to comply as a unit is a good thing, it does raise questions about a clean energy credit market. He addressed Mr. Hickey's comments, saying that there is no reason to align the dates with retirement of currently running plants; they would support the extension of the lease fee waiver but explained that it raises the issue that not all these projects have to be built by the utilities citing non-utility energy producers.

[10:54:08 AM](#)

JENN MILLER, CEO, Renewable Independent Power Producers ("Renewable IPP"), testified in support of HB 301. She began her testimony by describing the Renewable IPP and stated the key to its success was transparent cooperation with the utility companies. She stated that the goal of 50 percent clean energy by 2025 does not have enough commitment and is "quickly passing us by" and she opined that the state needs an energy standard and a clear roadmap. She also asked the committee to clarify the definition of clean energy credit. She explained that the current definition is problematic because the power purchase agreement sets the ownership rights, and she advised that the definition should include ownership rights to the load serving entity.

[10:56:49 AM](#)

ERIN MCKITTRICK, representing self, began her testimony by urging the committee to move back to "the older timeline." She talked about the necessity of cooperation between utility companies and pointed out upgrades to transmission infrastructure recommended in the National Renewable Energy Laboratory ("NREL") study looking at the feasibility of clean energy. She concluded by talking about the need for a unified transmission tariff on the Railbelt.

[10:58:50 AM](#)

MATTHEW PERKINS, Alaska Renewables, testified in support of HB 301. He talked about his experience with General Electric and venture capital and said Alaska Renewables has a "keen understanding of what's real and what's experimental." He stated that he believes the bill is a step in the right direction but urged the committee to move up the timeline. He emphasized the need for new transmission projects and stated that private capital should be available as well.

[11:01:27 AM](#)

CHAIR SCHRAGE closed public testimony on HB 301.

[HB 301 was held over.]

[11:01:30 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Energy meeting was adjourned at 11:01 a.m.