

ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON ENERGY

April 28, 2022
10:23 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

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."

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
2/4/2022	(H)	ENE, L&C, FIN
2/4/2022	(H)	FN1: (CED)
2/4/2022	(H)	GOVERNOR'S TRANSMITTAL LETTER
3/8/2022	(H)	ENERGY at 10:15 AM BARNES 124
3/8/2022	(H)	Heard & Held
3/10/2022	(H)	ENERGY at 10:15 AM BARNES 124
3/10/2022	(H)	Heard & Held
3/15/2022	(H)	ENERGY at 10:15 AM BARNES 124
3/15/2022	(H)	Heard & Held
3/17/2022	(H)	ENERGY at 10:15 AM BARNES 124
3/17/2022	(H)	Heard & Held
3/22/2022	(H)	ENERGY at 10:15 AM BARNES 124
3/22/2022	(H)	MEETING CANCELED
3/24/2022	(H)	ENERGY at 10:15 AM BARNES 124
3/24/2022	(H)	MEETING CANCELED

4/26/2022 (H) ENERGY at 10:15 AM BARNES 124
4/26/2022 (H) Heard & Held
4/26/2022 (H) Minutes (HENE)
4/28/2022 (H) ENERGY at 10:15 AM BARNES 124

WITNESS REGISTER

RYAN JOHNSTON, Staff
Representative Calvin Schrage
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: On behalf of Representative Schrage, provided an explanation of Amendment 1 and Amendment 3 to HB 301, Version G, and answered questions.

BOB PICKETT, Commissioner
Regulatory Commission of Alaska
Department of Commerce, Community & Economic Development
Anchorage, Alaska

POSITION STATEMENT: Answered questions on proposed amendments to HB 301, Version G.

ACTION NARRATIVE

[10:23:51 AM](#)

CHAIR CALVIN SCHRAGE called the House Special Committee on Energy meeting to order at 10:23 a.m. Representatives Schrage, Claman, Kaufman, Fields, and Tuck were present at the call to order. Representative Rauscher arrived as the meeting was in progress.

UTILITIES: RENEWABLE PORTFOLIO STANDARD

[10:24:31 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." [Before the committee, adopted as a working document on 4/26/22, was the proposed committee substitute (CS) for HB 301, Version 32-GH2546\G, Klein, 4/22/22 ("Version G").]

[10:25:16 AM](#)

CHAIR SCHRAGE moved to adopt Amendment 1 to HB 301, Version G, labeled 32-GH2546\G.3, Klein, 4/27/22, which read as follows:

Page 7, lines 11 - 13:

Delete "located within the load-serving entity's service area or within the interconnected electric energy transmission network where a load-serving entity's service area is located"

REPRESENTATIVE CLAMAN objected for the purpose of discussion.

[10:25:32 AM](#)

RYAN JOHNSTON, Staff, Representative Calvin Schrage, Alaska State Legislature, provided an explanation of Amendment 1 to HB 301, Version G, on behalf of Representative Schrage. He explained that Amendment 1 would ensure that [energy] credits could be produced anywhere in the state, not just within the Railbelt. He stated that credits could be sold and bought between the Railbelt and other communities, including rural Alaska. He said that in the current version of the legislation the credit system is restricted to the Railbelt. The amendment would broaden the credit system to include the entire state.

[10:27:04 AM](#)

MR. JOHNSTON, in response to Representative Kaufman, explained that a credit transfer could go either way, and Railbelt utilities would be able to buy the rights to the renewable energy resources in rural Alaska. He stated that this would count toward the clean energy standard, and an economic relationship between the rural power producers and the Railbelt utilities would be created.

[10:28:01 AM](#)

REPRESENTATIVE FIELDS expressed the opinion that this would be a good addition. He suggested that within the entire state there would be a wide variety of projects available, and fuel savings would be created.

REPRESENTATIVE CLAMAN removed his objection. There being no further objection, Amendment 1 was adopted.

[10:28:38 AM](#)

REPRESENTATIVE FIELDS moved to adopt Amendment 2 to HB 301, Version G, labeled 32-GH2546\G.2, Klein, 4/27/22, which read as follows:

Page 3, line 17:
Delete "section"
Insert "subsection"

Page 3, line 21:
Delete ";"
Insert "."

Page 3, line 22:
Delete all material.

Page 3, following line 22:
Insert a new subsection to read:
"(b) The load-serving entities subject to the standards of an electric reliability organization under AS 42.05.760 shall jointly comply with the clean energy standard established in this subsection. Under the clean energy standard, the aggregate net electricity sales for all load-serving entities on the interconnected electric energy transmission network shall include 80 percent of sales from renewable energy resources by December 31, 2050."

Reletter the following subsections accordingly.

Page 3, line 23:
Delete "entity"
Insert "entity or entities"

Page 3, line 25:
Delete "(a)"
Insert "(a) or (b)"

Page 3, line 30:
Delete "entity"
Insert "entity or entities"

Page 4, line 3:
Delete "(a)"
Insert "(a) or (b)"

Page 4, line 8:
Delete "(a)"

Insert "(a) or (b)"

Page 7, line 4:

Delete "AS 42.05.900"

Insert "AS 42.05.900(a)"

Page 7, line 19:

Delete "AS 42.05.900(a)"

Insert "AS 42.05.900(a) or (b)"

Page 7, line 21:

Delete "AS 42.05.900(a)"

Insert "AS 42.05.900(a) or (b)"

REPRESENTATIVE CLAMAN objected for the purpose of discussion.

REPRESENTATIVE FIELDS, speaking to Amendment 2, expressed appreciation for the work on the bill. He stated that the amendment would change the renewable portfolio standards (RPS) from a regional requirement to a Railbelt-wide standard. Concerning existing energy generation sources and service areas, he explained that coal supplies around 42 percent of the electricity within the Golden Valley Electric Association (GVEA), but coal does not provide electricity in the other Railbelt utilities. He conceded that the use of coal produces carbon emissions, but he added it is an affordable and reliable energy source for the Interior. He stated that the Usibelli Coal Mine has provided good jobs for many years in the region, adding that he supports RPS but does not want to risk jobs.

[10:31:13 AM](#)

REPRESENTATIVE KAUFMAN, for clarification, questioned whether the intent of the amendment would be to provide flexibility within the entire Railbelt, preventing the applicability to just a region.

REPRESENTATIVE FIELDS responded in the affirmative.

[10:32:24 AM](#)

REPRESENTATIVE CLAMAN removed his objection. There being no further objection, Amendment 2 was adopted.

[10:32:39 AM](#)

CHAIR SCHRAGE moved to adopt Amendment 3 to HB 301, Version G, labeled 32-GH2546\G.1, Klein, 4/27/22, which read as follows:

Page 1, following line 13:

Insert a new bill section to read:

"* **Sec. 2.** AS 42.05.381 is amended by adding a new subsection to read:

(p) The rate for transmission of clean energy to comply with a clean energy standard under AS 42.05.900 shall be a uniform transmission services rate, developed by an electric reliability organization, subject to review and approval by the commission. A load-serving entity may not charge more than the electric reliability organization uniform transmission services rate for energy transmitted to comply with a clean energy standard under AS 42.05.900."

Renumber the following bill sections accordingly.

REPRESENTATIVE KAUFMAN objected for the purpose of discussion.

MR. JOHNSTON explained Amendment 3 would create unified transmission rates. He stated that the Homer Electric Association expressed concern about "pancaking," or the stacking of tariffs. In example, he stated that for GVEA to utilize hydropower produced in Homer, the power would have to be transmitted through other utilities. The amendment would enable an electrical reliability organization (ERO) to develop a unified transmission rate across the Railbelt.

[10:34:18 AM](#)

REPRESENTATIVE KAUFMAN removed his objection. There being no further objection, Amendment 3 was adopted.

[10:34:28 AM](#)

REPRESENTATIVE KAUFMAN moved to adopt Amendment 4 to HB 301, Version G, labeled 32-GH2546\G.5, Klein, 4/27/22, which read as follows:

Page 4, lines 24 - 25:

Delete "for a period of 10 years starting when construction begins"

REPRESENTATIVE CLAMAN objected for the purpose of discussion.

REPRESENTATIVE KAUFMAN explained that the purpose of the amendment would be to remove "circular" fees. He argued that the ratepayers are the only ones who pay the fees, "so why would we be, essentially, taxing ourselves with a lease after 10 years."

[10:35:02 AM](#)

REPRESENTATIVE FIELDS expressed interest in either lengthening the 10-year period or eliminating it during the next committee of referral. He questioned whether Representative Kaufman considered doubling the period to 20 years instead of eliminating the lease fees entirely.

REPRESENTATIVE KAUFMAN responded that Amendment 4 would delete the lease fee, and he could not foresee any difference between 10 years or 20 years.

[10:35:45 AM](#)

REPRESENTATIVE CLAMAN removed his objection. There being no further objection, Amendment 4 was adopted.

[10:36:03 AM](#)

REPRESENTATIVE KAUFMAN moved to adopt Amendment 5 to HB 301, Version G, labeled 32-GH2546\G.6, Klein, 4/27/22, which read as follows:

Page 5, following line 8:

Insert a new subsection to read:

"(d) The commission shall monitor the effect of the clean energy standard on rates and reliability and determine whether the effect is consistent with the public interest."

REPRESENTATIVE CLAMAN objected for the purpose of discussion.

REPRESENTATIVE KAUFMAN explained that the goal of the amendment would be to keep the Regulatory Commission of Alaska (RCA) "in the saddle," serving the best interest of the ratepayers.

[10:36:43 AM](#)

REPRESENTATIVE FIELDS stated that he supports the amendment's intention of allowing RCA to monitor the clean energy standard on rates and reliability. Directing a question to Bob Pickett,

he asked whether the amendment would unintentionally give RCA veto authority to stop the implementation of RPS during RCA's monitoring process.

[10:37:39 AM](#)

BOB PICKETT, Commissioner, Regulatory Commission of Alaska, Department of Commerce, Community & Economic Development, expressed the understanding of the intent of the amendment but concluded that the language is nonspecific. He stated that the key question would be the type of rate impacts being discussed. He questioned whether a rate impact is a concern to the committee. He advised more specificity in the amendment.

REPRESENTATIVE FIELDS, with a follow-up comment, expressed the understanding that the amendment would give RCA the authority to monitor the impact of the clean energy standard on rates and reliability. If the standard were to be observed as not in the public interest, this would be reported back to the legislature. He stated that the amendment would not give RCA the authority to stop implementation of RPS.

MR. PICKETT responded in agreement with Representative Fields.

REPRESENTATIVE FIELDS questioned Representative Kaufman whether this is consistent with his intent.

REPRESENTATIVE KAUFMAN responded in the affirmative. He stated that the amendment would allow RCA to notify [the legislature] when the [implementation of RPS] is not working in terms of reliability and rates.

[10:39:11 AM](#)

CHAIR SCHRAGE questioned Representative Kaufman's interpretation of the term "monitor" in the amendment. He also requested information on the frequency of the reporting.

REPRESENTATIVE KAUFMAN responded that this would need to be determined. At the least it would be a notification. He expressed the opinion that clean energy standards fail because the technology is not "up to the task," resulting in unreliability and high rates. He voiced the understanding that the selling point of [renewable] technologies is not just cleaner energy, but economical energy with reliability as the goal. He reasoned that the focus should be performance goals. He said, "We are not just off on a crusade because of some

ideology of implementation, but we are actually focused on function."

CHAIR SCHRAGE questioned Mr. Pickett's understanding of RCA's duties in regard to the amendment.

MR. PICKETT responded that the first step would be for RCA to begin the rulemaking process for implementation, which would include the frequency of reporting and types of metrics to be evaluated.

[10:41:04 AM](#)

REPRESENTATIVE TUCK voiced his appreciation for Representative Kaufman's comment, adding that sometimes there is unwarranted "feel-good stuff" around energy. He added that this does not mean [new energy technology] should not be utilized; however, there should be good feedback. He expressed appreciation for Mr. Pickett's comments concerning the rulemaking process and expressed the opinion that the amendment is "broad enough" right now. He conveyed confidence in RCA's regulation process and policy, which would supply checks and balances to make sure the "hoped-for" results are achieved.

[10:42:04 AM](#)

REPRESENTATIVE CLAMAN, speaking to Mr. Pickett, expressed the understanding that there would be nothing to report as long as the clean energy standard is consistent with the public interest. If there is a determination made that the standard is no longer in the public interest, RCA would have a duty to report this. He questioned whether the amendment would provide some different duties [to RCA] other than rulemaking.

MR. PICKETT responded that the question would be whether the [clean energy] standard would equate to "public interest" in the amendment. He said that many times in statutes, "public interest" is not well defined. In these situations, RCA would determine what "public interest" would be in the particular matter. He continued that reliability and rates tend to narrow the important factors in the definition.

REPRESENTATIVE CLAMAN questioned Representative Kaufman whether he agreed that in regard to the amendment RCA would be responsible for creating the rulemaking in order to determine "public interest".

REPRESENTATIVE KAUFMAN responded that the goal would be to set two very high metrics: reliability and rates. Through the specifics of rulemaking RCA would determine the performance of these metrics.

[10:44:34 AM](#)

The committee took an at-ease from 10:44 a.m. to 10:46 a.m.

[10:46:37 AM](#)

CHAIR SCHRAGE, in a follow up, voiced hesitation about the amendment because the utilities have expressed concern that RPS would negatively impact rates and reliability; thus, not be in the public interest. He requested further details of how RCA would view "public interest" in the amendment. He voiced the understanding that one intention of the bill would be to express that the public is interested in having a cleaner energy portfolio. Weighing this against the [concern] of rates and reliability, he requested Mr. Pickett's perspective.

MR. PICKETT responded that "the devil is going to be in the details" of how the final regulation is written. He said that the process would involve participation from strong advocates of clean energy and the Railbelt utilities. He stated that a 30 percent or 40 percent impact on rates would create a concern. He explained that after seven years of effort RCA is in the middle of implementing ERO, and this organization would play a key role in determining the most cost-effective way forward. He voiced the opinion that reliability is an important factor in RPS. He maintained that the legislature would be made aware of the impact of RPS with either annual or semiannual reporting.

[10:49:27 AM](#)

REPRESENTATIVE KAUFMAN, in a comment to Representative Schrage, indicated that the change-management process would drive any sort of change by ensuring the impacts have been considered. He said, "You have to steer by your most important metrics." He defined these metrics in the legislation as rates and reliability, with reliability being number one. He voiced the opinion that the cleanliness of the energy source is important, but reliability and cost are the key metrics concerning Alaska. He stated that the intent of [Version G] is cleaner energy, but the focus should be on these two metrics as [amendments] are considered.

REPRESENTATIVE FIELDS expressed the opinion that there could be a better way to write the amendment. He stated that he is comfortable adopting the amendment and "trying to refine it ... over the next few days working with Representative Kaufman and RCA."

[10:50:48 AM](#)

REPRESENTATIVE TUCK voiced the understanding that RCA has always been about consumer protection. He explained that because utilities are necessary, a regulatory system is essential for consumer protection. He stated that new technologies could be seen as "nifty" ideas and implemented without examining their full impact. He argued that if projects are not studied for viability, the legislature could make a mistake. He expressed confidence in RCA but had concern that other difficulties could arise. He offered his support for the amendment as it stands.

[10:54:06 AM](#)

REPRESENTATIVE CLAMAN removed his objection. There being no further objection, Amendment 5 was adopted.

[10:54:13 AM](#)

REPRESENTATIVE KAUFMAN moved to adopt Amendment 6 to HB 301, Version G, labeled 32-GH2546\G.8, Klein, 4/27/22, which read as follows:

Page 6, line 27, through page 7, line 2:

Delete all material and insert:

"(e) A fine paid by a load-serving entity under this section may be included or recovered in rates paid by the load-serving entity's customers."

REPRESENTATIVE CLAMAN objected for the purpose of discussion.

REPRESENTATIVE KAUFMAN explained that Amendment 6 would delete language from the proposed legislation [allowing noncompliance fines to be included in utility rates]. He remarked, "It is just a nod toward reality, as how else will it be paid?"

[10:54:45 AM](#)

REPRESENTATIVE FIELDS requested that the staff of Chair Schrage explain the options or tradeoffs concerning the amendment.

MR. JOHNSTON responded that the Railbelt utilities have related that their [income] capacity is limited outside of the ratepayers. He said that the utilities have related that only 2 percent of their income is from other sources, and the current language of the legislation would restrict fines and cause issues.

REPRESENTATIVE FIELDS expressed the understanding that it is "a distinction without a difference." He explained that the ratepayers would ultimately pay [the fine] if utilities could not reach goals. He requested that Mr. Pickett speak to this point.

MR. PICKETT responded that because the Railbelt electrical utilities are cooperatives, the fines would come from the ratepayers. He agreed that only a very small percentage [of the utilities' income] comes from other sources, adding that often the other [income] sources are restricted.

REPRESENTATIVE TUCK, referencing the current version of the legislation, directed a question to Mr. Pickett. He stated that the utilities would have to apply to [RCA] in order to implement rate increases. He speculated that fines [for noncompliance] would not be allowed to increase rates. He questioned whether this statement was correct.

MR. PICKETT expressed the understanding that Representative Tuck's statement was correct. Responding to a follow-up question, he pointed out that lobbying expenses and personal benefits to employees would be examples of overhead items not allowed for rate increases. He explained that rate increases would be allowed when the increase results from necessary services and capital expenditures used in providing electrical service.

[10:59:04 AM](#)

REPRESENTATIVE CLAMAN, in reference to Representative Tuck's line of questioning, stated that when RCA fines a cooperative for something one of its individuals or shareholders did, per the current version of the legislation, this fine could not be put into the rates paid for electricity. He questioned whether the statement was correct.

MR. PICKETT responded in the affirmative. In response to a follow-up question, he agreed with Representative Claman that a

for-profit energy company could not put a fine into its rates, but the stockholders would see a reduction in their dividends.

REPRESENTATIVE CLAMAN, in a follow-up comment, expressed the understanding that RCA would have to make the determination whether a utility company could include a fine in its rates. Contrasting this with Amendment 6, he expressed the understanding that fines would be incurred by the ratepayers [without RCA oversight].

MR. PICKETT confirmed that the statements were "generally correct." For clarification, he stated that even in the original bill, RCA has not adopted a position. This would be done through public meetings in an open and transparent way. He said, "So what you are hearing is my take and from what my experience is with this."

REPRESENTATIVE CLAMAN, in a follow up, questioned whether Representative Kaufman agreed with Mr. Pickett's response. If so, he questioned whether fines should be applied in accordance with the current version of the proposed legislation versus the amendment.

REPRESENTATIVE KAUFMAN responded that he is considering whether the language in the amendment needs to be changed.

REPRESENTATIVE CLAMAN voiced that he is "comfortable" with Version G because the utilities would have to apply to RCA to increase rates. He stated that in the current structure the utilities have some capacity to absorb fines.

[11:03:27 AM](#)

The committee took an at-ease from 11:03 a.m. to 11:04 a.m.

[11:04:35 AM](#)

REPRESENTATIVE KAUFMAN withdrew Amendment 6.

[11:05:01 AM](#)

REPRESENTATIVE KAUFMAN moved to adopt Amendment 7 to HB 301, Version G, labeled 32-GH2546\G.9, Klein, 4/27/22, which read as follows:

Page 7, line 3, following "**Exemptions.**":
Insert "(a)"

Page 7, line 4:

Delete "AS 42.05.900"

Insert "AS 42.05.900(a)(1) or (2)"

Page 7, following line 7:

Insert a new subsection to read:

"(b) Load-serving entities are exempt from compliance with the clean energy standard under AS 42.05.900 until the interconnected electric energy transmission network has been unconstrained and upgraded to the capacity necessary to integrate the renewable energy resources into the interconnected electric energy transmission network."

REPRESENTATIVE CLAMAN objected for the purpose of discussion.

REPRESENTATIVE KAUFMAN explained that the intent of the amendment is to require the grid to be ready and serviceable before providers can be held accountable. He gave the example that if homes, parking lots, and businesses were being built, but the freeways were not ready, the system would not work. He expressed the opinion that the grid needs to be ready in order for power to be moved reliably.

[11:05:45 AM](#)

REPRESENTATIVE RAUSCHER expressed his support for the amendment. He related that he had spoken with "the administration." Concerning the large amount of funding, he expressed the understanding that [the administration] knows where the funding would come from.

[11:06:29 AM](#)

REPRESENTATIVE FIELDS stated that he does not support the amendment. He expressed the belief that if the proposed legislation is passed with the current adopted amendments, transmission upgrades would be needed for [the deployment] of a resilient grid. Given this, he reasoned that the ratepayers would already be paying for transmission. He argued that generation and transmission cannot be separated.

[11:07:54 AM](#)

REPRESENTATIVE TUCK asked if Representative Rauscher was referring to AEA when he referenced "the administration."

REPRESENTATIVE RAUSCHER responded, "I believe that we are talking about an administration that would like to see it done ... so it does not fall on the ratepayers." He expressed the belief that a commitment needs to be made to upgrade transmission lines for the entire Railbelt system. He continued that [per the current version of the legislation] the ratepayers would take the impact because of the antiquated transmission lines and other deficiencies.

[11:09:34 AM](#)

REPRESENTATIVE FIELDS stated that transmission upgrades are needed, but he voiced the concern that the amendment would prevent implementation of RPS. Per the current version of the legislation, transmission, generation, and battery-storage upgrades could be completed in one area before the transmission upgrades are completed in another area. Stressing the importance of incremental progress, he said, "I don't think we want to wait until the last inch of transmission is approved." He argued that each marginal improvement of transmission could enable additional deployment of renewables and storage. He suggested that funding could come from the capital budget and federal infrastructure funds. He stated that AEA and the administration could be driven to look for opportunities to bring additional money.

[11:11:01 AM](#)

CHAIR SCHRAGE aligned himself with Representative Fields' comments, stating that he does not support Amendment 7.

[11:11:16 AM](#)

REPRESENTATIVE CLAMAN maintained his objection.

REPRESENTATIVE RAUSCHER expressed confusion that [RPS] could be accomplished without [the amendment].

CHAIR SCHRAGE expressed his appreciation for Representative Rauscher's concern, comparing it to "a chicken or the egg" situation. He expressed the opinion that they both need to be done, but the proposed legislation [with the current adopted amendments] would support transmission upgrades.

[11:11:38 AM](#)

REPRESENTATIVE KAUFMAN, directing a comment to committee members who object to the amendment, questioned changes to the amendment which would keep the focus on grid improvement while providing the flexibility being discussed.

[11:12:09 AM](#)

REPRESENTATIVE FIELDS expressed hope that the administration would work with the National Renewable Energy Laboratory (NREL) to further analyze the capital costs of transmission and generation. He expressed the opinion that because transmission is needed for resiliency, this cost would be incurred no matter the amount of renewables deployed.

[11:12:58 AM](#)

REPRESENTATIVE TUCK observed that the amendment would change the language from "meets or exceeds the aggregate" to "until the transmission network has been unconstrained and upgraded". He questioned whether this is the primary intent of the amendment.

REPRESENTATIVE KAUFMAN responded in the affirmative. He explained that the amendment would make the grid the essential delivery system which allows transmission to occur.

REPRESENTATIVE FIELDS, in response to Representative Tuck, expressed the opinion that the amendment would incidentally require full deployment of all transmission before renewable generation could be deployed. He stated that in this instance consumers would incur costs without the offsetting [fuel] savings from renewables. He argued that if renewables are deployed while transmission upgrades are being implemented, consumers would benefit because the cost of the transmission upgrades would be absorbed by [the savings from] the renewables. He expressed the opinion that this would be better for consumers than implementing transmission first.

[11:15:03 AM](#)

CHAIR SCHRAGE, in response to Representative Rauscher, stated that HB 301 was introduced at the request of the governor.

REPRESENTATIVE RAUSCHER commented that the levy should be on the administration to provide the transmission because "it is their bill."

CHAIR SCHRAGE requested that Representative Rauscher clarify his statement.

REPRESENTATIVE RAUSCHER responded that his statement was in support of Amendment 7. He voiced the opinion that if [the administration] supports lower rates, it would need to deploy the transmission lines [in the terms of this amendment].

CHAIR SCHRAGE explained that there is not a mandate for transmission to be built. He reasoned that without transmission, the amendment would invalidate RPS. He expressed the opinion that a mandate on the development of the resource would necessitate transmission investments.

[11:16:50 AM](#)

REPRESENTATIVE KAUFMAN, with a follow up to the discussion with Representative Fields, explained that [progress on RPS could move forward] before the [transmission] grid is complete. He said the intent of the amendment is to acknowledge that "the road has to be built before you can move things around." He added that [renewables could be built] in subset areas, but utilities would not be held accountable if their part of the grid was preventing [compliance].

[11:17:52 AM](#)

REPRESENTATIVE CLAMAN, in a follow up to Representative Rauscher's comments, remarked that "administrations come and go." He stated that the impact of the proposed legislation would be standards in 2050, and there would be many governors and administrations between now and then. He expressed difficulty in understanding that the current administration would make an investment which would not necessarily carry over to the next administration. He stated that he understands the concept but does not support the amendment because it is "not ready." He stated that there are arguments for and against, but he is not "sold" on either.

[11:19:22 AM](#)

CHAIR SCHRAGE pointed out that in Version G, page 6, line 8, there is a mechanism which would waive fines for utilities if they could not sell renewable electrical energy because of transmission constraints.

REPRESENTATIVE FIELDS, in a follow up to Representative Rauscher's comments, explained that it would not be the administration's responsibility to deploy generation and transmission. He continued that this would be done through ERO's integrated resource plan. He stated that ERO has already begun the planning process as a result of previously passed legislation. He voiced the opinion that ERO would deploy energy across the Railbelt, transcending administrations in a long-term, logical way.

REPRESENTATIVE CLAMAN motioned to call the previous question.

CHAIR SCHRAGE remarked that he would allow one more [comment].

REPRESENTATIVE CLAMAN withdrew the motion.

[11:20:40 AM](#)

REPRESENTATIVE KAUFMAN withdrew Amendment 7. Referring to Representative Claman's motion, he voiced the opinion that the discussion is worthy. He reasoned that there would be time to refine the amendment before the next committee of referral.

[11:21:34 AM](#)

REPRESENTATIVE KAUFMAN moved to adopt Amendment 8 to HB 301, Version G, labeled 32-GH2546\G.4, Klein, 4/27/22, which read as follows:

Page 7, line 4, following "if":
Insert "(1)"

Page 7, line 7, following "network":
Insert "; or
(2) compliance with the clean energy standard would preclude the load serving entity from meeting an applicable electric reliability standard."

REPRESENTATIVE CLAMAN objected for the purpose of discussion.

REPRESENTATIVE KAUFMAN explained the intent of the amendment would be to identify reliability as the primary task of the legislation. For example, he compared the deployment of [alternative] energies by France and Germany. He suggested that because Germany precluded reliability it is now beholden to Russia, while France's decision led the country to be a net-

energy exporter. He suggested that Alaska should pick the model where reliability drives the pursuit of cleaner sources of power.

[11:23:00 AM](#)

REPRESENTATIVE FIELDS, voicing his opposition to the amendment, argued that ERO would be the appropriate organization to ensure reliability through RPS. He stated that the amendment would allow the relationship between reliability and RPS to be micromanaged.

[11:23:27 AM](#)

REPRESENTATIVE TUCK spoke to the example of France and Germany. He explained that, in reaction to Germany's policies, France built up nuclear capabilities. He speculated that France foresaw itself exporting energy to Germany. He stated that this is an example of two different approaches and two different reactions.

[11:24:02 AM](#)

REPRESENTATIVE CLAMAN maintained his objection.

A roll call was taken. Representatives Tuck, Rauscher, and Kaufman voted in favor of the adoption of Amendment 8 to HB 301, Version G. Representatives Fields, Schrage, and Claman voted against it. Therefore, Amendment 8 failed to be adopted by a vote of 3-3.

[11:24:59 AM](#)

REPRESENTATIVE KAUFMAN moved to adopt Amendment 9 to HB 301, Version G, labeled 32-GH2546\G.11, Klein, 4/27/22, which read as follows:

Page 7, following line 7:

Insert a new section to read:

"Sec. 42.05.925. Additional renewable energy resources. Not less than once every two years, the commission shall review clean energy technologies and determine whether an available technology is an approved renewable energy resource for purposes of complying with the clean energy standard."

Page 7, line 8:

Delete "Sec. 42.05.925"
Insert "Sec. 42.05.930"
Delete "AS 42.05.900 - 42.05.925"
Insert "AS 42.05.900 - 42.05.930"

Page 8, line 7:
Delete "or"

Page 8, line 8, following "gas;":
Insert "or
(E) a resource that the commission approves under
AS 42.05.925;"

REPRESENTATIVE CLAMAN objected for the purpose of discussion.

REPRESENTATIVE KAUFMAN explained the amendment would create a review of clean energy technologies. He explained that this would ensure the technologies are functioning properly, developments are current, and compliance is being maintained.

[11:25:36 AM](#)

REPRESENTATIVE FIELDS offered his support for the amendment. He questioned whether some drafting refinements would be necessary.

[11:25:53 AM](#)

CHAIR SCHRAGE expressed uncertainty whether RCA would be the appropriate place for this. He expressed the opinion that AEA has more experience and knowledge in this area and would be the better organization to review the technologies. He expressed curiosity in RCA's understanding of the amendment.

[11:27:02 AM](#)

REPRESENTATIVE FIELDS requested that Mr. Pickett comment on whether RCA or AEA would be the better entity to do the technology review.

MR. PICKETT responded that both agencies could do the review. He stated that this would be a policy call by the legislature.

CHAIR SCHRAGE, in a follow up to Representative Fields' question, expressed the assumption that for renewable energy resource standards to be approved, it would go through the "role-making process."

MR. PICKETT responded in the affirmative.

[11:28:15 AM](#)

The committee took a brief at-ease at 11:28 a.m.

[11:28:20 AM](#)

REPRESENTATIVE TUCK observed that Amendment 9 directs RCA to consider the standards of new technologies. He expressed the opinion that this is already done by AEA, and [the functions described in Amendment 9] should be consolidated under AEA.

[11:30:42 AM](#)

REPRESENTATIVE CLAMAN stated that he does not support Amendment 9 because too much government oversight would be added. He expressed the opinion that the utilities should be exploring the best renewable technology without RCA taking the lead. He continued that this should be driven by the market, not the government.

[11:31:29 AM](#)

REPRESENTATIVE KAUFMAN reasoned that there would be time to refine the amendment before the next committee of referral. He withdrew Amendment 11.

[11:31:47 AM](#)

REPRESENTATIVE TUCK moved to adopt Amendment 10 to HB 301, Version G, labeled 32-GH2546\G.12, Klein, 4/27/22, which read as follows:

Page 1, line 9:
Delete "renewable"
Insert "alternative"

Page 3, line 19:
Delete "renewable"
Insert "alternative"

Page 3, line 24:
Delete "renewable"
Insert "alternative"

Page 3, line 28:

Delete "renewable"
Insert "alternative"

Page 3, line 29:
Delete "renewable"
Insert "alternative"

Page 4, line 6:
Delete "renewable"
Insert "alternative"

Page 4, line 9:
Delete "renewable"
Insert "alternative"

Page 4, line 13:
Delete "renewable"
Insert "alternative"

Page 4, line 19:
Delete "renewable"
Insert "alternative"

Page 4, line 31:
Delete "renewable"
Insert "alternative"

Page 5, line 17:
Delete "renewable"
Insert "alternative"

Page 6, line 5:
Delete "renewable"
Insert "alternative"

Page 6, line 9:
Delete "renewable"
Insert "alternative"

Page 6, line 14:
Delete "renewable"
Insert "alternative"

Page 6, line 18:
Delete "renewable"
Insert "alternative"

Page 6, line 31:
Delete "renewable"
Insert "alternative"

Page 7, line 1:
Delete "renewable"
Insert "alternative"

Page 7, following line 8:
Insert new paragraphs to read:

"(1) "alternative electrical energy" means electricity or energy generated from alternative energy resources;

(2) "alternative energy resource" means

(A) wind, solar, geothermal, wasteheat recovery, hydrothermal, wave, tidal, river in-stream, or hydropower;

(B) low-emission nontoxic biomass based on solid or liquid organic fuels from wood, forest and field residues, or animal or fish products;

(C) dedicated energy crops available on a renewable basis;

(D) landfill gas and digester gas; or

(E) nuclear;

(3) "alternative energy storage" means the capture of energy produced at one time for use at a later time;"

Renumber the following paragraph accordingly.

Page 7, line 10:
Delete "renewable"
Insert "alternative"

Page 7, line 13:
Delete "renewable"
Insert "alternative"

Page 7, line 14:
Delete "renewable"
Insert "alternative"

Page 7, line 16:
Delete "renewable"
Insert "alternative"

Page 7, line 19:

Delete "renewable"
Insert "alternative"

Page 7, line 22:
Delete "renewable"
Insert "alternative"

Page 7, line 23:
Delete "renewable"
Insert "alternative"

Page 7, line 31, through page 8, line 10:
Delete all material.

Re-number the following paragraphs accordingly.

Page 8, line 17:
Delete "renewable"
Insert "alternative"

Page 8, line 19:
Delete "renewable"
Insert "alternative"

Page 8, line 21:
Delete "renewable"
Insert "alternative"

Page 8, line 22:
Delete "renewable"
Insert "alternative"

REPRESENTATIVE CLAMAN objected for the purpose of discussion.

REPRESENTATIVE TUCK explained the intention of the amendment is to add nuclear energy into the definitions in Version G by changing the language from "renewable energy resource" to "alternative energy resource". He pointed out that there is a new environmental movement behind nuclear technologies, arguing that nuclear energy is considered to be sustainable, as it produces less waste over a longer period of time and provides a huge concentration of power. He added that having reliable, safe energy would still be required. He continued that microreactors would offer relief to ratepayers, especially in rural Alaska, and the legislature should not inadvertently forget about the [nuclear] option.

[11:34:23 AM](#)

REPRESENTATIVE CLAMAN, directing a question to Mr. Johnston, pointed out that there had been discussion about changing "renewable energy" to "clean energy" in the legislation. He questioned how "alternative energy" would relate in this discussion.

MR. JOHNSTON replied that in response to a question from Representative Rauscher in a previous committee meeting a handout [included in the committee packet] had been prepared. He explained that the handout showed a breakdown of the 30 states that have RPS, a clean energy standard, or both. He stated that the proposed legislation, before the amendment, defines renewable electrical energy as energy coming from a renewable energy resource. He noted that he has not seen a definition for "alternative energy standard" used by other states. He continued that the critical part [of the amendment] would be to ensure the definition outlines the standard, which would be a policy made by the legislature.

[11:36:13 AM](#)

REPRESENTATIVE KAUFMAN expressed the concern that there is not an unachievable metric. He expressed the opinion that [the definition of] "renewable" is very narrow. He stated that no matter the term, clean or alternative, systems should focus on reliability and cost.

[11:37:01 AM](#)

REPRESENTATIVE FIELDS questioned whether Representative Tuck preferred the language in the definition to be "alternative" or "clean".

REPRESENTATIVE TUCK responded that he does not have a preference. He expressed concern that "renewable energy resource" does not capture everything. He reiterated that the amendment would add "nuclear" to the definitions. He expressed the understanding that solar, wind, and geothermal are truly renewable, while waste-heat recovery and biomass need continual refueling.

REPRESENTATIVE CLAMAN moved to table Amendment 10. He advised that the committee should take up Amendment 11 because Representative Tuck is "not wedded" to the language, and Amendment 11 would include nuclear power without a major change

in the bill. He expressed concern about having a definition that would be inconsistent with other states. He expressed the opinion that the legislation should convey either "renewable" or "clean".

[11:40:13 AM](#)

REPRESENTATIVE TUCK objected to the motion. He argued that the debate should continue because nuclear does not fall into the definition of either renewable or alternative electrical energy.

[11:40:44 AM](#)

REPRESENTATIVE CLAMAN withdrew the motion to table Amendment 10.

[11:41:05 AM](#)

REPRESENTATIVE KAUFMAN expressed agreement with Representative Tuck's comments and offered his support for Amendment 10.

[11:41:50 AM](#)

REPRESENTATIVE FIELDS, in agreement with Representative Claman, argued that Amendment 11 is cleanly worded. Per Amendment 10, he stated that some of the elements, such as biomass, would be already included in the definition of renewable energy. He suggested that the [energy] sources Representative Tuck is concerned about would be included with Amendment 11.

[11:42:14 AM](#)

REPRESENTATIVE CLAMAN questioned whether Representative Tuck held the belief that renewable energy does not include nuclear.

REPRESENTATIVE TUCK responded that some would argue the point. He stated that he was attempting to remove this argument [with the amendment].

REPRESENTATIVE CLAMAN, with a follow up, questioned whether Representative Tuck's objection to [the definition] of "renewable energy" would apply also to [the definition of] "clean energy".

REPRESENTATIVE TUCK responded that he is not in disagreement with the use of "clean energy" in the amendment. He stated that he was explaining the use of "alternative" and the terminology change.

[11:43:31 AM](#)

REPRESENTATIVE CLAMAN moved to adopt Conceptual Amendment 1 to Amendment 10, to replace "alternative energy" with "clean energy".

REPRESENTATIVE RAUSCHER objected.

[11:43:57 AM](#)

REPRESENTATIVE KAUFMAN requested to hear the definition of "clean" before going forward with the change.

CHAIR SCHRAGE stated that the definition of "clean energy" generally includes anything with low-carbon emissions. He stated that typically this includes nuclear, renewables, and low-emission biomass.

REPRESENTATIVE TUCK replied that this is a friendly amendment, and he would have used "clean" if he had thought of it. He voiced that reducing carbon emissions while providing cheap and reliable power is part of the goal.

CHAIR SCHRAGE, with a follow-up comment, explained that the definition of "clean energy" would be defined in the bill. If Amendment 11 is adopted, nuclear would be included, along with the rest of the resources listed in the definition section.

[11:45:29 AM](#)

A roll call was taken. Representatives Fields, Tuck, Kaufman, Claman, and Schrage voted in favor of the adoption of Conceptual Amendment 1 to Amendment 10. Representative Rauscher voted against it. Therefore, Conceptual Amendment 1 to Amendment 10 was adopted by a vote of 5-1.

[11:46:09 AM](#)

CHAIR SCHRAGE asked whether there was any further discussion on Amendment 10, as amended.

[11:46:20 AM](#)

REPRESENTATIVE CLAMAN expressed his appreciation of the discussion of nuclear energy. He voiced the impression that future discussions of nuclear would be complicated. He stated

that he is still undecided on the topic, but nuclear should be considered in the list as an alternative consideration. He expressed support for Amendment 10, as amended.

[11:46:52 AM](#)

REPRESENTATIVE KAUFMAN expressed the importance of Alaska having a solid, clean energy source. He stated that nuclear would be a good tool to have, as hydrocarbons would reduce natural gas emissions. He expressed the opinion that the state needs to consider all resources to provide reliability and good rates at a cleaner level, and it is important that the entire picture be considered and not fall into the Germany model.

[11:47:42 AM](#)

REPRESENTATIVE CLAMAN withdrew his objection to Amendment 10, as amended.

[11:48:01 AM](#)

The committee took an at-ease from 11:48 a.m. to 11:49 a.m.

[11:49:12 AM](#)

REPRESENTATIVE FIELDS stated that he is not in opposition to Amendment 10, but there are concerns about adding nuclear to a clean energy standard. He noted that the pricing on nuclear energy is two and a half times more expensive than the renewable energy being deployed. He stated he would not object because in the future it may be cheaper. He expressed the opinion that, because renewable energy is cheaper [than nuclear], adding nuclear would not inhibit the deployment of renewables.

[11:50:12 AM](#)

REPRESENTATIVE CLAMAN removed his objection. There being no further objection, Amendment 10, as amended, was adopted.

[11:50:25 AM](#)

REPRESENTATIVE KAUFMAN [expressed he would not offer] Amendment 11 [included in the committee packet].

[11:51:01 AM](#)

REPRESENTATIVE CLAMAN moved to report CSHB 301, Version 32-GH2546\G, Klein, 4/22/22, as amended, out of committee with individual recommendations and the accompanying fiscal notes.

[11:51:21 AM](#)

REPRESENTATIVE RAUSCHER objected.

[11:51:26 AM](#)

A roll call vote was taken. Representatives Fields, Kaufman, Tuck, Claman, and Schrage voted in favor of the motion to move CSHB 301, Version 32-GH2546\G, Klein, 4/22/22, as amended, out of committee with individual recommendations and the accompanying fiscal notes. Representative Rauscher voted against it. Therefore, CSHB 301(ENE) was reported out of the House Special Committee on Energy by a vote of 5-1.

[11:51:59 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Energy meeting was adjourned at 11:52 a.m.