SENATE FINANCE COMMITTEE
April 30, 2024
1:37 p.m.

1:37:38 PM

CALL TO ORDER

Co-Chair Olson called the Senate Finance Committee meeting to order at 1:37 p.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Donny Olson, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Click Bishop
Senator Jesse Kiehl
Senator Kelly Merrick
Senator David Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Curtis Thayer, Executive Director, Alaska Energy Authority; Gwen Holdmann, Alaska Center for Energy and Power, University of Alaska Fairbanks; Angela Rodell, Staff, Senator Cathy Giessel.

SUMMARY

^PRESENTATION: INTEGRATED RAILBELT TRANSMISSION SYSTEM

1:39:46 PM

CURTIS THAYER, EXECUTIVE DIRECTOR, ALASKA ENERGY AUTHORITY, (AEA) discussed the presentation, "Modernizing The Railbelt Grid: Senate Bill 217" (copy on file). He pointed to slide 2, "About AEA":

> AEA's mission is to reduce the cost of energy in Alaska. To achieve this mission, AEA strives to

diversify Alaska's energy portfolio increasing resiliency, reliability, and redundancy.

Railbelt Energy

AEA owns the Bradley Lake Hydroelectric Project, the Alaska Intertie, and the Sterling to Quartz Creek Transmission Line all of which benefit Railbelt consumers by reducing the cost of power.

Power Cost Equalization (PCE)

PCE reduces the cost of electricity in rural Alaska for residential customers and community facilities, which helps ensure the sustainability of centralized power.

Rural Energy

AEA constructs bulk fuel tank farms, diesel powerhouses, and electrical distribution grids in rural villages. AEA supports the operation of these facilities through circuit rider and emergency response programs.

Renewable Energy and Energy Efficiency

AEA provides funding, technical assistance, and analysis on alternative energy technologies to benefit Alaskans. These include biomass, hydro, solar, wind, and others.

Grants and Loans

AEA provides loans to local utilities, local governments, and independent power producers for the construction or upgrade of power generation and other energy facilities.

Energy Planning

In collaboration with local and regional partners, AEA provides economic and engineering analysis to plan the development of cost-effective energy infrastructure.

1:43:29 PM

Mr. Thayer addressed slide 3, "AEA Active Projects and Services." The slide showed a map of Alaska with the various active projects and services under the authority.

1:44:00 PM

Mr. Thayer discussed slide 5, "Railbelt Opportunities." He directed committee attention to the last name on the list at the left-hand side of the slide, "Dixion Diversion". He explained that Dixion Diversion was at Bradly Lake, which was owned by the state and had been in operation for 32 years. He said that the lake provided the lowest cost energy on the Railbelt at $0.04 per kilowatt. He added that it provided 10 percent of the power on the Railbelt. He shared that the Dixion Diversion had similar glacier lake river on the Bradly Lake footprint that would be diverted 5 miles into Bradly Lake, which would increase Bradly lake by 50 percent and would displace 1.5 billion cubic feet of natural gas, or 7.5 percent of the unmet needs in 2023. He stated that the economics of the project looked to revenue bonds to pay for the project in addition to applying for an Environmental Protection Agency (EPA) grant, which did not require a state grant. He added that tax credits up to 50 percent could be a possibility. He moved up the list to the Homer system and noted the BESS (Potential AEA Ownership) listing in the center of the slide. He explained that there was battery energy storage system in Soldotna that helped with oscillation of water and could be used at Bradly Lake. He noted that further north on the map there was another battery being built by the Matanuska Electric Association. He said that AEA was exploring whether it would be cost effective to buy in to that battery. He said that batteries had varying issues and benefits that were being explored by the authority. He further detailed the projects listed on the lines illustrated on the map.

1:51:47 PM

Co-Chair Olson spoke to the projects in rural Alaska, and wondered who owned the solar panels.

1:52:07 PM

Mr. Thayer asked which solar panels senator Olson was referring to.

1:52:10 PM

Co-Chair Olson asked who owned the solar panels in Willow.

1:52:19 PM

Mr. Thayer replied that an independent power producer borrowed money from AEA for the panels.

Co-Chair Olson asked Mr. Thayer to explain the BESS acronym.

Mr. Thayer replied that BESS stood for Battery Energy Storage System. He added that Tesla was the brand used by Homer, Chugach, and Matanuska.

1:53:15 PM

Co-Chair Olson understood that direct current (DC) power, put over a fair amount of distance, lost energy as it traveled. He wondered how the loss of energy would be delt with.

1:53:34 PM

Mr. Thayer responded that the AC/DC lines were quite efficient. The line proposed line would be highly efficient.

1:54:22 PM

Co-Chair Olson wondered about the funding for the north end of the line.

1:54:26 PM

Mr. Thayer replied that it would be a conversation with the utility.

1:55:37 PM

Mr. Thayer pointed to slide 6, "Bradley Lake Hydroelectric Project":

Bradley Lake Hydroelectric Project

- Bradley Lake is **Alaska's largest source of renewable energy**. Energized in 1991, the project is situated 27-air miles northeast of Homer on the Kenai Peninsula.

- The 120 MW facility provides **low-cost energy to 550,000+** members on the Railbelt.

- Bradley Lake's **annual energy production** is 10 percent of Railbelt electricity at 4.5 cents/kWh (or 54,400 homes/year) and over $20 million in savings per year to Railbelt utilities from Bradley Lake versus natural gas.

- AEA, in partnership with the Railbelt utilities, **is studying the Dixon Diversion Project** which would increase the annual energy production of Bradley Lake by 50 or the equivalent of 14,000 28,000 homes.

Mr. Thayer addressed slide 7, "Dixon Diversion Project":

AEA is studying the Dixon Diversion Project to optimize the energy potential of the AEA owned Bradley Lake Hydroelectric Project. Like the West Fork Upper Battle Creek Diversion Project, the Dixon Diversion Project would divert water from Dixon Glacier in order to increase Bradley Lake's annual energy production by 50 percent.

- Located five miles from Bradley Lake and would utilize existing powerhouse at Bradley Lake
- Estimated annual energy 100,000 200,000 MWh (24,000 30,000 homes
- Estimated to offset 1.5 1.6 billion cubic feet of natural gas per year in Railbelt power generation (equal to 7.5 percent of Alaska's unmet natural gas demand projected for 2030)
- Estimated completion is 2030

*Funding will be used for engineering studies (feasibility, hydrological, geological) and environmental studies (fisheries, water quality, geomorphology).

The slide offered a map of the proposed project in the area.

1:57:03 PM

Co-Chair Stedman looked at the third bullet point on page 6:

- Bradley Lake's annual energy production is ~10% of Railbelt electricity at 4.5 cents/kWh (or ~54,400 homes/year) and over $20 million in savings per year

to Railbelt utilities from Bradley Lake versus natural gas.

Co-Chair Stedman assumed that 4 cent const generation would result in zero debt.

1:57:11 PM

Mr. Thayer replied that that dam had been paid off but the authority had bonded $166 million against Bradly Lake to begin transmission upgrades. He stressed that AEA was proactive in borrowing funds against the dam to fund the upgrades.

1:57:59 PM

Co-Chair Stedman surmised that the slide reflected the cost spend rate of debt free hydro asset.

1:58:01 PM

Mr. Thayer affirmed.

1:58:07 PM

Co-Chair Stedman expressed the desire for an updated heating cost comparison between the state's energy sources.

1:58:59 PM

Mr. Thayer agreed to provide the information.

1:59:08 PM

Co-Chair Stedman shared that there were concerns about running low on Cook Inlet natural gas, with equal concerns in Fairbanks and Western Alaksa for energy costs. He noted that some form of methodology to compare costs was needed.

1:59:45 PM

Mr. Thayer agreed to provide the information.

1:59:48 PM

Senator Bishop requested asked that coal energy be included in the information requested by Co-Chair Stedman.

2:00:02 PM

Co-Chair Hoffman stated that energy costs needed to be reduced throughout the state. He stressed that energy costs in rural Alaska were sometimes 10 times higher than in the Railbelt.

2:00:58 PM

Co-Chair Olson spoke of pennies per kilowatt hour in urban areas versus over a dollar per kilowatt hour in rural areas of the state that produced the resources used for energy.

2:01:40 PM

Mr. Thayer displayed slide 8, "Why are Transmission Upgrades Needed?"

> Many of the transmission lines and associated equipment serving Alaska were constructed more than 40 years ago. Transmission upgrades are needed to improve Alaska's resilience and energy security, diversify its energy portfolio, and accelerate the effective future integration of renewable and clean power.
>
> **Energy Security**
>
> Reliable transmission infrastructure ensures that those projects will be able to connect to the grid and provide energy anywhere it is needed along the Railbelt.
>
> **Energy Diversity**
>
> As Cook Inlet natural gas supplies decline, new energy projects, including renewable energy, will become increasingly important to our energy security.
>
> **Reliable Energy**
>
> A second transmission line from the Southern region (Kenai Peninsula) of the Railbelt to the Central region (Anchorage) will ensure power in the event of an emergency shutdown along existing lines.

Mr. Thayer lamented that the state's electrical system was not up to federal standards.

2:01:54 PM

Co-Chair Stedman asked about background on Bradly Lake and the proposed tunnel and expansion. He wondered whether there would be any impact or upgrades needed to the penstock or turbines.

2:02:30 PM

Mr. Thayer replied that the advantage of the project was that nothing additional needed to be done to the powerhouse. He said that the project would allow for more efficient usage of the 2 existing 60-megawatt generators. He said that the current constraint of Brady Lake was the lack of transmission lines. He said that 17 percent of the power from Bradly went to Fairbanks. He said that a third generator could be put in at Bradly lake but that the plant would run fine with the existing two.

2:03:59 PM

Co-Chair Stedman asked about the third generator. He thought that a spare generator would be beneficial so that two were always running even in times of maintenance.

2:04:13 PM

Mr. Thayer replied that the issue was one of cost. He shared that Bradly had been designed to have three, 40-megawatt generators, but that two, 60 megawatt generators had been constructed, which had resulted in oscillation issues. He said that the third pit for the original design remained and could possibly hold the 40-megawatt generator originally considered. He offered to provide additional information on the issue.

2:05:16 PM

Senator Kiehl asked about the two-line minimum under Federal Energy Regulatory Commission (FERC) regulations. He understood that Regulatory Commission of Alaska (RCA) in some areas of the state required onsite backup generation. He wondered whether the backup generation was required at Bradly Lake.

2:05:32 PM

Mr. Thayer responded in the affirmative. He explained that the BESS system made a battery available that could be operated on for a period in the event of the necessity for a backup generator.

2:06:04 PM

Co-Chair Olson asked about the price of power from Bradly Lake to Fairbanks wheeling rates.

2:06:16 PM

Mr. Thayer responded that he could get back to the committee with the information.

2:06:47 PM

Mr. Thayer highlighted slide 9, "Grid Resilience and Innovation Partnerships (GRIP): HVDC Line":

- Increases transfer capacity between regions that enables higher renewable energy integration into the electricity system.

- Improves resilience and reliability for tribal and disadvantaged communities in the Railbelt region, and a reduction in reliance on fossil fuel generation and associated emissions.

- Supports the retention of high quality jobs in the region, including 650 highly paid jobs with competitive employer sponsored benefits.

- Creates apprenticeship and internship programs to train a new generation of line workers and wireworkers to reinvigorate Alaska's energy workforce.

AEA secured $206.5 million for GRIP Topic Area 3: Grid Innovation through the United States Department of Energy's Grid Deployment Office. A cost share of 100 percent, or $206.5 million, is required for a total project amount of $413 million. The Railbelt Innovation Resiliency project will construct a high voltage direct current (HVDC) submarine cable to serve as a parallel transmission route from the Kenai Peninsula to Anchorage, creating a much needed redundant system in case of disruptive events

2:08:41 PM

Mr. Thayer looked at slide 10, "HVDC Subsea Cable from Kenai to Beluga":

> The RIR project encompasses several projects one of them being the installation of a new subsea high voltage direct current (HVDC) transmission line from the Kenai Peninsula across Cook Inlet to the existing Beluga Power Plant and, if feasible, one or two battery energy storage systems (BESS) in the Central (Anchorage) and Northern Fairbanks) regions.
>
> Project Highlights:
>
> Location: The project involves connecting the Railbelt's Southern region (Kenai Peninsula) to the Central region (Anchorage, Matanuska Susitna Valley) via Beluga with an HVDC submarine circuit.
>
> Cable length: Approximately 65 miles total length, 37.5 mile subsea cable/2.5 miles from the landing to Beluga, and 25 miles from the Southern landing to Soldotna.
>
> Cable size: The cable is approximately 8" in diameter with roughly 250 megawatt transfer capability.
>
> Cable depth to be buried in the seabed: About 4-6 feet deep. Landings may be installed using horizontal directional drilling.

2:09:25 PM

Co-Chair Olson asked whether there were existing transmission lines across Cook Inlet.

2:09:30 PM

Mr. Thayer replied in the affirmative. He said they were natural gas and oil pipelines.

2:09:36 PM

Co-Chair Olson asked whether the lines were protected from seismic activity.

2:09:39 PM

Mr. Thayer agreed to provide that information.

Mr. Thayer pointed to slide 11, "Schedule":

> The statutory period for the project is eight (8) years and the construction schedule below is based on a design bid build process a traditional project delivery method that consists of three distinct phases in sequence:
> - Second Quarter 2024 Award
> - Summer 2024 Preliminary Engineering
> - December 2024 Complete Preliminary Design
> - July 2027 Complete National Environmental Policy Act (NEPA) Process
> - December 2027 Contractor Selection
> - January 2028 to December 2029 Long Lead Items
> - January 2030 to December 2031 Construction

2:11:12 PM

Co-Chair Hoffman asked how similar laying the cable for the project was when compared to laying broadband cable in western Alaska.

2:11:21 PM

Mr. Thayer replied that he did not know, and agreed to provide the information.

Mr. Thayer addressed slide 12, " GRIP 3, Round 2: Beluga to Healy Overhead HVDC":

> Scope-The Railbelt Innovative Resiliency Project, Round 2 is a crucial initiative to build a clean, smart, and affordable grid in Alaska. This project involves building a 250 mile high voltage direct current (HVDC) overhead transmission line from Beluga (west of Cook Inlet) to Healy
>
> Benefits-Increased resilience and redundancy of the Alaska Intertie, an additional conduit for power to transmit between regions, reduced line losses, and allows for more energy to be delivered to consumers.

Status and Schedule-On April 17, 2024, AEA submitted an application to the Department of Energy, and we expect notification in early third quarter.

- 2025 2026 Initial design, permitting
- 2026 2027 Engineering, NEPA process
- 2027 2031 Construction

Budget Estimated total cost is up to $730 million

Mr. Thayer pointed to slide 13, "Sterling to Quartz (SSQ) and Soldotna to Sterling Transmission Lines":

In 2020, AEA acquired the SSQ Transmission Line, a critical component of the interconnected Railbelt transmission system on the Kenai Peninsula, as part of the Bradley Lake Hydroelectric Project.

- Location 39.4 miles of 115 kilovolt (kV) transmission and out of use 69 kV transmission from Sterling to Quartz substation (Kenai Lake).

- Benefits AEA ownership ensures better cost alignment, increase reliability, and more timely repairs and upgrades.

- Status 69 kV line decommissioned and removed. Engineers are designing and are procuring equipment for the upgrade of the existing 115 kV line to 230 kV. Upgrade will reduce line losses, increase line reliability and system resiliency.

- Cost Estimated cost to upgrade line to 230 kV standards is $90 million for the transmission line between Sterling Substation and the Quartz Creek Substation on Kenai Lake.

2:13:41 PM

Co-Chair Stedman asked about the ownership and why the state would own the inner tie system and not the local utilities. He did not believe that the state owned the inner tie system in Southeast Alaska.

2:14:17 PM

Mr. Thayer understood that the bill put all of the transmission assets into an Railbelt Transmission

Organization (RGO) which would mean AEA and utilities would govern the assets. He agreed that the conversation needed to continue.

Co-Chair Olson asked where AEA stood on the matter.

Mr. Thayer replied that he could not speak for the board.

2:15:16 PM

Co-Chair Stedman thought that knowing how long the state would need to hold the grants before they were divested to utilities would be helpful to the conversation. He worried about inadvertent cost to the state.

2:16:35 PM

Senator Bishop asked about the award date on Grip 3.

2:16:37 PM

Mr. Thayer replied August-September 2024.

2:16:45 PM

Co-Chair Stedman asked whether there were commitments within the grants that would disallow divestiture over a period of time or could the state divest ownership at its own discretion.

2:17:18 PM

Mr. Thayer replied that he would need to research the matter.

2:17:24 PM

Mr. Thayer addressed slide 14, "Battery Energy Storage Systems for Grid Stabilization":

- Scope-The BESS projects consist of an upgrade to the existing BESS system in the North, and also new BESS systems in the Southern, and Central regions of the grid. The Northern BESS is located at Fairbanks, the Southern BESS is located in Kenai, the Central Region BESS will be located at Anchorage. BESS will be needed to fully realize the benefits of a 230 kV bulk power

supply system, regulate energy from various generation, and increase resilience.

- Benefits-Increase system resilience, transfer capability, more efficient use of system, and lowers impediments to additional renewable generation development
- Schedule-Estimated completion date is 2026:
  - Southern (Kenai) In service
  - Central (Anchorage) October 2024
  - Northern (Fairbanks) To be determined
- Budget Estimated total cost is $168 million (depending on technology and capacity needs)

Mr. Thayer pointed to slide 15, "HB 307: What does it do?"

House Bill 307 aims to:
- Reduce barriers for new power projects
- Transform system into a public highway rather than a toll road
- Allow for lowest cost power to move regardless of generation source

It aims to do this by:
- Requiring the Regulatory Commission of Alaska to establish a new mechanism of transmission cost recovery in the Railbelt
- Eliminating transmission "wheeling" rates for inter utility movement of electricity
- Extending tax relief provisions enjoyed by Electric Coops to Independent Power Producers

Mr. Thayer shared that the budget for the project had grown by 2,600 percent. He sited the work of the AEA team for the funds.

2:23:32 PM

Co-Chair Olson interjected that 2,600 percent was a lot of money.

2:23:42 PM

Co-Chair Stedman joked that the team should be in charge of the Alaska Marine Highway System (AMHS).

Senator Olson thanks Mr. Thayer for the presentation.

2:24:22 PM

GWEN HOLDMANN, ALASKA CENTER FOR ENERGY AND POWER, UNIVERSITY OF ALASKA FAIRBANKS, discussed the presentation, "The Railbelt Transmission Grid (now and future)" (copy on file). She looked at slide 2, "A Vision for our Railbelt":

> We want a system that:
> • Allows cheapest cost power to get to end-users wherever it is produced, whatever the source is, and wherever that generation is located.
> • Facilitates clean energy projects at scale for energy security and diversification.
> • Maintains and improves reliability

She stressed that it was in the interest of the entire state to lower energy costs in the Railbelt.

2:27:17 PM

Ms. Holdmann pointed to slide 3, "Why Restructure and What Does That Mean?"

> • Historically, utilities have been structured as regulated natural monopolies.
> • This is due to economies of scale and scope (1 set of wires, not 20)
> • In more recent times, technological advancements mean that consumers can benefit from opening up portions of this market to competition.

2:29:05 PM

Ms. Holdmann looked at slide 4, "Why Restructure and What Does That Mean?"

> • Historically, utilities have been structured as regulated natural monopolies.
> • This is due to economies of scale and scope (1 set of wires, not 20)
> • In more recent times, technological advancements mean that consumers can benefit from opening up portions of this market to competition.

2:30:00 PM

Ms. Holdmann pointed to slide 5, which discussed energy news. The slide showed headlines from various news sources announcing negative impacts in other markets. She thought Alaska could learn from other states' mistakes.

2:30:42 PM
Ms. Holdmann addressed slide 6, "Realities of the Railbelt Today":

- The Railbelt transmission system needs to be upgraded. We have an opportunity for federal funding to help defray those costs.
- Alaska is dominated by public power … one of only two states in the U.S.
- Railbelt politics are inherently local

2:32:49 PM

Senator Kiehl asked for further clarification about savings to the consumer in cooperative power associations. He understood that monetary savings did not always go back to the consumer from which they were generated.

2:33:23 PM

Ms. Holdman queried whether Senator Kiehl was asking about an individual service territory or going between different service territories.

2:33:36 PM

Senator Kiehl understood that cooperative power associations did not cooperate with one another and wondered if energy savings were shared across associations.

2:33:56 PM

Ms. Holdmann replied that utilities often disagreed because the entities represented local interests, which could be addressed by having an overarching transmission organization.

2:35:27 PM

Ms. Holdmann continued with slide 6:

- Alaska has avoided transmission deregulation because we are not grid connected (thus not subject to FERC)
- Finding helpful examples relevant to Alaska can be challenging

2:36:18 PM

Ms. Holdmann looked at slide 7, "Constraints on the Railbelt Grid":

Technical Constraints
Inadequate physical infrastructure for our long, strung-out system

Economic Constraints
a) Economic dispatch is difficult -- Wheeling, gas contracts
b) Small market -- Lack of economies of scale, less room for competing suppliers

Institutional Constraints
Currently, it is hard to manage and operate assets for the benefit of the whole region

2:38:06 PM

Ms. Holdmann pointed to slide 8, "These are not new issues or ideas." The slide illustrated that the state had been working on the energy issue since as far back as 1952.

2:39:19 PM

Ms. Holdmann addressed slide 9, "Historically, transmission has not been prioritized":

Railbelt utilities solved reliability issues with local and regional generation rather than investing in interregional high-voltage transmission due to long distances with few members to pay the cost.

The history of the Railbelt has been compared to an Alaskan "Prisoner's Dilemma" - prioritizing individual utilities' needs has resulted in a suboptimal system for everyone.

There has never been single unified operator who was concerned about the grid as a whole.

Prisoners Dilemma:
A paradox in decision analysis in which two individuals acting in their own self-interests do not produce the optimal outcome.

2:40:07 PM

Senator Wilson thought that care should be taken not to categorize all utilities as suboptimal when commenting on power utilities in the state.

2:40:27 PM

Ms. Holdmann agreed. She thought that utilities in the state were doing a fine job looking at the big picture and believed that utilities would agree that partner collaboration has not always been prioritized.

2:41:50 PM

Senator Bishop thought that if utilities were more cooperative the problem would not be under discussion.

2:41:58 PM

Ms. Holdmann discussed slide 10, "Shared opportunities create incentives for cooperation":

Effective Railbelt cooperation most often occurred when state entities (legislature or AEA) provided capital for generation and transmission (Bradley Lake and Alaska Intertie).

To operate these joint assets, Railbelt utilities had to find a way to work together.

Federal Funding (GRIP) creates that incentive today.

2:42:33 PM

Ms. Holdmann pointed to slide 11, "The location of generation will change in the future." She noted that the details of the slide represented only one study. She said that the location of where generation assets would be located was changeable. She said that the amount of use of the transmission system would change over time as well.

2:43:48 PM

Ms. Holdmann addressed slide 12, "Two Goals":

1. Eliminate pancaking wheeling rates and establish a framework for how transmission costs will be recovered and allocated
2. Create an organization that can oversee, manage and develop backbone transmission assets and that is subject to appropriate regulation

2:44:24 PM

Ms. Holdmann pointed to slide 13, "Goal 1: Remove pancaking wheeling rates."

2:44:35 PM

Ms. Holdmann addressed slide 14, "Why does eliminating wheeling matter?"

Investments should not be impeded by prices for moving power that bear no relation to actual marginal cost.

(Costs must be recovered…. but not by using artificial per-unit prices)

Get rid of the toll road, create an open access highway that does not discriminate in terms of who generates the power, or what form of generation is used.

2:47:30 PM

Ms. Holdmann said that the goal was to find a different way of allocating fixed costs to end users.

Ms. Holdmann discussed slide 15, "Why does eliminating wheeling matter?":

Investments should not be impeded by prices for moving power that bear no relation to actual marginal cost.

(Costs must be recovered – but not by using artificial per-unit prices.)

Ms. Holdmann offered a hypothetical using $30 million in transmission costs and a consumer cost of $1 per unit. She noted that the goal of the projects was to allocate the cost of transmission directly to end users without tying the cost to the source of generation.

2:49:31 PM

Co-Chair Olson asked how the end user could be assured parity if they were a coop owned member.

Ms. Holdmann believed that many co-ops and their members had felt that things had not been fair in the past; the actions of one utility had been known to unfairly impact users in another part of the system. She offered that fairness was a priority for the projects.

2:50:37 PM

Co-Chair Olson wondered whether Ms. Holdmann envisioned a future where everyone in the state paid the same rate for electric transmission regardless of geographic location.

2:51:05 PM

Ms. Holdmann replied in the affirmative and expressed her excitement for the possibilities.

2:51:31 PM

Co-Chair Olson asked about international rates; could the state transmit to, or purchase power from, Cananda.

2:51:51 PM

Ms. Holdmann replied that Hyer, Alaska bought power from Cananda. She could not speak to the specifics of international purchases or sales.

2:52:42 PM

Ms. Holdmann pointed to slide 16, " Goal 2: Create an organization that can oversee, manage and develop backbone transmission assets and that is subject to appropriate regulation":

Iceland provides an interesting analog to Alaska's Railbelt due to similar transmission length, population served, and high prevalence of public power.

Iceland has a competitive energy market, with Landsnet as the national transmission system operator, overseeing the country's transmission infrastructure. Examining Iceland's governance and asset management strategies, particularly their evolution over the past three decades, presents an invaluable learning opportunity for Alaska.

Iceland's electricity sector - most distribution utilities also operate generation assets, like the Railbelt utilities.

2:53:32 PM

Ms. Holdmann displayed slide 17, " Goal 2: Create an organization that can oversee, manage and develop backbone transmission assets and that is subject to appropriate regulation":

Borrow from a simple governance structure that has passed the test of time (in Alaska)

The Bradley Lake Project Management Committee governance structure can be used as a starting point to design a Railbelt Transmission Organization

The transmission tariff that establishes the rate that consumers pay should be subject to regulation (the Bradley Project is exempt)

2:54:36 PM

Ms. Holdmann pointed to slide 18, "Why Now? Urgency of the Moment":

1. Unique/generational opportunity to build new assets … we need to get our house in order first.
    - GRIP Projects
    - Private sector investment (IPPs)
2. Addressing the high cost of power for consumers
    - Eliminate wheeling
    - Economies of scale in project development

- Economic dispatch (future)

2:55:16 PM

Senator Merrick noted that only 3 members of the committee represented the Railbelt. She asked about balancing responsibilities to all Alaskan constituents when looking at Railbelt energy plans.

2:55:43 PM

Ms. Holdmann replied that lowering energy costs in the Railbelt would benefit the entire state. She thought that additional work could be done to address the high cost of energy in rural Alaska.

2:57:15 PM

Co-Chair Olson surmised that Ms. Holdmann was optimistic about transforming energy issues to the benefit of the state.

2:57:20 PM

Ms. Holdmann responded in the affirmative.

2:58:15 PM

Co-Chair Olson invited Angell Rodell to testify on the matter.

2:58:29 PM

ANGELA RODELL, STAFF, SENATOR CATHY GIESSEL, stated that the legislation reflected a significant amount of work by stakeholders. She stressed that compromise would be key to fix transmission issues in the Railbelt which would ultimately benefit the entire state.

Co-Chair Olson discussed housekeeping.

#
ADJOURNMENT
3:00:26 PM

The meeting was adjourned at 3:00 p.m.