ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE
March 13, 2024
1:01 p.m.

MEMBERS PRESENT

Representative Tom McKay, Chair
Representative George Rauscher, Vice Chair
Representative Thomas Baker
Representative Kevin McCabe
Representative Dan Saddler
Representative Stanley Wright
Representative Jennie Armstrong
Representative Donna Mears
Representative Maxine Dibert

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE JOINT RESOLUTION NO. 22
Proposing an amendment to the Constitution of the State of Alaska relating to subsistence use of replenishable natural resources by state residents; and providing for an effective date for the amendment.

- HEARD & HELD

HOUSE BILL NO. 387
"An Act relating to a tax credit for certain oil and gas equipment in the Cook Inlet sedimentary basin; and providing for an effective date."

- HEARD & HELD

PRESENTATION(S): ALASKA ENERGY AUTHORITY UPDATE

- HEARD

PREVIOUS COMMITTEE ACTION

BILL: HJR 22
SHORT TITLE: RESIDENT SUBSISTENCE USE OF FISH/GAME
SPONSOR(s): REPRESENTATIVE(s) BAKER

02/20/24	(H)	READ THE FIRST TIME - REFERRALS
02/20/24	(H)	RES, JUD
03/13/24	(H)	RES AT 1:00 PM BARNES 124

BILL: HB 387
SHORT TITLE: OIL & GAS TAX CREDIT: JACK-UP RIG
SPONSOR(s): RESOURCES

02/26/24	(H)	READ THE FIRST TIME - REFERRALS
02/26/24	(H)	RES, FIN
03/06/24	(H)	RES AT 1:00 PM BARNES 124
03/06/24	(H)	Heard & Held
03/06/24	(H)	MINUTE(RES)
03/08/24	(H)	RES AT 1:00 PM BARNES 124
03/08/24	(H)	Heard & Held
03/08/24	(H)	MINUTE(RES)
03/13/24	(H)	RES AT 1:00 PM BARNES 124

WITNESS REGISTER

STEVE ST. CLAIR, Staff
Representative Thomas Baker
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Presented HJR 22 on behalf of Representative Baker, prime sponsor.

JOHN STURGEON, President
Safari Club International Alaska Chapter (AK SCI)
Anchorage, Alaska
POSITION STATEMENT: Testified in support of HJR 22.

DOUG VINCENT-LANG, Commissioner
Alaska Department of Fish and Game (ADF&G)
Juneau, Alaska
POSITION STATEMENT: Testified in support of HJR 22.

TREVOR JEPSEN, Staff
Representative Tom McKay
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: During the hearing on HB 387, reviewed the changes made in Version S, the committee's proposed CS for the bill.

CURTIS THAYER, Executive Director

Alaska Energy Authority (AEA)
State of Alaska
Anchorage, Alaska
POSITION STATEMENT: Gave the Alaska Energy Authority Update presentation.

ACTION NARRATIVE

1:01:35 PM

CHAIR TOM MCKAY called the House Resources Standing Committee meeting to order at 1:01 p.m. Representatives Saddler, Wright, Baker, Rauscher, McCabe, Mears, and McKay were present at the call to order. Representatives Armstrong and Dibert arrived as the meeting was in progress.

HJR 22-RESIDENT SUBSISTENCE USE OF FISH/GAME

1:03:08 PM

CHAIR MCKAY announced that the first order of business would be HOUSE JOINT RESOLUTION NO. 22, Proposing an amendment to the Constitution of the State of Alaska relating to subsistence use of replenishable natural resources by state residents; and providing for an effective date for the amendment.

1:03:33 PM

The committee took an at-ease from 1:03 p.m. to 1:04 p.m.

1:04:01 PM

REPRESENTATIVE BAKER, as the prime sponsor, introduced HJR 22. He explained that the goal behind the HJR 22 is to amend the Constitution of the State of Alaska to effectively establish a rural subsistence priority that in times of low yield would allow for state management of natural resources for those who depend on them most.

1:04:57 PM

STEVE ST. CLAIR, Staff, Representative Thomas Baker, Alaska State Legislature, paraphrased from the sponsor statement [in the committee packet], which read as follows [original punctuation provided]:

The Alaskan National Interest Lands Conservation Act (ANILCA) set aside more than 100 million acres to be federally owned & managed. These conservation units include national parks and preserves, national wildlife refuges, designated wilderness areas, wild and scenic rivers, the Iditarod National Historic Trail, as well as the Steese National Conservation Area and the White Mountains National Recreation Area. Among other provisions, ANILCA specifically recognized and protected subsistence use on the newly designated lands.

The federal government allowed the Alaska state government to enforce subsistence priority on federal public lands until 1989. Prior to that, the Alaska Ninth Circuit Court of Appeals decided that the state's definition of "rural" was not in accordance with ANILCA in *McDowell v. State of Alaska*. The state was not in compliance with ANILCA; therefore, the federal government took over management of fish and wildlife on federal public lands in Alaska once again in 1990. They created several federal agencies to uphold their responsibility to provide rural resident subsistence priority.

The Alaska Supreme Court ruled that ANILCA violates [sections 3, 15,] and 17 of the Alaska State Constitution by violating the "equal access rule". Currently this creates special privileges, for certain groups, to take fish and game, which is prohibited by the constitution. This amendment brings Alaska in compliance with rules and regulations stipulated in ANILCA.

With Alaska in compliance, the State can manage fish and wildlife on both State and Federal lands, which will best benefit Alaskans using the sustainable yield model. Additionally, this amendment would allow those closest and most dependent on the resource to have access in times of low yield, as opposed to a complete closure.

1:08:16 PM

MR. ST. CLAIR pointed out that this would only be applicable in low yield years. As well, it would do away with dual management

[of fish and game], bringing all [fish and game] management under the umbrella of the State of Alaska.

1:08:34 PM

MR. ST. CLAIR reviewed five PowerPoint slides [to provide a background for HJR 22]. He displayed the second slide, "History," and said Alaska was purchased from Russia in 1867 and became the 49th state in 1959. The Alaska constitution, he noted, made no differentiation between Native and non-Native and did not specifically reference subsistence use, but convention delegates did recognize that Native and rural residents needed to continue to earn their livelihoods through hunting and fishing. The 1971 Alaska Native Claims Settlement Act (ANCSA) set aside land and extinguished aboriginal hunting and fishing rights for those people in Alaska prior to the settling of the state by Russia and the U.S. In return, Alaska Natives received 44 million acres and nearly $1 billion. The report of the joint session and House conference committee in Washington DC, Congress expected that the U.S. Secretary of the Interior and the State of Alaska would take actions necessary to protect the subsistence needs of Natives, but this didn't happen due to the focus on establishing an oil pipeline right-of-way rather than subsistence. The 1980 Alaska National Interest Lands Act (ANILCA) established a preference for subsistence hunting and fishing by rural residents on federal lands and envisioned that the State of Alaska would oversee [fish and game] management on both state and federal lands using the ANILA's subsistence stipulations. In 1989 the Alaska Supreme Court decision in McDowell v. State of Alaska found that the [legislature's] 1986 rural subsistence preference law, which excluded urban residents from subsistence hunting, violated Article 8 of the Alaska constitution. In 1990 the federal government assumed responsibility for wildlife management on federal lands [within the state of Alaska].

1:11:27 PM

MR. ST. CLAIR proceeded to the third slide, "Conflicts," and said ANILCA currently violates [three sections in Article 8] of the Alaska constitution: Section 3, Common Use; Section [15, No Exclusive Right of Fishery]; and Section 17, [Uniform Application]. The Alaska Supreme Court said that broadly defining subsistence user by geography of residence is unacceptable. Given there are urban Alaskans who could legitimately claim subsistence user and rural residents who could not, the court suggested that a classification scheme

using individual characteristics would be more likely to pass muster. The rest of the subsistence statute giving preference to subsistence users or other users remained intact. The result is that Alaska isn't in compliance with ANILCA because ANILCA defines subsistence users as those closest to the resource and most dependent on the resource.

MR. ST. CLAIR explained that the statute defines federally qualified subsistence users as permanent residents of a rural area or community that has a federally recognized customary and traditional use determination for that resource, but that not everyone who is a federal subsistence user has access or is qualified. For example, under current statute and policy, friends of his in Chickaloon are considered federal subsistence users, so they could participate in federal subsistence hunts on the North Slope. The sponsor is trying to close it down so it's more reflective of those in the area that need the resource or are most dependent on it.

MR. ST. CLAIR continued speaking to the third slide. He said there is disagreement between state and federal land managers on the need for closure. There is a lack of transparency and in some cases the science isn't clear, or the information is erroneous. Wildlife does not adhere to federal and state boundaries. The case of Sturgeon v. Frost has to do with dual management and the resulting conflicts.

MR. ST. CLAIR moved to the fourth slide, "Solution," and stated that HJR 22 would bring Alaska into compliance with ANILCA. He pointed out that opinions differ on additional legislation that would be required. At the state level, Alaska would need to accept responsibility for [fish and game] management on federal lands. At the national level, Congress would need to give those management rights or commissions to the State of Alaska. In times of low fish and game resources, he continued, HJR 22 would give preference to those closest to the resource. For example, while some people in Chickaloon might be qualified to subsistence hunt on the North Slope, they are not necessarily the ones closes to the resource. The resolution would eliminate dual management and the subsequent conflicts of dual management. The state's fish and wildlife resources would be managed by Alaskans and those making decisions would be held accountable by Alaskans. If HJR 22 is passed by both legislative bodies, the resolution would go before the voters in the 2026 general election because it is a constitutional amendment.

MR. ST. CLAIR ended his presentation with the fifth slide, "Conclusion." He explained that HJR 22 is a constitutional amendment because it would give a preference, and the current Alaska constitution says there cannot be preferences.

1:16:34 PM

REPRESENTATIVE MCCABE offered his understanding that HJR 22 would make the Alaska constitution compliant with ANILCA.

REPRESENATIVE BAKER replied yes.

REPRESENTATIVE MCCABE offered his understanding that the Alaska State Legislature would need to change some laws. He asked whether any bills are in play to change those statutes.

REPRESENATIVE BAKER confirmed that some laws would need to be changed, but said the biggest lift is the constitutional amendment. This is twofold, HJR 22 starts that conversation of the laws and things within the state that need to be addressed outside of HJR 22.

MR. ST. CLAIR added that this has been ongoing for a long time. He related that [Alaska's U.S. Senator Ted] Stevens had introduced contingency language on the federal side that would have brought Alaska in compliance and given appropriate commissions had Alaska adjusted its constitution with a constitutional amendment. If HJR 22 passes both bodies, prior to going before the people [the sponsor] will initiate the required secondary or tertiary legislation.

CHAIR MCKAY invited Mr. John Sturgeon to provide testimony on HJR 22.

1:19:47 PM

JOHN STURGEON, President, Safari Club International Alaska Chapter (AK SCI), testified that AK SCI opposes dual management of Alaska's fish and wildlife, supports the efforts of HJR 22, and supports changes to ANILCA Title 8 so if Alaska's constitution is changed the federal government would no longer manage Alaska's fish and game. He said Alaska should be the sole manager of fish and wildlife like every other state since wildlife don't recognize political boundaries. Alaska has managed subsistence since its territorial days, he continued, and after it first became a state and had subsistence priorities. Alaska's system of the Board of Fisheries and the

Board of Game cannot be beat. Any Alaskan can submit a proposal to the boards that will be considered, unlike the federal system. Almost always the federal system has ignored scientific information from the Alaska Department of Fish and Game (ADF&G). In times of low game populations, the federal system is opposed to intensive management like predator control. The state can be much more flexible in providing subsistence opportunities because it has a better management system that can target rural areas and can respond quickly. The state manages for maximum sustained yield while the federal government manages for maximum biodiversity.

CHAIR MCKAY invited Mr. Doug Vincent-Lang to provide testimony on HJR 22.

1:23:37 PM

DOUG VINCENT-LANG, Commissioner, Alaska Department of Fish and Game, testified in support of HJR 22. He said the resolution addresses some long standing issues that have progressively eroded the state's authority to manage its fish and wildlife resources. Subsistence, he emphasized, is a priority in Alaska with subsistence being in the state's statutes, regulations, and constitution. A primary reason Alaska pushed for statehood was to become the manager of its fish and wildlife resources and their uses because outside interests were threatening their sustainability. The concepts of sustainability and sustained yield were built into the Alaska constitution and laws were passed to establish a foundation for management. With this framework in place, Executive Order [10857] by President Eisenhower granted Alaska the authority to manage its fish and game resources.

COMMISSIONER VINCENT-LANG related that Section 1314 of the 1980 Alaska National Interest Conservation Act (ANILCA] directs that nothing in the Act is intended to enlarge or diminish the State of Alaska's responsibility and authority for the management of fish and wildlife resources on public lands. As well, ANILCA requires the State of Alaska to provide preference to rural Alaskans for subsistence on public lands. Public lands are defined as lands, waters, and interests therein the title to which is in the United States. It also grants the Secretary of Agriculture and Secretary of Interior the ability to restrict the taking of populations of fish and wildlife from public lands when necessary to protect the viability of the said populations or their continued uses; the keywords being "to restrict" "when necessary". After ANILCA became law the secretaries of

agriculture and interior transferred subsistence regulation on public lands to Alaska, as Congress intended.

COMMISSIONER VINCENT-LANG further related that in its McDowell decision, the Alaska Supreme Court ruled that a rural preference was against the equal access provisions of the Alaska constitution and that all Alaskans are entitled to subsistence preference regardless of where they live. This brought Alaska out of compliance and began the era of what is commonly referred to as "dual management." At first the federal government and the state worked cooperatively under dual management to ensure the subsistence priority was met, with Alaska continuing to be the primary manager of the fish and wildlife resources. But slowly changed as the Federal Subsistence Board and federal land agencies began to supplant state management with their own. Rather than restricting when necessary to ensure a rural subsistence priority, they have built their own regulatory structure that supplants state management with theirs. They open and close seasons, adjust methods and means, and employ in-season management.

COMMISSIONER VINCENT-LANG cited several examples of the federal management he is referring to. In the area of Kake the federal government opened a moose hunt after the state season closed that took the season's entire harvestable surplus, which jeopardized future sustained yields. As well, non-tribal, but otherwise federally qualified users, were excluded from participating in the hunt. Neither ANILCA nor state law make this sort of distinction amongst Native and non-Native rural Alaskans. In Northwest Alaska the federal government closed state hunts for caribou despite sufficient resources to meet the subsistence needs of all Alaskans, but they were left open to a small number of Alaskans and prevented people who had grown up in the region from traveling home to practice their traditions. In the Kuskokwim River, a navigable waterway owned by the state, the federal government sued the state and replaced state management strategy, saying Alaska has no authority to manage within in the boundaries of the Yukon Delta National Wildlife Refuge. This has resulted in closures that only allow federally qualified users to participate. The federal management strategy is also impacting the state's ability to provide for subsistence uses upriver – within the area of federal jurisdiction about 10 King Salmon are harvested per household and above the area of federal jurisdiction only 1.7 King Salmon are harvested per household.

COMMISSIONER VINCENT-LANG stated that proper management and consideration of the subsistence needs of all rural Alaskans should be taken into consideration, regardless of whether they live within the boundaries of federal land. He said ANILCA is not working as envisioned when passed by Congress and is not fulfilling the promises made to the state under the Alaska Statehood Compact, and something needs to change.

1:31:27 PM

CHAIR MCKAY commented that HJR 22 is a very deep topic that will be discussed in future meetings. He inquired about the outcome of the 1990 debate [on this same topic] and whether a resolution made it to the ballot.

MR. ST. CLAIR replied that it came up one vote shy of passing the Senate for going to the ballot.

1:32:59 PM

CHAIR MCKAY asked why it has taken 34 years to come back to this. He further asked what [management] would look like if HJR 22 is passed since about 60 percent of Alaska is federal land.

REPRESENATIVE BAKER responded to Chair McKay's first question. Based on his personal experience growing up as a subsistence hunter in a rural region dependent on subsistence hunting and fishing, he said part of the reason for it taking so long to come back around is that there have been resounding attempts both for and against a rural preference for a subsistence resident, and people got beaten down. He explained that his reason for bringing it forward now is to see where the culture of the state is today and to reinvigorate this conversation.

1:34:50 PM

COMMISSIONER VINCENT-LANG responded to Chair McKay's questions. He said three things have changed. The first change is that state management has been completely replaced with federal management on the landscape rather than to just restrict when necessary. The Department of Justice sued the state in federal court saying the state has no management authority in the Kuskokwim River, including no ability to open a salmon season based on the state's data and being prohibited from issuing any emergency order. A patchwork management across the landscape is the result, especially with salmon as he outlined on the Kuskokwim earlier. Second, the demographics in Alaska have

changed. Many people who have cultural dependencies now live in urban areas. For example, 20 percent of Anchorage's population is Alaska Native, and those people are now prohibited from participating in their cultural tradition simply based on where they now live. To the extent possible, [the state] should have the opportunity to provide for the subsistence needs for those people in addition to the people who are living in rural Alaska. The third change is that federal land management desires have crept into the federal process; for instance, predator control cannot be done on federal land to try to build [game] populations. Commissioner Vincent-Lang further pointed out that even if [HJR 22] is put into place, Alaska will remain in the same position it is now if federal changes aren't also made, such as the language that was proposed by U.S. Senator Ted Stevens that said if the state came into compliance then certain sections of ANILCA would go away.

1:36:54 PM

COMMISSIONER VINCENT-LANG, in response to Chair McKay, agreed to provide his testimony in writing to the committee.

1:37:19 PM

REPRESENTATIVE MEARS stated that this is a very big issue with lots of potential legal discussions. She recognized that dual management is an issue. She said the definition of subsistence user is important and asked whether definitions would be established with this constitutional amendment.

MR. ST. CLAIR answered that the [Alaska] constitution's Common Use Clause currently states that every Alaskan resident is a subsistence user. By adopting the proposed amendment, all Alaskans would still be defined as subsistence users, but a priority would be given to those geographically closest to the resource when the resource is scarce.

1:39:05 PM

[CHAIR MCKAY announced that HJR 22 was held over.]

1:39:21 PM

The committee took an at-ease from 1:39 p.m. to 1:41 p.m.

HB 387-OIL & GAS TAX CREDIT: JACK-UP RIG

1:41:48 PM

CHAIR MCKAY announced that the next order of business would be HOUSE BILL NO. 387, "An Act relating to a tax credit for certain oil and gas equipment in the Cook Inlet sedimentary basin; and providing for an effective date."

CHAIR MCKAY noted that a committee substitute (CS) for HB 387 has been drafted.

1:42:09 PM

REPRESENTATIVE RAUSCHER moved to adopt the committee's proposed CS for HB 387, labeled 33-LS1282\S, Nauman, 3/11/24, [Version S], as the working document.

1:42:33 PM

REPRESENTATIVE SADDLER objected and then removed his objection to adopting Version S. There being no further objection, Version S was before the committee.

1:42:54 PM

TREVOR JEPSEN, Staff, Representative Tom McKay, Alaska State Legislature, Juneau, Alaska, reviewed the changes made in Version S, the committee's proposed CS for HB 387. He paraphrased from the summary of changes [included in the committee packet], which read as follows [original punctuation included with some formatting changes]:

> Section 1: Extends date which jack-up rig must be installed in Cook Inlet from July 1, 2026, to July 1[,] 2030. Requires jack-up rig must be used or contracted to be used for at least 3 years to qualify for the credit. Sets limitation on credit at $75,000,000.00.
>
> Section 2: No changes.

MR. JEPSEN explained that the first change of extending the date to mid-year 2030 would allow more flexibility for getting the rig into the inlet and would allow for adequately addressing the Cook Inlet gas shortage. He said the second change would require that a company purchasing and bringing a rig to the inlet wouldn't receive the credit unless the company used the rig in-state for three years, or a company contracting a rig

wouldn't receive the credit unless the company contracted the rig for in-state use for three years. He stated that the third change would set a limitation on the credit at $75 million to protect the state, rather than there being an open-ended credit.

1:44:08 PM

CHAIR MCKAY announced that HB 387 was held over.

1:44:26 PM

The committee took an at-ease from 1:44 p.m. to 1:45 p.m.

PRESENTATION(S): ALASKA ENERGY AUTHORITY UPDATE BY CURTIS THAYER

1:45:21 PM

CHAIR MCKAY announced that the final order of business would be the Alaska Energy Authority Update presentation.

1:45:42 PM

CURTIS THAYER, Executive Director, Alaska Energy Authority (AEA), State of Alaska, provided a PowerPoint presentation titled "MODERNIZING THE RAILBELT GRID," dated 3/13/24. He turned to slide 2, "About AEA," and explained that AEA's work is comprised of six areas. The first area is Railbelt Energy – AEA owns the Bradley Lake Hydroelectric Project, the Alaska Intertie which connects Willow to Healy, and the Sterling to Quartz Creek Transmission Line, all of which benefit Railbelt consumers by reducing the cost of power. The second area is Power Cost Equalization (PCE) – AEA operates this program which has a $1 billion endowment and is about a $45 million project. Under the PCE formula established 30-plus years ago, the rate between Anchorage, Fairbanks, and Juneau is looked at on a weighted average, which is about 20 cents, and which is the PCE floor, and the PCE cap is about 75 cents. If Railbelt energy costs were to go down, there would be more money in rural Alaska for PCE; but if Cook Inlet or Railbelt energy costs were to go up, then it would adversely affect rural Alaska for PCE. The third area is Rural Energy – AEA constructs bulk fuel tank farms and diesel powerhouses in about 197 communities, as well electrical distribution grids in rural villages. The operation of these facilities is supported through AEA's circuit rider and emergency response programs. The fourth area is Renewable Energy and Energy Efficiency – AEA [provides funding, technical

assistance, and analysis] to both rural and urban communities on alternative energy technologies, including biomass, hydro, solar, wind, and other technologies. The fifth area is Grants and Loans - AEA provides grants through the Renewable Energy Fund where the legislature has funded over $300 million worth of projects, with about 80 percent of that money going into rural Alaska. Seed money for projects was provided by AEA and now the federal government is taking those projects to the next level, which was the whole purpose of the Renewable Energy Fund. Over 100 active projects have displaced to date over 85 million gallons of diesel. Loans into both rural and urban Alaska are provided by AEA, including loans for renewable energy on Prince of Wales Island and solar farms in Willow and Houston. The sixth area is Energy Planning - AEA collaborates with local and regional partners, one example being the "governor's energy task force."

1:49:36 PM

MR. THAYER moved to slide 3, "AEA Active Projects and Services," and explained that the map shows where AEA has active projects, such as PCE, power system upgrades, bulk fuel, renewable projects, transmission lines, hydropower facilities. He noted that AEA's four circuit rider team members spend a lot of time in rural Alaska providing help.

1:50:23 PM

MR. THAYER proceeded to slide 4, "Alaska Energy Security Task Force," and related that last year there were 11 task force meetings and 60-plus subcommittee meetings, and 150-plus hours of public testimony was taken. The task force worked with the university for an energy symposium and came up with 60 preliminary recommendations. He recognized Representative Rauscher for serving on the task force and noted that [both volumes of the task force's report] were sent electronically to all legislators.

1:51:04 PM

MR. THAYER next discussed modernizing the Railbelt grid. He drew attention to slide 6, "Bradley Lake Hydroelectric Project," and stated that Bradley Lake produces 120 megawatts (MWh) and generates 10 percent of the power on the Railbelt at a [generation cost] of 4 cents per kilowatt (kWh), which is the lowest cost on the Railbelt. Bradley Lake provides energy for 550,000 Alaskans, electrifies about 54,400 homes, and 17 percent

of the power produced at Bradley Lake goes to Fairbanks. Each utility receives a share; it is truly a statewide project. In partnership, AEA and the Railbelt utilities are studying the Dixon Diversion Project, which would increase Bradley Lake's annual energy production by about 50 percent. This expansion would displace 1.5 billion cubic feet of gas needed in Cook Inlet by 2030, which is 7.5 percent of the unmet needs.

MR. THAYER displayed slide 7, "Alaska Intertie," which read as follows [original punctuation provided with some formatting changes]:

> Constructed in the mid-1980s with $124 million in State of Alaska appropriations, there is no debt associated with the Alaska Intertie.
>
> - AEA owns the **170-mile Alaska Intertie transmission line that runs between Willow and Healy**. The line operates at 138 kV [kilovolts] (it was designed to operate at 345 kV) and includes 850 structures.
> - A **vital section of the Railbelt transmission system**, the Intertie is the only link for transferring power between northern and southern utilities.
> - The Intertie transmits power north into the Golden Valley Electric Association (GVEA) system and provides Interior customers with low-cost, reliable power – between 2006 and 2023, the Intertie **saved GVEA customers an average of $36 million annually**.
> - The Intertie provides benefits to Southcentral customers as well **through cost savings and resilience to unexpected events**.

MR. THAYER, in response to Representative Rauscher, confirmed that 17 percent of the energy from Bradley Lake goes to Fairbanks.

REPRESENTATIVE RAUSCHER asked how much more energy could be pushed through the lines to Fairbanks without overloading them.

MR. THAYER replied that it is at capacity. He pointed out that while Bradley Lake can generate 120 megawatts, it isn't run at 120 megawatts every day. The lines serving Bradley Lake are 75 megawatts in essence, so there is a limit in size and there is lots of congestion on the transmission lines. A redundant line is needed to move renewables north and south and the current lines need to be upgraded to remove the congestion. The 39-mile Sterling Substation to Quartz Creek (SSQ) line owned by AEA was

built in 1969 and is the same line in 2024; AEA is spending $90 million to upgrade that line to connect it to Chugach Electric Association's current system that Chugach is upgrading from 115 kilovolts to 230, which by voltage is four times, not two times, the equivalent.

REPRESENTATIVE RAUSCHER surmised that the lower end of the Railbelt could not send Fairbanks any more power should Fairbanks experience a rolling brownout.

MR. THAYER responded that Fairbanks purchases some economy energy sales on Southcentral, ships it up the Intertie, and uses that power. He said the AEA/state ownership of the Willow to Healy line saves the Fairbanks community about $36 million compared to producing it on their own. During the [recent] cold snap, sending power north to Fairbanks was ceased and Fairbanks turned everything on and started shipping power south to Anchorage. One line between Alaska's two largest cities is one of the biggest challenges. If Alaska was regulated by the Federal Energy Regulatory Commission (FERC) like other U.S. states, two lines would be required at a minimum and possibly three. Mr. Thayer recounted that the Swan Lake line burned during the fire about four years ago and was out of service for four months. The northern utilities subsequently incurred $12 million more in natural gas costs to produce power to keep lights on in the summertime. Along with that, Homer couldn't use all the water that was available, so water had to be spilled over [the Bradley Lake dam]. All the utilities recognize the problem and are working with each other to solve the problem rather than have the silos of individual service territories.

1:56:33 PM

MR. THAYER resumed his presentation. He addressed slide 8, "Railbelt Transmission System Urgently Needs Modernization." He explained that upgrading the system involves looking at grid forming, fuel savings, and energy security. Much of the system has not been upgraded in over 40 years.

MR. THAYER continued to the upgrade on slide 9, "Grid Resilience and Innovation Partnerships (GRIP): HDVC Line." He related that AEA and the Railbelt utilities received a federal grant of $206.5 million that requires [a cost share of 100 percent] from the State of Alaska for a total of $413 million. This [proposed] high-voltage direct current (HDVC) line would be an eight-year project and would run under Cook Inlet from the Kenai portion to Beluga where it would connect to three lines owned by

Chugach Electric Association, bringing that power into Anchorage. This would be the redundant line off the Kenai Peninsula. Also being looked at is the battery energy storage system (BESS) for Anchorage into Fairbanks if funding is available.

1:58:44 PM

REPRESENTATIVE SADDLER noted that often federal money comes with the requirement that the money be spent on domestically sourced products or services. He asked whether this GRIP money has the requirement that it be spent on a powerline produced in America and, if so, whether this would cause a delay.

MR. THAYER confirmed that there is a buy America provision. He advised that the five companies which produce HDVC line are all based outside of the U.S. He further advised that all other U.S. states wishing to install HDVC lines are also facing this challenge. Most of the companies that produce this line are in Japan, which is considered a friendly ally of the U.S., so AEA is working with the Department of Energy as are the other states. This HDVC line cannot be bought off the shelf, it must be made specific for a project, and the lead time is another concern. By year three, a large deposit must be made on this line to even get in line for it to be produced in the next three to four years.

MR. THAYER returned to his presentation. He moved to slide 10, "Dixon Diversion Project," and explained that the Dixon Glacier is receding and is producing a lake and a river that would be diverted and sent five miles over to Bradley Lake. The Bradley Lake dam would be raised by 14 feet and the lake size increased by 50 percent, which would electrify another 25,000-30,000 homes and would displace 1.5 billion cubic feet of natural gas [per year] by 2030. To feed Bradley Lake the project would include a directional drill 14 feet in diameter through rock. Equipment is available and the technology is there - 32 years ago a borehole was drilled for bringing the water from Bradley Dam to the powerhouse. A federal grant of $342 million that doesn't require a state match is being looked at by AEA. Given Bradley Lake would be increased by 50 percent, utilities and others would be interested in purchasing a revenue bond to get it built because it would be backed by the power sales agreement of the power it would produce. The study phase started two years ago for this 50-year to 100-year project and since it is on the Bradley Lake footprint it is an amendment to a FERC license, not a new FERC license.

2:03:19 PM

MR. THAYER, in response to Representative Rauscher, confirmed that the state match to the federal grant doesn't have to happen all at once; all the money from the state doesn't have to be available in the first year. The Department of Energy would like the state to have a line of sight on where that funding would be coming from in the future, but the grant money would be tied to the exact amount that [the state makes] available. So, if the state puts forth $20 million, the federal government will put forth $20 million. However, he pointed out, the project is supposed to be completed in eight years, and the cash flow modeling is a bell curve in that it will ramp up to a high and then ramp down quickly after construction is over. In further response to Representative Rauscher, he confirmed that it is as the money is spent.

2:04:41 PM

REPRESENTATIVE MCCABE, regarding the Dixon Diversion Project, asked whether anything must be done to the Bradley Lake dam itself.

MR. THAYER replied that the dam would need to be raised 14 feet. In further response, he confirmed that that is included in the cost estimate.

2:05:03 PM

REPRESENTATIVE MEARS returned to slide 9 and offered her understanding that this is just round one of several in the competitive process related to GRIP. She surmised that being aggressive about getting Round One done might be beneficial to the state in the future.

MR. THAYER confirmed Representative Mears is correct and that the success was with GRIP 3, Round One. He drew attention to the dotted red line going north on the map and explained it would parallel an existing HDVC line to get to Healy where there are two lines going to Fairbanks. A concept paper for this project from Beluga to Healy was submitted and [AEA and the Railbelt utilities] were asked to advance an application that is due by 4/17/[2024]. Whether GRIP 3, Round Two, is successful won't be known until July or August [2024] at the earliest. There are other opportunities that would require a similar match

to the federal grant. However, different ways of financing that match, rather than from the state, are being looked at.

2:07:25 PM

REPRESENTATIVE SADDLER asked whether [AEA and the utilities] are on track for getting the application for Round Two submitted on time.

MR. THAYER answered that the AEA team has hit every deadline. He added that, to date, over $700 million is already in the pipeline assigned to AEA or the state, with another $100 million that AEA should know about next month.

2:08:22 PM

MR. THAYER resumed his presentation. He proceeded to the next upgrade depicted on slide 11, "Sterling to Quartz (SSQ) and Soldotna to Sterling Transmission Lines." He said AEA purchased the SSQ line from Homer Electric Association about four years ago to ensure that upgrades were done to it. Two years ago, AEA bonded $166 million, and the upgrade is under construction with engineering and procurement already done. The bonding was done before there was any conversation about GRIP, but AEA had always hoped to have a secondary line off the Cook Inlet and then the GRIP money came.

2:09:51 PM

MR. THAYER spoke to slide 12, "Battery Energy Storage Systems for Grid Stabilization." He related that Homer has a battery currently in place on the Kenai Peninsula, and that a battery is slated for October 2024 between Matanuska Electric Association (MEA) and Chugach Electric. Ownership of that battery is being discussed because available tax credits may be more advantageous if they come through AEA, which may allow AEA to help with up to 50 percent of the battery cost. A battery system in Fairbanks is to be determined - the federal grant allows for GRIP to be done in Anchorage and Fairbanks, so if $10 million is available to put forth then Fairbanks would get $20 million towards its battery. The batteries in Homer and Anchorage cost about $42 million and $45 million, respectively, and both are Tesla batteries that allow for adding more battery packs. A natural gas generator must be kept spinning in case a problem occurs; the batteries are currently 40 megawatts for two hours and can be used for that, thereby saving on the costs of natural gas. As well, since the time it was built Bradley Lake has had an

oscillation problem which causes harmonics on the system that sometimes cause it to shut down, and a battery system has helped stabilize this.

2:12:20 PM

REPRESENTATIVE RAUSCHER asked what the central [Anchorage] and northern [Fairbanks] batteries would achieve.

MR. THAYER replied that he knows Anchorage is 40 megawatts but needs to confirm whether it is a two- or four-hour battery. Fairbanks wants to upgrade its current battery that only lasts seven minutes, which was state of the art at the time, and is presently doing an initial analysis of what that upgrade would look like. Anchorage was able to acquire a 40-megawatt battery, but the goal is to expand to 70 megawatts, which is easily done.

2:13:23 PM

REPRESENTATIVE MCCABE asked if he is correct in understanding that 70 megawatts would give four hours. He further asked how many hours would be given by 140 megawatts.

MR. THAYER responded that he would confirm whether the Anchorage battery is a two- or a four-hour battery but explained that the two hours or four hours would be it depending on whether all 40 megawatts are being used at the same time.

REPRESENTATIVE MCCABE asked how much Anchorage uses on a normal day.

MR. THAYER answered that Chugach Electric and Matanuska Electric share part of the Anchorage territory, so he will have to get back to the committee with an answer pertaining to Anchorage.

REPRESENTATIVE MCCABE explained that his interest in asking this question is because if the whole city uses 50 megawatts, but the battery is for 40, then a decision would need to be made on which areas will go without power.

MR. THAYER replied he understands the question but clarified that the battery is to help stabilize the system. He said losing the whole system and not having any of the backup natural gas or diesel generators would be highly unlikely. It's for an immediate instant [to offset a blackout]. Bradley and Eklutna power would still be coming in, plus the Anchorage service area has three gas fired turbines and two that can run on diesel. If

there is a major issue, Anchorage would not be depending just on the batteries.

2:15:49 PM

REPRESENTATIVE MCCABE related he has heard that if the natural gas had to be shut off at the Cook Inlet Natural Gas Storage (CINGSA) facility, it could take up to a month to repressurize the natural gas system. He surmised that batteries, Bradley Lake, and Eklutna by themselves wouldn't "cut it," and asked whether any plans are in place for resolving this kind of emergency that was close to happening a couple months ago.

MR. THAYER responded that CINGSA is one storage facility, with Hilcorp having other storage facilities and producers being able to bypass CINGSA by producing natural gas right into the pipeline. While not a huge fix, MEA's natural gas generator can also run on diesel and three days of fuel are available on site. Chugach Electric also has a small power plant that can run on diesel. During the recent cold snap everybody worked together and kept the lights on even without batteries as the Anchorage batteries have not been installed. As a whole, the utilities have contingencies and are working on how to do this.

2:18:16 PM

MR. THAYER returned to his presentation. He displayed slide 13, "Grid Resilience Formula Grant Program, IIJA 40101(d)," and said AEA is in the process of forming this grant program with money from the [Infrastructure Investment and Jobs Act (IIGA), Section 40101(d)]. He noted that the state has provided $1.8 million the last several years and AEA was able to match a federal grant opportunity at $12 million. Last month AEA closed on $22 million available to utilities to upgrade transmission lines across the state, not just the Railbelt. Another $17 million will be available at the end of [2024]. The program is set up, but AEA needs the Department of Energy to bless its selection.

2:19:24 PM

MR. THAYER reviewed other federal funding opportunities. He proceeded to slide 15, "State of Alaska Electric Vehicle (EV) Infrastructure Implementation Plan," and shared that $52 million is available for State of Alaska electrical vehicle (EV) infrastructure. When this funding became available AEA took the lead in a partnership with the Department of Transportation and Public Facilities (DOT&PF). A corridor is being built from

Anchorage to Fairbanks with the $30 million that has been unlocked, which must be part of the alternative fuel corridor. These funds will also be dispersed from Anchorage to Homer as well as Tok, Glennallen, and the Alaska Marine Highway System. Electric charging stations will be looked at in 30 communities throughout Southeast Alaska. Because this was formula funded, the money will be dispersed to other states if Alaska doesn't utilize it.

2:20:24 PM

MR. THAYER addressed slide 16, "Home Energy and High Efficiency Rebate Allocations." He explained that AEA is distributing two [federal grant] awards of roughly $37 million each, totaling $74 million, for home efficiency rebates and home electrification and appliance rebates. The funding will be available in fall 2024 and in 2025. The funding came to AEA, but rather than creating its own program AEA has partnered with the Alaska Housing Financing Corporation (AHFC), which already has programs to stand up this money.

2:21:08 PM

MR. THAYER moved to slide 17, "Black Rapids Training Site (BRTS) Defense Community Infrastructure Pilot Program," and noted that [this federal money] was for Fairbanks. He related that the training site needed to replace its diesel fuel generators and that its life was extended by bringing 34 miles of transmission line to it rather than using diesel. Because the $12.7 million (for which no state match was required) was received by AEA, AEA partnered with Golden Valley Electric Association (GVEA). A $3 million supplemental budget request has been submitted by AEA.

2:21:56 PM

MR. THAYER turned to slide 18, "Other Federal Funding Opportunities," and outlined several other programs. He said AEA is administering the Energy Efficiency Revolving Loan Fund of $4.5 million for which no state match is required, and AHFC is deploying the program. Under the State Energy Program, AEA used $3.6 million, which did not require a state match, to develop the Statewide Energy Security Profile and worked with the AHFC to update the Warm Energy modeling software and to do retrofit information. An Electric Vehicle Charging Equipment Competitive Grant of $1.6 million was received, most of which will go to rural Alaska not for charging cars but for looking at four-wheelers, outboards, and other similar equipment. As well,

the $1.3 million in funding for the State-Based Home Energy Efficiency Contractor Training Grant Program provides auditor training for home and commercial building energy contractors.

MR. THAYER displayed slide 19, "Solar For All Competition." He explained that in this collaboration AEA is focusing on development of community solar projects in disadvantaged communities using a Renewable Energy Fund-style grant program and AHFC is focusing on residential rooftop solar for low-income households. Between these two it would be $100 million, it is competitive, no match is required, and AEA hopes to know by early next month whether the grant application was successful.

2:23:35 PM

REPRESENTATIVE RAUSCHER inquired about the number of cars that can be serviced by one charging station in a day and how is that paid for by the users.

MR. THAYER answered that the alternative fuel corridor is required to have four charging stations that can be used at one time at 150 kilovolts each. These stations take roughly 15-20 minutes to charge cars from 20 percent to 80 percent, and then the charging slows quite a bit between 80 and 100. From Anchorage to Homer and on the Alaska Marine Highway System there will be level three chargers, which take 30-40 minutes each. We look for a site host. The private sector will host these charging stations and must put in a match of 20 percent and be responsible for maintaining the stations within the standards of the grant period. [Customers] will pay for their charging usage via credit card.

2:25:28 PM

REPRESENTATIVE MCCABE stated that the charging station in Healy is currently powered by Healy "clean coal." He asked whether the money could be used to fund the transmission from the end of the GRIP line to Healy to power that charging station.

MR. THAYER replied no, it's two different buckets of money and if the money isn't used it will go to another state.

2:26:05 PM

REPRESENTATIVE WRIGHT asked whether it is harmful to charge the batteries so quickly, thereby creating the problem of batteries needing to be replaced sooner than they otherwise would.

MR. THAYER responded that the battery and charging technologies are moving so fast that vehicles will likely be able to be recharged within five minutes. To charge a higher end car at home, a 200-amp service must be installed just for the car, so the technology is changing.

2:27:02 PM

CHAIR MCKAY asked whether electric vehicles can be charged while on an Alaska ferry.

MR. THAYER answered no, the look is being taken at charging an electric vehicle in the community in which the ferry arrives at.

CHAIR MCKAY expressed his concern about lithium batteries self-igniting while the EV is on a state ferry. Such fires, he noted, cannot be put out with conventional firefighting techniques. He proffered that Alaska's ferries will need to be equipped and personnel trained to handle lithium battery fires.

MR. THAYER replied he hasn't heard any discussion about this but pointed out that all the electric vehicles in Juneau came by state ferry. He suggested that DOT&PF be asked this question.

2:29:13 PM

MR. THAYER resumed his presentation and began his wrap-up about AEA's programs and projects. He moved to slide 20, "Power Cost Equalization (PCE)," and said that last year AEA dispersed $42 million to 80,000 Alaskans in 82 rural communities. Turning to slide 22, "Rural Power Systems Upgrades and Bulk Fuel Upgrades*," he stated that there are 197 communities eligible for rural power system upgrades and AEA has 35 active projects. However, he continued, the deferred maintenance is over $300 million just in the powerhouses. Regarding bulk fuel upgrades, he pointed out that there are [over 400 rural bulk fuel facilities] and 35 active projects, and the deferred maintenance is $800 million. This is an ongoing issue and despite the legislature funding it during regular intervals and getting federal match, AEA is always behind the curve with the next electrical emergency.

2:31:29 PM

MR. THAYER continued to slide 23, "Electric Emergency Response," and noted that AEA has a standing request of $200,000, which the

legislature has funded. Generally electrical emergencies cost about $45,000 each. But, he added, if maintenance and replacement is up to date, then not as much money will be needed for electrical emergencies.

MR. THAYER proceeded to slide 24, "Renewable Energy Fund (REF)," and related that last year the legislature funded $17 million for 18 projects, and this year AEA in concert with the REF Advisory Committee recommended 24 projects totaling $32 million. He recognized that it is a tough budget year and that the governor has put $5 million in the budget to continue funding these projects, so not all 24 projects can be funded.

2:32:51 PM

MR. THAYER spoke to slide 25, "Power Project Fund (PPF) Loan Program." He said there is $31 million in outstanding loans with no delinquencies and there is one pending application. He said the patient capital is at 4.3 percent, but currently for the uncommitted cash balance the program has been put in abeyance until additional capital is secured and the loan portfolio recapitalized.

MR. THAYER displayed a photograph of AEA staff on slide 26. He noted that despite being a small agency, AEA currently has over a billion dollars' worth of projects. He reported that AEA's capital budget has gone up 1004 percent in four years, not counting this year, primarily due to federal dollars. He predicted that it would go up to 2500 percent in five years once the GRIP money is included.

2:34:21 PM

REPRESENTATIVE MCCABE referred to the $1 billion endowment fund for the PCE program. He inquired about the interest that has been earned and how much is waiting in the account to be used for rural electrical.

MR. THAYER replied that the PCE endowment is managed by the permanent fund. There can be earnings or a deficit depending on the market, and it is an averaging cost. The first, say, $45 million is for the power cost equalization program and the second $30 million goes to community assistance, primarily revenue to smaller communities. If there is additional funding it can be used for powerhouse upgrades, the Renewable Energy Fund, or for bulk fuel, but this has happened only two or three times in the endowment's history. Two years ago, the

legislature changed the formula for PCE from paying up to 500 kilowatts per home to paying up to 750, thereby increasing the power reimbursement by 50 percent. So, instead of costing $32 million to run the program it now costs $45 million. The endowment has not increased to keep up and no additional funds have been added to the endowment, so right now the endowment's earnings are just keeping up with PCE and a little bit over into community assistance.

2:36:33 PM

REPRESENTATIVE MCCABE stated that the legislature is struggling with education funding and a major problem for schools in the Bush the $1 per kilowatt hour for electricity. He said he has a bill to put schools back on PCE like they were before. He asked whether this would drain the PCE funding such that villagers wouldn't get PCE funding for their homes.

MR. THAYER responded that the PCE program pays for residential and for community facilities. A school is not considered a community facility. He said it is a policy call by the legislature and the governor on whether to use the PCE endowment for more items, but two years ago $15 million more began coming out for residential cost. The endowment has not been able to keep up as generously as it was before. Right now, the endowment is at a loss for this year, which means the averaging will have to be from previous years to make sure there is enough cost. In the past before the endowment, the PCE was paid from the general fund (GF).

2:39:25 PM

MR. THAYER returned to his presentation. He said the Susitna-Watana Hydroelectric Project is included in the appendix section because it is of interest to people. Turning to slide 29, "Susitna-Watana At-A-Glance," he stated that the project would result in approximately 70 percent of the power generated in the Railbelt originating from renewable sources. The dam height would be 700 feet, the reservoir would be 42 miles long and 1.25 miles wide, the installed capacity would be 618 megawatts, the annual energy would be 2.8 million megawatt hours, and the cost in 2014 dollars when the last cost estimate was done was $5.6 billion.

2:40:52 PM

MR. THAYER addressed slide 30, "Why Susitna-Watana?" He related it would be 50 percent of the estimated power supply of current Railbelt energy demand, would have a life of 100 years, and would have a cost savings of $11 billion [in 2014 dollars] in the first 50 years.

2:40:57 PM

MR. THAYER displayed slide 31, "Susitna-Watana History," and related that the first studies were done by the U.S. Bureau of Reclamation in the 1950s. He pointed out that this was before natural gas was discovered in Cook Inlet, so it was thought that hydroelectric projects would make the Railbelt successful. In the 1980s studies were done by the state. In 2010 the goal was to have 50 percent renewable energy by 2025, but today's number is about 34 percent. In 2011 the legislature authorized AEA to pursue the Susitna-Watana hydro facility, and studies began in 2012. In 2017, primarily due to oil prices, it was put into abeyance by Governor Walker's administration. In 2019 the abeyance was rescinded but AEA hasn't done any work or invested any money on the project.

2:41:51 PM

MR. THAYER proceeded to slide 32, "Susitna-Watana Employment Opportunities." He related that [pre-construction] employment would be 5,000 direct jobs, construction employment would be 12,000 direct jobs and 11,000 indirect jobs, and during the life of the project there would be about 28 direct jobs and 105 indirect jobs.

2:42:15 PM

MR. THAYER concluded his presentation with slide 33, "Susitna-Watana Timeline." He said the pre-application phase of preparation, planning collaboration, and environmental studies would take 2-3 years. Regarding the FERC review phase, he noted that the state has already invested $200 million in FERC studies and between $80 million and $100 million would be needed to complete those FERC studies. Once a FERC study is in hand and granted, it de-risks the project and investors will line up for a 6 percent return over a period of 100 years. There would then be the project execution phase and a constriction phase of 9-11 years, after which there is the operational phase. So, this is a 15- to 20-year project. Once operational, the project would displace half the amount of natural gas, 22 billion cubic feet, that is used today, and there would not be a natural gas

shortage in Cook Inlet. Regarding comparisons made to the Iceland Model, he pointed out that that project lowered their cost and brought in new industry, but it was done 40 years ago while the Susitna-Watana Project is still being talked about.

2:44:00 PM

REPRESENTATIVE RAUSCHER stated he is a big fan of the Susitna-Watana Project. He asked whether today's estimated cost would be tempered somewhat from the 2014 estimated cost given technological advancements.

MR. THAYER replied that he doesn't know what the costs would be to build it, but technology has changed. For example, it is being found for the Dixon Diversion that costs are dropping instead of increasing, although he isn't saying that that would be the case for Susitna-Watana. He advised that before the state invests any more money, there must be talks with FERC to find out what FERC permits are current or need to be upgraded and then the financial modeling must be updated to find out whether the cost estimates of 2014 hold true or have changed with inflation.

2:45:33 PM

REPRESENTATIVE SADDLER stated he is a big fan of the Susitna-Watana Project. He inquired about what the potential financial models would be for the project.

MR. THAYER responded that the project has looked at several financing models. In his experience at AEA, there are pension funds, private equity, and companies sitting on cash, plus renewables are a hotter topic today than they were 10 years ago. Another issue to look at is what types of tax credits could be available that weren't available 10 years ago. The market has changed, but probably about six or more people a year want to talk about Susitna-Watana.

2:47:18 PM

REPRESENTATIVE MCCABE asked where the biological and geological research results can be found from all those years of studies.

MR. THAYER answered that over the last two years AEA has digitized most of its records and put them in a data library. When the project was put into abeyance, the documents were sent to the university as well as kept in AEA's system.

2:49:07 PM

REPRESENTATIVE MCCABE opined that if hydroelectric hadn't been shut down 30 years ago, the windmills on Mt. Susitna that some of his constituents are complaining about as being ugly wouldn't have been needed.

MR. THAYER responded that even though some projects weren't built, Alaska is in the unique position of having options, such as hydroelectric, wind, solar. However, he advised, it all goes back to building the backbone - things are stuck if there aren't transmission systems that can flow this power to the north and south and to different projects. So, this transmission upgrade is key to unlocking the potential of whatever that potential happens to be. He said he has been told that Fairbanks has better wind regimes than other spots in Southcentral Alaska and explained that it takes a combination of projects throughout different areas to provide a steady power supply. However, he reiterated, it all starts with transmission upgrades.

2:51:29 PM

REPRESENTATIVE MCCABE related that he has heard discussion of the state, probably AEA, taking over all the transmission lines and then buying power from the various power companies, which would eliminate the price differential, competition, tariffs, and so forth. He asked whether there is a plan through AEA to do that.

MR. THAYER answered that SB 217 from the governor addresses the wheeling rate and trying to remove tariffs, and the Senate Resources Standing Committee has another bill, SB 257. The utilities and AEA have discussed what it would take to unify the transmission system because currently power from Bradley Lake goes from AEA's system to Homer's system back to AEA's system to Chugach's system to MEA's system back to AEA and then it goes to Fairbanks. A complicating factor is that those are owned assets by those utilities and there are bond convenances on those. So, there are the two Senate bills as well as the conversations for what things might look like. As well, models around the world show that this does work.

2:54:09 PM

CHAIR MCKAY thanked the testifiers.

2:54:54 PM

ADJOURNMENT

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 2:55 p.m.