

HOUSE FINANCE COMMITTEE
April 28, 2022
9:32 a.m.

[9:32:15 AM](#)

CALL TO ORDER

Co-Chair Merrick called the House Finance Committee meeting to order at 9:32 a.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Kelly Merrick, Co-Chair
Representative Dan Ortiz, Vice-Chair
Representative Ben Carpenter
Representative Bryce Edgmon
Representative DeLena Johnson
Representative Andy Josephson
Representative Bart LeBon
Representative Sara Rasmussen
Representative Steve Thompson
Representative Adam Wool

MEMBERS ABSENT

None

ALSO PRESENT

Heather Carpenter, Health Care Policy Advisor, Office of the Commissioner, Department of Health and Social Services; Nancy Meade, General Counsel, Alaska Court System; Steve Williams, Chief Executive Officer, Alaska Mental Health Trust Authority; Andrew Dunmire, Attorney, Legislative Legal Services.

PRESENT VIA TELECONFERENCE

Morgan Neff, Chief Investment Officer, Alaska Industrial Development and Export Authority (AIDEA); Emily Nauman, Deputy Director, Legislative Legal Services, Alaska State Legislature; Curtis Thayer, Executive Director, Alaska Energy Authority, Department of Commerce, Community and Economic Development.

SUMMARY

HB 170 ENERGY INDEPENDENCE PROGRAM & FUND: AIDEA

HB 170 was HEARD and HELD in committee for further consideration.

HB 172 MENTAL HEALTH FACILITIES & MEDS

CSHB 172(FIN) was REPORTED out of committee with five "do pass" recommendations and five "no recommendation" recommendations and with a previously published zero fiscal note: FN4 (DPS); and with four previously published fiscal impact notes: FN5 (AJS), FN6 (DHS), FN7 (DHS), and FN8 (ADM).

Co-Chair Merrick reviewed the agenda for the meeting.

#hb172

HOUSE BILL NO. 172

"An Act relating to admission to and detention at a subacute mental health facility; establishing a definition for 'subacute mental health facility'; establishing a definition for 'crisis residential center'; relating to the definitions for 'crisis stabilization center'; relating to the administration of psychotropic medication in a crisis situation; relating to licensed facilities; and providing for an effective date."

9:32:47 AM

Co-Chair Merrick invited Ms. Heather Carpenter to make opening remarks.

HEATHER CARPENTER, HEALTH CARE POLICY ADVISOR, OFFICE OF THE COMMISSIONER, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, thanked the committee for continued consideration of the bill and made herself available for questions.

9:33:36 AM

Co-Chair Merrick MOVED to ADOPT Amendment 1, 32-GH1730\N.3 (Dunmire, 4/21/22) (copy on file):

Page 13, line 10, through page 14, line 1:

Delete all material and insert:

"* Sec. 26. AS 47.32.010(b), as repealed and reenacted by sec. 79 of Executive Order 121, is amended to read:

(b) This [THE FOLLOWING ENTITIES ARE SUBJECT TO THIS] chapter and regulations adopted under this chapter by the Department of Health apply to the following entities:

- (1) ambulatory surgical centers;
- (2) assisted living homes;
- (3) child care facilities;
- (4) freestanding birth centers;
- (5) home health agencies;
- (6) hospices, or agencies providing hospice services or operating hospice programs;
- (7) hospitals;
- (8) intermediate care facilities for individuals with an intellectual disability or related condition;
- (9) maternity homes;
- (10) nursing facilities;
- (11) residential child care facilities;
- (12) residential psychiatric treatment centers;
- (13) rural health clinics;
- (14) subacute mental health facilities [CRISIS STABILIZATION CENTERS]."

Page 14, line 16:

Delete "and Social Services"

Insert ", the Department of Family and Community Services,"

Page 14, line 30:

Delete "and Social Services"

Insert ", the Department of Family and Community Services,"

Page 15, line 4:

Delete "and Social Services"

Insert ", the Department of Family and Community Services"

Page 15, line 11:

Delete "and Social Services"

Page 15, line 17:

Delete "and Social Services"

Insert "or the Department of Family and Community Services, as applicable,"

Vice-Chair Ortiz OBJECTED for discussion.

Co-Chair Merrick reviewed the amendment. She explained that it addressed some needed changes to the bill to prepare for the impending split of the Department of Health and Social Services (DHSS).

Vice-Chair Ortiz WITHDREW the OBJECTION.

There being NO further OBJECTION, Amendment 1 was ADOPTED.

[9:34:12 AM](#)

Co-Chair Merrick MOVED to ADOPT Amendment 2, 32-GH1730\N.4 (Dunmire, 4/21/22) (copy on file):

Page 4, lines 13 - 14:

Delete "[FOR EMERGENCY EVALUATION]"

Insert "for emergency evaluation"

Page 8, line 11:

Delete "47.30.815"

Insert "47.30.865"

Vice-Chair Ortiz OBJECTED for discussion.

Co-Chair Merrick reviewed the amendment. She explained that it incorporated technical changes made in the Senate version of the bill.

Representative Wool was curious why the language "for emergency evaluation" was proposed to be deleted as well as inserted in the same section in the same lines. He thought it seemed redundant.

Ms. Carpenter responded that the words "for emergency evaluation" had been previously deleted. The amendment would replace the words back into the text.

Co-Chair Merrick indicated Representative Edgmon had joined the meeting.

9:35:01 AM

Representative Josephson asked if the amendment would make the bill mirror the Senate version.

Ms. Carpenter responded in the affirmative and thought the changes proposed by the Senate were beneficial to the bill and technical in nature.

Vice-Chair Ortiz WITHDREW the OBJECTION.

There being NO further OBJECTION, Amendment 2 was ADOPTED.

Co-Chair Merrick MOVED to ADOPT Amendment 3, 32-GH1730\N.2 (Dunmire, 4/19/22) (copy on file):

Page 1, line 2, following "facilities;":
Insert "relating to representation by an attorney;"

Page 3, following line 30:
Insert a new bill section to read:

"* Sec. 11. AS 18.85.100(a) is amended to read:
(a) An indigent person who is under formal charge of having committed a serious crime and the crime has been the subject of an initial appearance or subsequent proceeding, or is being detained under a conviction of a serious crime, or is on probation or parole, or is entitled to representation under the Supreme Court Delinquency or Child in Need of Aid Rules or at a review hearing under AS 47.12.105(d), or is isolated, quarantined, or required to be tested under an order issued under AS 18.15.355 - 18.15.395, or is a respondent in a proceeding under AS 47.30 [AGAINST WHOM COMMITMENT PROCEEDINGS FOR MENTAL ILLNESS HAVE BEEN INITIATED,] is entitled
(1) to be represented, in connection with the crime or proceeding, by an attorney to the same extent as a person retaining an attorney is entitled; and
(2) to be provided with the necessary services and facilities of this representation, including investigation and other preparation."

Renumber the following bill sections accordingly.

Page 14, lines 15 - 16:
Delete "secs. 1 - 30"
Insert "secs. 1 - 31"

Page 15, lines 10 - 11:
Delete "sec. 26"
Insert "sec. 27"

Page 15, line 12:
Delete "sec. 26"
Insert "sec. 27"

Page 15, line 21:
Delete "Section 31"
Insert "Section 32"

Vice-Chair Ortiz OBJECTED for discussion.

Co-Chair Merrick reviewed the amendment. She explained that the amendment was at the request of the court system to clarify the role of the public defender. She noted that Ms. Nancy Meade was available for questions about the amendment.

[9:35:50 AM](#)

Representative Josephson invited Ms. Meade to give her sense of the amendment.

NANCY MEADE, GENERAL COUNSEL, ALASKA COURT SYSTEM, provided further detail regarding the amendment. She relayed that Amendment 3 would ensure that when there was a mental health crisis situation and an individual was held involuntarily in a crisis center, the attorney appointed by the court for the individual would be from the public defender's office. There needed to be a statute stating who the appointed attorney would be, and if it was not dictated in statute, the court system would need to pay for the attorney. She wanted to offer clarity that the legal duty was that of the public defender.

Vice-Chair Ortiz WITHDREW the OBJECTION.

There being NO further OBJECTION, Amendment 3 was ADOPTED.

[9:37:16 AM](#)

Representative Rasmussen MOVED to ADOPT Amendment 4, 32-GH1730\N.5 (Dunmire, 4/21/22) (copy on file):

Page 14, line 26:
Delete "and"

Page 14, line 29, following "matters":

Insert "; and

(4) identify methods for collecting and making available to the legislature and the general public statistics recording

(A) the number, type, and cause of patient injuries;

(B) the number, type, and resolution of patient complaints; and

(C) the number and type of traumatic events experienced by a patient; in this subparagraph, "traumatic event" means being placed in isolation or physical restraint of any kind"

Co-Chair Merrick OBJECTED for discussion.

Representative Rasmussen reviewed the amendment. The amendment would require that statistics of psychiatric patient complaints, injuries, and traumatic events be obtained and shared with the legislature and the public.

Vice-Chair Ortiz asked for more detail regarding the impact of the amendment and how it would alter the bill.

Representative Rasmussen replied that it would make data more available and the process more transparent.

Co-Chair Merrick asked Ms. Carpenter to comment.

Ms. Carpenter replied that it directed the department on the statistics that needed to be collected and their public distribution. The amendment fit naturally in the bill. She thought it made sense for the amendment to describe the process in more specific terms.

[9:39:40 AM](#)

Representative Wool asked if the practice was done with any other patient group in custody in the state. He thought some of the terms seemed too broad, such as "traumatic event."

Ms. Carpenter answered that she thought "traumatic event" was appropriate and pointed out that the amendment included a definition of the term. Hospitals were accustomed to reporting on events such as infections and mental health crises and there were already many statistics captured across the board. A consultant would likely be hired to help with public outreach. She shared that meetings would be publicly noticed and tools would be put on a website for the public.

Representative Wool asked if statistics regarding mental health holds would be publicly available, such as Alaska Psychiatric Institute (API) holds.

Ms. Carpenter would not be able to speak to the statistics related to the Department of Corrections, but API statistics were reported monthly to the court system. The statistics that were required to be reported were different for each hospital, which was the reason the amendment would allow transparency in the process to ensure that reporting efforts would not be duplicated.

[9:43:41 AM](#)

Representative Wool suggested that API was a state-run facility. People could be committed and held against their will in an API facility. He thought the reporting requirements would be the same at API.

Ms. Carpenter responded that Representative Wool was correct that the amendment included entities such as API and Fairbanks Memorial Hospital. It would capture all providers of psychiatric care.

Representative Carpenter read the amendment. He thought it did not specifically require the reporting of the information to the legislature. He wondered if the amendment would have the intended affect by making statistics available.

[9:46:03 AM](#)

AT EASE

[9:47:20 AM](#)

RECONVENED

Ms. Carpenter responded to Representative Carpenter's question. She pointed to page 14, lines 15 through 18 of the bill and explained language would be added to require that statistics be reported to the Senate Secretary and the Chief Clerk. Methods would then have to be identified to determine how to report the statistics to the legislature and general public.

Co-Chair Merrick asked if Mr. Steve Williams had any comments.

[9:48:16 AM](#)

STEVE WILLIAMS, CHIEF EXECUTIVE OFFICER, ALASKA MENTAL HEALTH TRUST AUTHORITY, agreed with Ms. Carpenter's assessment. He emphasized that the amendment would ensure that the rights of patients and patient advocates would be recognized. The Alaska Mental Health Trust Authority (AMHTA) welcomed the addition to the bill.

Representative Carpenter was curious about the opinion of Legislative Legal Services.

[9:50:02 AM](#)

AT EASE

[9:52:57 AM](#)

RECONVENED

Co-Chair Merrick indicated Mr. Andrew Dunmire was available online for questions.

Representative Carpenter thought the language in the bill never directly stated that data must be reported to the legislature and wondered if reporting would be required based on the existing language.

ANDREW DUNMIRE, ATTORNEY, LEGISLATIVE LEGAL SERVICES (via teleconference), thought Representative Carpenter was correct that the Department of Health and AMHTA would be required to submit a report that identified how to collect the statistics and relay them to the legislature and

public. However, there was no obligation to report the data to the legislature in the language of the bill.

[9:55:26 AM](#)

Representative Carpenter asked if the intent of the amendment was to have the statistics provided to the legislature or ensure that statistics were collected by AMHTA.

Representative Rasmussen indicated that the intent of the amendment was to identify and report. She was open to a conceptual amendment.

[9:55:56 AM](#)

AT EASE

[10:00:11 AM](#)

RECONVENED

Representative Carpenter did not have an objection to the amendment. He thought the intent of the amendment was to make information available to the legislature but was not sure it was what the administration was requesting. He acknowledged there was no technical problem with the amendment.

[10:00:58 AM](#)

Representative Josephson asked who would own and operate the subacute and mental health crisis facilities.

Ms. Carpenter asked whether Representative Josephson wanted to know who owned the statutes or the actual facilities.

Representative Josephson responded, "The latter."

Ms. Carpenter responded that the individual operators of the subacute and mental health facilities also owned the facilities. She provided some examples of facilities and the ownership, such as Bartlett Regional Hospital being owned by the City and Borough of Juneau (CBJ). She explained that the facilities would operate under the licensures stood up by the Department of Health.

Co-Chair Merrick clarified that Amendment 4 was currently being discussed.

Representative Josephson asked what part of the amendment compelled the reporting of statistics. He thought it was in section 29 on page 14.

Ms. Carpenter indicated that was not what section 29 did. The section created a method to authorize the department to get the statistics and report them publicly and to the legislature. Potential improvements could be made based on the statistics.

Representative Josephson responded that it did not change his outlook on the bill.

Representative Edgmon referred to page 14 of the bill and relayed his understanding of it. The reporting would be inclusive of the information listed on page 14. He thought the reports would act as a learning tool and a catalyst for improvements. He asked if his interpretation was correct.

Ms. Carpenter responded, "Yes, it is." She added that it was important to understand how new facilities would fit into the current system and what changes still needed to happen. The involuntary commitment statutes were outdated.

[10:05:16 AM](#)

Representative Edgmon thought Ms. Carpenter's response was sufficient. He wondered if the bill was consistent with the bill sponsor's intent.

Ms. Carpenter replied that the department had worked with the trust on the language of the bill. Many outside entities were consulted on the bill, such as medical providers and disability law centers. Providers appreciated the novel approach to the issue and being included in the conversation.

Representative Carpenter believed the report was based on system improvement, not actionable information or data. He no longer objected to Amendment 4.

Representative Rasmussen thought it was a fair starting point for evaluation. The legislature was already being provided with data.

[10:07:19 AM](#)

Representative Wool read line 28 on page 14 of the bill. He thought it was similar language as that in the amendment. He thought it was acceptable if it simply aimed to assess methods. He wondered about the immediacy of reporting and hoped that people would not be able to identify a person in crisis based on public information.

Ms. Carpenter responded that his concerns with privacy would be evaluated as part of the process. She assured him that data privacy would be taken seriously and data collection would be compliant with HIPAA [Health Insurance Portability and Accountability Act]. She thought the ability to see what other providers were doing would be a good tool for the provider community.

Co-Chair Merrick WITHDREW the OBJECTION.

There being NO further OBJECTION, Amendment 4 was ADOPTED.

Vice-Chair Ortiz MOVED to report CSHB 172(FIN) out of committee with individual recommendations and the accompanying fiscal notes.

There being NO OBJECTION, it was so ordered.

CSHB 172(FIN) was REPORTED out of committee with five "do pass" recommendations and five "no recommendation" recommendations and with a previously published zero fiscal note: FN4 (DPS); and with four previously published fiscal impact notes: FN5 (AJS), FN6 (DHS), FN7 (DHS), and FN8 (ADM).

[10:10:51 AM](#)

AT EASE

[10:13:18 AM](#)

RECONVENED

#hb170

HOUSE BILL NO. 170

"An Act establishing the Alaska energy independence program and the Alaska energy independence fund in the Alaska Industrial Development and Export Authority; and providing for an effective date."

[10:13:24 AM](#)

Co-Chair Merrick indicated that the committee would continue to hear amendments on HB 170, starting with Amendment 8 Replacement.

Representative LeBon WITHDREW Amendment 8 Replacement.

[10:14:11 AM](#)

Co-Chair Merrick MOVED to ADOPT Amendment 9 (copy on file):

Page 11, Line 5
Delete "2022"
Insert "2023"

Vice-Chair Ortiz OBJECTED for discussion.

Co-Chair Merrick reviewed the amendment which was a technical date change from January 2022 to January 2023.

Vice-Chair Ortiz WITHDREW the OBJECTION.

There being NO further OBJECTION, Amendment 9 was ADOPTED.

[10:14:41 AM](#)

Representative LeBon MOVED to ADOPT Amendment 10, 32-GH1074\W.14 (Klein, 4/27/22) (copy on file):

Page 7, line 13, following "AS 44.99.115":
Insert "and prioritize programs that support energy efficiency and renewable energy projects for residential buildings, commercial buildings, and community facilities"

Page 7, line 19, following "loaned,":
Insert "the amount loaned in communities that receive, or have a resident who receives, power cost equalization under AS 42.45.100 - 42.45.150,"

Page 9, following line 3:
Insert a new subsection to read:
"(d) In this section, "community facility" means a water and sewer facility, public outdoor lighting, a charitable educational facility, or another community building whose operations are not

paid for by the state, the federal government, or private commercial interests."

Page 9, lines 16- 19:

Delete all material.

Page 10. following line 16:

Insert a new bill section to read:

"*Sec. 12. The law of the State of Alaska is by adding a new section to read:

CLEAN ENERGY FUND: INITIAL APPROPRIATION. At least 35 percent of the initial appropriation made by the Thirty-Second Alaska State Legislature to the Alaska clean energy fund for loans and other forms of financing for sustainable energy development under AS 44.88.450 - 44.88.456 must be distributed in communities that receive or that have residents who receive, cost equalization under AS 42.45.100 - 42.45.150.

Renumber the following bill sections accordingly.

Co-Chair Merrick OBJECTED for discussion.

Representative LeBon read from the amendment. He explained that community facilities were defined in the same way as in the power cost equalization (PCE) statutes. He thought that the addition of the language in the amendment would better direct the Alaska Industrial Development and Export Authority (AIDEA) to develop programs that would help most Alaskans. He reiterated that the monies were for loans, not grants, and that AIDEA could not force people to undertake or apply for loans. He hoped the amendment was a workable solution to ensure that rural Alaska did not get left behind.

[10:18:28 AM](#)

Representative Edgmon asked how commercial buildings would be impacted by the legislation. He wondered if a title change was necessary for the bill due to the numerous references to PCE.

Representative LeBon responded that he envisioned the program to benefit commercial buildings. He could not anticipate whether a large commercial property would apply for the program. He did not know if the intent of the bill

was to exclude privately owned properties. He hoped the program would elicit projects that the legislature wanted to support. He asked Representative Edgmon to repeat his second question.

Representative Edmon repeated his question.

Representative LeBon thought Legislative Legal Services should comment.

Co-Chair Merrick indicated her staff was trying to get someone on the line to respond to the question.

Representative Josephson understood that when the funds were appropriated by the legislature, rural Alaska would receive a 35 percent share of the appropriation. After the initial appropriation, rural Alaska would have no assurance of receiving additional funds. He asked if he was correct.

Representative Wool responded that he had an earlier amendment that addressed the issue. The amendment included PCE language and acted as a defining statement. He did not think the bill was a grant program, which was why the initial language was difficult. He thought that AIDEA was trying to reduce the risk associated with the loans to attract commercial banks. If additional funds became available after the initial appropriation, there was nothing preventing a portion of the funds from being distributed to rural Alaska. The intent was to ensure that 35 percent of the initial appropriation would go to rural Alaska because it was not possible to force a loan onto anyone. He thought a commercial building like the BP building in Anchorage would still be eligible because the building itself was not responsible for fossil fuel projects.

Co-Chair Merrick relayed the names of people available online for questions.

[10:25:43 AM](#)

Representative LeBon thought the AIDEA representative might want to respond.

Representative Edgmon suggested the BP buildings might want to add solar panels. He did not see anything in the bill that was tied to energy standards.

[10:26:33 AM](#)

MORGAN NEFF, CHIEF INVESTMENT OFFICER, ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY (via teleconference), replied that the programs that AIDEA had been envisioning under the green bank were similar to what Representatives Wool and LeBon had been describing. He intended there to be incentives to attract the private capital to adopt new loans and to engage with all communities in Alaska.

Representative Josephson appreciated Representative Wool's answer regarding the fund appropriations to rural Alaska, but the response went in the direction he feared. He was concerned that rural Alaska would only receive appropriations from the first tranche of funds.

Representative Wool replied that the first tranche of funds had a specific target. Anyone in Alaska could apply for the remainder of the funds and there was no limitation. It was important to first evaluate from where the loans would derive and who would request the loans. Designating 35 percent to rural Alaska was a good start and subsequent appropriations could be made in the future. He thought the language in the bill was improved by the amendment.

[10:31:03 AM](#)

Representative Thompson thought the language stated that the appropriations could be up to 35 percent.

Representative Wool corrected Representative Thompson by explaining that the bill used the term, "at least." The 35 percent appropriation was the minimum.

[10:32:14 AM](#)

Representative LeBon explained the meaning of credit enhancement. Banks typically looked to secure a loan with the property in question, and AIDEA might partner with the bank for financing purposes under the bill. The bank and AIDEA would look for equity on behalf of the owner, which would be considered a credit enhancement. The green bank could also finance a project in a subordinated position and stretch out the financing at a lower rate than AIDEA or the commercial bank. He would also look at the possibility of partnering with the United States Department of Agriculture

(USDA) through the loan guarantee program. It was conceivable that the commercial banks might want to partner with a rural program and finance a project in rural Alaska, which would be another credit enhancement. He noted that the enhancements could get creative. If multiple lenders were involved, the risk for each party would decrease and willingness to participate in financing would increase. Banks could also be motivated to finance projects to meet investment opportunities to underserved communities. He thought that the success of the program would hinge on the willingness of commercial banks to offer the loans to meet federal obligations under the Community Reinvestment Act.

[10:35:36 AM](#)

Representative Wool suggested that if a person wanted to put up solar panels on their house, they could get a short-term loan at a high interest rate. He thought the interest rate made solar panels not feasible for many people. The program would help to stretch out a loan for a longer period of time at a lower interest rate. He thought it would be an improvement.

[10:36:43 AM](#)

Co-Chair Merrick asked Ms. Emily Nauman to comment on a potential title change.

Representative Edgmon restated his question and asked if a title change to include a reference to PCE would be needed if Amendment 10 were to be adopted.

EMILY NAUMAN, DEPUTY DIRECTOR, LEGISLATIVE LEGAL SERVICES, ALASKA STATE LEGISLATURE (via teleconference), did not believe a title change would be needed. She thought the changes would fall under the responsibility of AIDEA. She would have the drafter of the amendment look and get back to the committee.

Co-Chair Merrick WITHDREW the OBJECTION.

There being NO further OBJECTION, Amendment 10 was ADOPTED.

Representative Wool WITHDREW Amendment 1.

[10:39:00 AM](#)

Representative Wool MOVED to ADOPT Amendment 2, 32-GH1074\W.11 (Klein 4/20/22) (copy on file):

Page 9, following line 7:

Insert a new subsection to read:

"(b) The authority may not use the Alaska clean energy fund established in AS 44.88.452 for construction or renovation of fossil fuel power generation projects."

Reletter the following subsections accordingly.

Representative Rasmussen OBJECTED for discussion.

Representative Wool MOVED to ADOPT conceptual Amendment 1 to Amendment 2 (copy on file).

Page 1, lines 3-4 of the Amendment

Delete all material

Replace with

(b) The authority may not use the Alaska clean energy fund established in AS 44.88.452 for construction or renovation of power generation projects greater than one megawatt that use fossil fuel combustion.

Co-Chair Merrick OBJECTED for discussion.

10:39:29 AM

AT EASE

10:40:11 AM

RECONVENED

Co-Chair Merrick invited Representative Wool to restate his motion.

Representative Wool MOVED to ADOPT conceptual Amendment 1 to Amendment 2 [SEE ABOVE].

Co-Chair Merrick OBJECTED for discussion.

Representative Wool reviewed the conceptual amendment. He explained that the amendment would prevent the fund from being used for construction of fossil fuel power generation projects. However, he acknowledged that much of rural Alaska was reliant on power houses, many of which needed to

be upgraded. If the conceptual amendment was adopted, it would allow monies from the fund to be used for power generation projects of fossil fuel of one megawatt or less, which would cover most power houses. He explained that power houses typically used "fossil fuel combustion," which was included in the conceptual amendment.

[10:42:52 AM](#)

Representative Rasmussen asked if Mr. Curtis Thayer was online.

Co-Chair Merrick asked Mr. Thayer if he had a copy of the conceptual amendment.

Representative Rasmussen wondered if the 190 diesel power houses across the state would be precluded from the fund if the conceptual amendment passed that restricted construction or renovation of power generation projects larger than one megawatt. She was concerned that it would constrain communities that wanted to participate and start moving towards renewable energy.

[10:44:09 AM](#)

CURTIS THAYER, EXECUTIVE DIRECTOR, ALASKA ENERGY AUTHORITY, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT (via teleconference), replied that the amendment would fix the issue identified by Representative Rasmussen. He explained that the aforementioned 190 power houses were under one megawatt. He added that it would also allow for communities to switch between energy sources and better transaction away from fossil fuels. He supported the amendment and thought it would be beneficial for rural Alaska.

Co-Chair Foster appreciated the amendment. He asked for more detail about the 190 communities. He wondered if hubs such as Nome, Dillingham, and Bethel were above one megawatt.

[10:46:47 AM](#)

AT EASE

[10:57:28 AM](#)

RECONVENED

Co-Chair Foster relayed that Nome had two 5.4 megawatt generators and would be more comfortable if the limit in the amendment was closer to six megawatts. He wanted to learn more about other communities and come back to the amendment.

Representative Wool thought that one megawatt covered most of the small communities. He acknowledged that hub communities had larger power generation needs. He did not want to inhibit enhancement to facilities or the addition of green energy. If the Nome, Kotzebue, or Dillingham hubs wanted to add solar panels to their capacity, he did not want it to be interpreted as renovation of fossil fuels. He wanted communities to be able to add other forms of energy to the grid and did not want it to be limiting.

Mr. Thayer responded that he was in alignment with Representative Wool in that they both acknowledged that adding a renewable energy source in a community would necessitate renovation to the power house first. For example, Kotzebue was developing an ambitious wind program, but it had to connect to the power house. He did not want that to be a disqualifier.

Representative Wool agreed and did not view the renovation as being focused on the power house, but on the grid. However, if it was considered renovation to a power house, he was happy to take the word "renovation" out of the amendment. His goal was to discourage new construction of larger power houses that would generate fossil fuels.

Mr. Thayer indicated removing the language relating to renovation would help provide clarity. Many rural communities in the state were already developing renewable energy sources, but all projects were also interfaced with power houses. He thought the legislation would increase the availability of more loans in rural Alaska.

Representative Wool thought taking out the word "renovation" would alleviate the issue.

[11:03:21 AM](#)

Representative Johnson suggested that most places with a large energy capacity would need a hybrid system. Power needed to be consistent, and she did not think green energy was consistent without a back-up. She would like someone to

speak to the integration of technologies. She questioned how to leave one technology behind while moving towards a different energy source. She thought Alaska should have all energy sources available in order to avoid short-changing any communities.

Mr. Thayer agreed with the comments by Representative Johnson. He acknowledged that diesel power houses were the backbone of many communities and when communities introduced a green source of energy, battery technology was needed. When the wind stopped blowing, the battery allowed a smooth transition back to diesel. It was an evolving topic in terms of finding the right mix for each community. The next step would be financing the projects, especially in rural Alaska.

[11:07:14 AM](#)

Co-Chair Foster was okay with moving forward with the amendment knowing that it covered most of the smaller villages in Alaska. He thought Nome might not qualify for the fund. He could introduce an amendment on the floor if he talked to his utility manager and found a change was needed.

[11:08:14 AM](#)

AT EASE

[11:09:08 AM](#)

RECONVENED

Representative Rasmussen WITHDREW the OBJECTION.

There being NO further OBJECTION, conceptual Amendment 1 to Amendment 2 was ADOPTED.

Co-Chair Merrick indicated that the committee would now discuss Amendment 2 as amended.

[11:09:46 AM](#)

Representative Edgmon thought the bill benefited larger communities and would benefit smaller communities as the program grew. He was concerned that the committee had not yet heard utility managers' opinions on the bill. He did not think he had enough information to support the bill.

Co-Chair Merrick indicated it was not her intent to move the bill out of committee yet. She offered to invite testifiers to provide more information at subsequent hearings of the bill.

Representative Edgmon appreciated it.

Representative Wool reviewed Amendment 2. The motivation for the amendment was to prevent the development of new fossil fuel sources. He thought adding renewable energy sources to an existing power house would be acceptable and he wanted to encourage it. He hoped the program would succeed and that many people would apply for loans. He wanted to take large fossil fuel power generation plants reliant on diesel off the table.

[11:14:02 AM](#)

Representative Carpenter was concerned that during the transition to green energy sources, there was a period of time where "clean fossil fuel" would be needed to facilitate a clean transition. He would not want to prohibit developing renewable energy sources but was concerned that sources such as wind and solar would not be reliable enough in Alaska. He did not want to move towards green technology that did not meet the needs of Alaska. He did not think he could convert from diesel to natural gas in his home if the bill passed.

Representative Edgmon had a question for Mr. Weitzner to think about and respond to in future meeting. He asked if the state's ability to attract outside investors would be enhanced if additional safeguards were inserted into the bill.

Representative Wool assured Representative Carpenter that he could convert from diesel to natural gas in his house already if he wanted to, unless his house burned more than one megawatt which was unlikely. He reiterated that the funds were intended for smaller projects for smaller consumers. He did not think big power companies would benefit.

[11:19:54 AM](#)

Representative Carpenter agreed that his house did not generate more than one megawatt. However, he suggested that

there were businesses in the state that did. He did not think there would be a lot of demand and that the amendment would not cover a significant number of businesses.

[11:20:44 AM](#)

AT EASE

[11:21:04 AM](#)

RECONVENED

Representative Rasmussen WITHDREW the OBJECTION.

Representative Carpenter OBJECTED.

A roll call vote was taken on the motion.

IN FAVOR: Josephson, LeBon, Ortiz, Rasmussen, Thompson, Wool, Edgmon, Foster, Merrick
OPPOSED: Johnson, Carpenter

The MOTION PASSED (9/2). There being NO further OBJECTION, Amendment 2 as amended was ADOPTED.

[11:22:10 AM](#)

Co-Chair Merrick concluded the amendment process on HB 170. She noted that Mr. Thayer had some updated information to share.

Mr. Thayer responded to the earlier discussion about the capacities of regional hub powerplants. He relayed that Bethel generated 15 megawatts, Kotzebue was just under 14 megawatts, Nome was 18 megawatts, and Dillingham was 6.3 megawatts. The communities also had some wind turbines that were incorporated into the numbers, and most of the turbines were running about 1.5 to 2 megawatts.

Co-Chair Foster clarified that Nome's 18 megawatts were comprised of various power generating modules. He thought the amendment was referring to each unit separately and not the cumulative number.

[11:23:52 AM](#)

Representative Edgmon relayed he had heard from his utility manager that Dillingham peaked at about 6.5 megawatts in

the winter, but at less difficult times of the year it averaged around three megawatts.

HB 170 was HEARD and HELD in committee for further consideration.

Co-Chair Merrick reviewed the agenda for the following meeting.

#

ADJOURNMENT

11:24:45 AM

The meeting was adjourned at 11:24 a.m.