

**ALASKA STATE LEGISLATURE**  
**SENATE RESOURCES STANDING COMMITTEE**

March 4, 2024

3:30 p.m.

**MEMBERS PRESENT**

Senator Click Bishop, Co-Chair  
Senator Cathy Giessel, Co-Chair  
Senator Bill Wielechowski, Vice Chair  
Senator Scott Kawasaki  
Senator James Kaufman  
Senator Forrest Dunbar  
Senator Matt Claman

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

SENATE BILL NO. 243

"An Act relating to the board of directors of the Alaska Energy Authority."

- MOVED CSSB 243 (RES) OUT OF COMMITTEE

SENATE BILL NO. 217

"An Act relating to the taxation of independent power producers; and increasing the efficiency of integrated transmission system charges and use for the benefit of ratepayers."

- HEARD & HELD

PRESENTATION: THE RAILBELT TRANSMISSION GRID (NOW AND FUTURE.)

- HEARD

SENATE BILL NO. 257

"An Act relating to the Regulatory Commission of Alaska; relating to public utilities; relating to electric reliability organizations; relating to the Alaska Energy Authority; relating to the Railbelt Transmission Organization; and providing for an effective date."

- BILL HEARING CANCELED

**PREVIOUS COMMITTEE ACTION**

BILL: SB 243

SHORT TITLE: ALASKA ENERGY AUTHORITY GOVERNANCE

SPONSOR(s): RESOURCES

02/19/24	(S)	READ THE FIRST TIME - REFERRALS
02/19/24	(S)	RES, FIN
02/26/24	(S)	RES AT 3:30 PM BUTROVICH 205
02/26/24	(S)	Heard & Held
02/26/24	(S)	MINUTE(RES)
02/28/24	(S)	RES AT 3:30 PM BUTROVICH 205
02/28/24	(S)	Heard & Held
02/28/24	(S)	MINUTE(RES)
03/04/24	(S)	RES AT 3:30 PM BUTROVICH 205

BILL: SB 217

SHORT TITLE: INTEGRATED TRANSMISSION SYSTEMS

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

02/02/24	(S)	READ THE FIRST TIME - REFERRALS
02/02/24	(S)	RES, L&C, FIN
03/04/24	(S)	RES AT 3:30 PM BUTROVICH 205

**WITNESS REGISTER**

JULIE SANDE, Commissioner

Department of Commerce, Community, and Economic Development

Anchorage, Alaska

**POSITION STATEMENT:** Presented SB 217 on behalf of the administration.

CURTIS THAYER, Executive Director

Alaska Energy Authority (AEA)

Anchorage, Alaska

**POSITION STATEMENT:** Answered questions on SB 217.

ANDREW JENSEN, Policy Advisor

Office of the Governor

Anchorage, Alaska

**POSITION STATEMENT:** Answered questions on SB 217.

ROBERT DOYLE, Chair

Regulatory Commission of Alaska (RCA)

Anchorage, Alaska

**POSITION STATEMENT:** Answered questions on SB 217.

GWEN HOLDMANN, Associate Vice Chancellor  
Research, Innovation, and Industry Partnerships  
University of Alaska Fairbanks (UAF)  
Fairbanks, Alaska

**POSITION STATEMENT:** Presented an update on the Railbelt  
Transmission Grid.

TONY IZZO, CEO  
Matanuska Electric Association (MEA)  
Palmer, Alaska

**POSITION STATEMENT:** Provided information on the Railbelt  
Transmission Grid.

JOHN BURNS, President and CEO  
Golden Valley Electric Association (GVEA)  
Fairbanks, Alaska

**POSITION STATEMENT:** Provided information on the Railbelt  
Transmission Grid.

#### **ACTION NARRATIVE**

[3:30:31 PM](#)

**CO-CHAIR CLICK BISHOP** called the Senate Resources Standing  
Committee meeting to order at 3:30 p.m. Present at the call to  
order were Senators Wielechowski, Kawasaki, Dunbar, Claman, Co-  
Chair Giessel and Co-Chair Bishop. Senator Kaufman arrived  
thereafter.

#### **SB 243-ALASKA ENERGY AUTHORITY GOVERNANCE**

[3:31:18 PM](#)

**CO-CHAIR BISHOP** announced the consideration of SENATE BILL NO.  
243 "An Act relating to the board of directors of the Alaska  
Energy Authority."

[3:31:28 PM](#)

**SENATOR KAUFMAN** joined the meeting.

[3:31:28 PM](#)

**CO-CHAIR BISHOP** solicited a motion.

[3:31:31 PM](#)

**CO-CHAIR GIESSEL** moved to adopt Amendment 1, work order 33-  
LS1427\A.4, to SB 243.

[Original punctuation provided.]

**AMENDMENT 1**

BY SENATOR GIESSEL

TO: SB 243

- 1 Page 1, line 1, following "Authority":
- 2 Insert "; and providing for an effective date"
- 3
- 4 Page 3, following line 5:
- 5 Insert a new bill section to read:
- 6 "\* Sec. 5. This Act takes effect July 1, 2024."

[3:31:34 PM](#)

CO-CHAIR BISHOP objected for purposes of discussion.

[3:31:37 PM](#)

CO-CHAIR GIESSEL explained that Amendment 1 sets an effective date of July 1, 2024 for SB 243.

[3:31:47 PM](#)

CO-CHAIR BISHOP removed his objection; finding no further objection, Amendment 1 was adopted.

SENATOR CLAMAN said he would not offer Amendment 2.

[Original punctuation provided.]

**AMENDMENT 2**

BY SENATOR CLAMAN

TO: SB 243

- 1 Page 2, line 16, following "terms":
- 2 Insert "A public member appointed under (a)(3) of
- 3 this section may be removed only
- 4 for cause."

[3:31:59 PM](#)

CO-CHAIR BISHOP solicited a motion.

[3:32:02 PM](#)

SENATOR CLAMAN moved to adopt Amendment 3, work order 33-LS1427\A.3, to SB 243.

[Original punctuation provided.]

33-LS1427\A.3  
Walsh  
2/29/24

**AMENDMENT 3**

BY SENATOR CLAMAN

TO: SB 243

1 Page 3, lines 2 - 5:

2 Delete all material and insert:

3 "TRANSITION. (a) The terms of the members of the  
board of directors of the Alaska

4 Energy Authority under AS 44.83.030, as that statute  
read before the effective date of this  
5 Act, expire on the effective date of this Act.

6 (b) Notwithstanding AS 44.83.030(c), added by  
sec. 2 of this Act, public members of  
7 the board of directors of the Alaska Energy  
Authority under AS 44.83.030(a)(3) are appointed  
8 to initial terms as follows:

9 (1) the member appointed under AS  
44.83.030(a)(3)(A), added by sec. 1 of  
10 this Act, and one member appointed under AS  
44.83.030(a)(3)(E), added by sec. 1 of this Act,  
11 serve for terms that expire March 1, 2025;

12 (2) the member appointed under AS  
44.83.030(a)(3)(B), added by sec. 1 of  
13 this Act, and one member appointed under AS  
44.83.030(a)(3)(E), added by sec. 1 of this Act,  
14 serve for terms that expire March 1, 2026;

15 (3) the members appointed under AS  
44.83.030(a)(3)(C) and (D), added by  
16 sec. 1 of this  
Act, serve for terms that expire March 1, 2027.

17 (c) Nothing in this section prevents the  
appointment of a person whose term expires

18 under (a) of this section as a member of the board  
of directors of the Alaska Energy Authority  
19 if the person meets the qualifications in AS  
44.83.030, as amended by sec. 1 of this Act."

[3:32:04 PM](#)

CO-CHAIR BISHOP objected for purposes of discussion.

[3:32:08 PM](#)

SENATOR CLAMAN said the purpose of Amendment 3 is to establish more specific terms for the six public members of the board. Under AS 39.05.055, boards follow staggered terms upon their creation. However, due to the inclusion of two commissioners on this board, there are eight members instead of six, resulting in a deviation from the standard. The amendment seeks to address this by aligning the terms of non-commissioner board members with the existing statute and ensuring those terms track existing statute.

[3:33:26 PM](#)

CO-CHAIR GIESSEL voiced opposition to Amendment 3. She expressed concerns that while the idea behind it might not be bad, it is highly prescriptive. She emphasized the importance of the Alaska Energy Authority (AEA) having its own regulatory board. Currently, the AEA Board is combined with AIDEA, despite their distinct missions. She highlighted energy issues as top priorities for the state and suggested the need for an independent AEA capable of managing potentially substantial federal funds. She urged the committee to refrain from adding elements that could make SB 243 objectionable as it proceeds towards final passage.

[3:35:03 PM](#)

CO-CHAIR BISHOP maintained his objection.

[3:35:10 PM](#)

At ease

[3:36:24 PM](#)

CO-CHAIR BISHOP reconvened the meeting.

[3:36:26 PM](#)

SENATOR DUNBAR requested further clarification and expressed difficulty in understanding whether Amendment 3 would stagger the terms of the board members, potentially leading to earlier expiration dates in some cases. He suggested that the governor

would retain the authority to promptly make all initial appointments under this amendment.

[3:36:52 PM](#)

SENATOR CLAMAN said that under Amendment 3, the governor would make immediate appointments of six individuals to the board. Two of these appointees would serve a one-year term, while the other two would serve a three-year term. After the initial term, all appointments would be for three-year terms. Additionally, the appointments would be rotated to ensure that not all six members join the board simultaneously.

[3:37:16 PM](#)

SENATOR DUNBAR suggested that the amendment could potentially increase the governor's authority, so he could reappoint board members and extend their terms that would follow into the subsequent gubernatorial term. He queried why the governor might find fault with an amendment that effectively enhances their control over the board and extends their influence into the succeeding administration.

[3:37:58 PM](#)

CO-CHAIR GIESSEL said while that could be prescribed, the governor would retain the discretion to determine the length of terms.

[3:38:20 PM](#)

SENATOR CLAMAN noted that one aspect to consider regarding staggered appointments to the board is that the executive branch might experience confusion when interpreting AS 39.05.055. Given that two board members would not be public members, there would be a clash between the provisions of SB 243 and the existing statute, which assigns a four-year term. Amendment 3 serves to clarify the interpretation of terms.

[3:39:27 PM](#)

CO-CHAIR GIESSEL said she is not an attorney, so could not speak at length on this amendment, however, she agreed with Senator Claman so SB 243 could move forward.

[3:39:45 PM](#)

CO-CHAIR BISHOP acknowledged that SB 243 is moving to the Finance Committee and requested a Venn diagram to illustrate how Amendment 3 would work. He said the committee could consult with the Department of Law (DOL) as it moves forward.

[3:39:58 PM](#)

CO-CHAIR BISHOP removed his objection and Amendment 3 was adopted.

[3:40:13 PM](#)

CO-CHAIR BISHOP solicited the will of the committee.

[3:40:37 PM](#)

CO-CHAIR GIESSEL moved to report SB 243, work order 33-LS1427\A, as amended, from committee with individual recommendations and attached fiscal note(s).

[3:40:50 PM](#)

CO-CHAIR BISHOP found no objection and CSSB 234 (RES) was reported from the Senate Resources Standing Committee.

[3:40:57 PM](#)

At ease

### **SB 217-INTEGRATED TRANSMISSION SYSTEMS**

[3:43:22 PM](#)

CO-CHAIR GIESSEL reconvened the meeting and announced the consideration of SENATE BILL NO. 217 "An Act relating to the taxation of independent power producers; and increasing the efficiency of integrated transmission system charges and use for the benefit of ratepayers."

[3:44:22 PM](#)

JULIE SANDE, Commissioner, Alaska Department of Commerce, Community, and Economic Development, Anchorage, Alaska, presented SB 217 on behalf of the administration.

[3:44:51 PM](#)

MS. SANDE moved to slide 2 of the presentation and spoke to a map depicting the Railbelt Electrical Grid. She explained that Railbelt comprises an interconnected grid and is approximately 700 miles long. This system provides electricity to approximately 75 to 80 percent of Alaska's population of around 550,000 individuals.

[3:45:43 PM](#)

MS. SANDE moved to slide 3 and spoke to the legend depicting the Railbelt Transmission Line and the corresponding service areas. She said while the Railbelt Transmission System is interconnected, it is not an integrated system. Ownership of the transmission lines is shared between AEA and the Railbelt utilities listed on the slide. Due to limited alternative

pathways, much of the Railbelt lacks redundancy. Although the Copper Valley Electrical Association is connected by road, it is not connected by the transmission line. The Railbelt Transmission combines the Railbelt system and the transmission lines connecting Matanuska, Valley Glenn Allen, and North to Delta Junction. The current transmission system in Alaska is inefficient, owned by a utility cooperative that imposes a per mW/hr charge, also known as a "wheeling rate" or "pancaking." Several of those tariffs or wheeling rates are stacked onto one another and resemble an "extension cord." However, she argued that comparing Alaska's grid to that of the lower 48 states is inappropriate. She referenced an analogy likening it to a toll road rather than a public highway. Wheeling tariffs primarily serve as a revenue mechanism rather than facilitating true cost recovery, which poses challenges and barriers within the system. These costs are passed down to ratepayers and can hinder access to purchasing the cheapest power available, therefore limiting wholesale rates. She asserted that a grid the size of the Alaska Railbelt does not necessitate multiple wheeling rates. If SB 217 becomes law, the RCA would be required to establish a gradual transition process from the current transmission cost recovery system to a new mechanism. This transition would entail the elimination of wheeling rates, which limit access to wholesale power transactions and prevent independent power producers (IPPs) from engaging in power purchase agreements with utilities.

[3:48:36 PM](#)

MS. SANDE moved to slide 4 and said SB 217 would amend AS 10.25.540(b), the statute related to taxation cooperations to extend tax relief provisions to independent power producers (IPPs) who sell their power to non-profit electric utilities. Currently, taxes represent a significant portion of overhead for IPPs, often delaying or halting the development of IPP projects. Extending tax treatment to IPPs that non-profit utilities already receive would benefit taxpayers by treating all sources of power generation equally.

[3:49:26 PM](#)

MS. SANDE moved to slide 5 and explained the intent of SB 217:

[Original punctuation provided.]

**What Does Senate Bill 217 Do?**

- Senate Bill 217 aims to:
- Increase competition and efficiency within Alaska's transmission system

- Reduce costs to the rate payer
- Encourage the development of new power projects

**It aims to do this by:**

- Requiring the Regulatory Commission of Alaska (RCA) to change the current 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 Co-ops to Independent Power Producers (IPPs)

MS. SANDE said both measures reduce artificial barriers to the economic dispatch of the lowest-cost power and to new power generation projects that could otherwise deliver benefits to consumers in Alaska.

[3:50:45 PM](#)

SENATOR WIELECHOWSKI asked for an explanation of wheeling rates.

[3:50:59 PM](#)

MS. SANDE invited Curtis Thayer, Executive Director of AEA, to respond.

[3:51:19 PM](#)

CURTIS THAYER, Executive Director, Alaska Energy Authority, Anchorage, Alaska, responded to questions on SB 217. He explained that wheeling rates vary depending on the origin and destination of the power, noting the importance of having discussions on the matter. He cited an example where power generated in Bradley is transported to Fairbanks, so it goes through multiple utility load servicing areas. He noted instances where power saved in Fairbanks originates from generation in Anchorage and shipped North through the system. He offered to follow up with the committee with analyses of hypothetical scenarios.

[3:52:15 PM](#)

SENATOR DUNBAR noted that SB 257 was recently heard in the Labor and Commerce Committee and would also eliminate wheeling fees. He wondered whether provisions under SB 217 comprise functional or legal differences between how this objective is accomplished under the two bills.

[3:53:07 PM](#)

MR. THAYER replied that in principle, there are no differences between the two bills. He indicated that both SB 217 and SB 257 aim to eliminate the wheeling rate and accomplish the same objective. He invited Andrew Jensen, Policy Advisor for the Office of the Governor, to provide further insight.

[3:53:36 PM](#)

ANDREW JENSEN, Policy Advisor, Office of the Governor, Anchorage, Alaska, answered questions on SB 217. He stated that although the Governor's Office is still in the process of reviewing SB 257, there is a general consensus that a new method of rate recovery for transmission costs needs to be established, as wheeling rates impact decisions related to power purchases and the development and location of independent power projects. Both bills aim to achieve the same objective using RCA's mechanism.

[3:54:29 PM](#)

SENATOR KAWASAKI asked whether independent power producers are privately or publicly owned and whether they fall under regulation by the RCA.

[3:55:01 PM](#)

MR. JENSEN invited Robert Doyle, Chair of RCA, to respond.

[3:55:20 PM](#)

ROBERT DOYLE, Chair, Regulatory Commission of Alaska (RCA), Anchorage, Alaska, answered questions on SB 217. He said IPPs are regulated under RCA and are generally private companies. As an example, he mentioned Alaska Renewables, a private company that initiated a project subject to RCA approval.

[3:56:05 PM](#)

SENATOR KAWASAKI asked whether the RCA would mandate IPPs to transfer any savings from a lower tax rate to consumers through the Electric Cooperative if the IPPs themselves pay a reduced tax rate.

[3:56:26 PM](#)

MR. DOYLE responded that normally, the power purchase agreements undergo review, and RCA would consider various factors. He noted that the Department of Revenue would be responsible for examining tax credit matters. Akin to income taxes, RCA would incorporate this information into its assessment when establishing rates based on revenue requirements.

[3:56:57 PM](#)

SENATOR KAUFMAN sought clarification on term definitions.

[3:57:29 PM](#)

MR. DOYLE clarified that similar to a toll system, a wheeling tariff is imposed to allow electrons to pass through a system owned by another entity. In states where this is practiced and power predominantly originates from another state, power purchase agreements are established. Therefore, the concept of a toll serves as the most apt analogy, illustrating the notion of a fee for crossing between systems.

[3:58:06 PM](#)

SENATOR KAUFMAN asked for the definition of "pancake rates."

[3:58:10 PM](#)

MR. JENSEN clarified that pancake rates occur when rates accumulate and are added up over time, similar to paying multiple tolls while driving from Homer to Fairbanks.

[3:58:33 PM](#)

SENATOR CLAMAN presented a hypothetical scenario regarding toll rates and inquired whether the utility rate would decrease if the wheeling rate were collected from other systems that cross over the Chugach grid.

[3:59:26 PM](#)

MR. JENSEN replied that to the extent that wheeling rate could be used as a revenue mechanism, the cost for a Chugach ratepayer might be lower if it were then incorporated into the revenue requirement from a transaction that traverses the system.

[3:59:44 PM](#)

SENATOR CLAMAN inquired whether, under the current structure, Chugach consumers would experience any benefits from the collection of wheeling rates imposed on other utilities transmitting electricity across the Chugach grid.

[4:00:14 PM](#)

MR. JENSEN responded that all grids necessitate a revenue requirement. If the revenue requirement is decreased by collecting revenue from an alternative source, such as wheeling rates from another utility, there is a potential for Chugach ratepayers to benefit slightly because the total system requirement is offset by ratepayers in another area.

[4:00:39 PM](#)

SENATOR CLAMAN asked if that is actually happening today.

[4:00:54 PM](#)

MR. JENSEN deferred to RCA for a detailed response to the question. He said the current rate case involving Chugach anticipates a significant increase in the tariff for power transmitted north to Golden Valley Electric, with a cost estimate of approximately \$700,000.

[4:01:32 PM](#)

MR. DOYLE replied that any revenue generated, whether from economic energy sales or power production at lower costs, contributes to the comprehensive rate, benefiting Chugach ratepayers. He explained that all revenues are factored into their tariff, which could have both positive and negative implications for ratepayers. Transmission costs, among other expenses, are always considered. He expressed his belief that SB 217 aims to establish a single flat rate for the backbone. Under this system, debt covenants would be paid for, resulting in no winners or losers. There would be one uniform rate from Fairbanks to Homer.

[4:02:58 PM](#)

SENATOR CLAMAN asked whether, if the legislation successfully implements a flat rate, this could potentially lead to higher rates in certain areas because utilities would no longer be able to collect higher fees for transmission passing through their systems.

[4:03:53 PM](#)

MR. DOYLE replied yes and noted a slight potential for higher rates in certain areas. However, he emphasized the Regulatory Commission of Alaska's commitment to maintaining rates at reasonable and equitable levels. He reiterated that there would still be transmission costs, but the objective is to establish a single flat rate and adjust the mechanism accordingly. Mr. Doyle suggested exploring the coincidence peak under SB 257 and ratio sharing under SB 217 as potential avenues. The goal is to establish a fair rate and promote equity across the board. He encouraged the committee to assess whether utilities are charging more than the rates for wheeling transmission or if the costs remain consistent, factoring in the expenses associated with constructing and maintaining transmission infrastructure.

[4:05:18 PM](#)

MR. JENSEN presented the sectional analysis for SB 217:

[Original punctuation provided.]

## SECTIONAL ANALYSIS

### SB 217: Integrated Transmission Systems Version A

**Section 1** - Updates the uncodified law of the State of Alaska by setting forth the purpose of the legislation: to eliminate pancaked rates and increase efficiency of integrated transmission systems of the state.

**Section 2** - The bill amends AS 10.25.540—related to the taxation of electric cooperatives—to include independent power producers. Under the bill, independent power producers would pay a “sales” tax on the kilowatt hours of electricity in lieu of any state or local ad valorem, income, or excise tax. The bill defines an independent power producer as a utility that only sells wholesale power to cooperative or municipal utilities.

**Section 3** - The bill creates a new article in AS 42.05 relating to integrated transmission system cost recovery (AS 42.05.900 - 42.05.915).

Proposed AS 42.05.900 states the legislative findings for increasing the efficiency of providing electricity service to consumers.

Proposed AS 42.05.905 requires the Regulatory Commission of Alaska (“RCA”) to establish a transmission cost recovery mechanism and to provide a process where the electric utilities will transition from recovering transmission costs in utility rates to a transmission cost recovery mechanism. More specifically, this section requires the RCA to develop a cost recovery mechanism that achieves the legislative findings and allocates transmission costs in a way that recognizes a load-serving entity's local consumption compared with the total consumption on the system as a whole. The section further requires the RCA to establish a process whereby the transmission owning utilities will gradually transition from the current cost recovery mechanism, in which transmission costs are recovered in base rates and wheeling

charges, to the new transmission cost recovery mechanism.

Proposed AS 42.05.910 provides that the RCA will require all transmission-owning utilities to form an association whose only purpose is to have a tariff setting out how the transmission cost recovery mechanism is collected and disbursed, and to collect and disburse the transmission costs through the new recovery mechanism. The association will be regulated as a public utility.

Proposed AS 42.05.915 provides definitions for the new article. The section clarifies what sort of electric utility assets are deemed to be "transmission assets," subject to the cost-recovery mechanism of the new article. These include AEA's contractual charges for transmission to the Railbelt utilities, but would exclude radial transmission lines that are built to connect independent power producers who sell their power to utilities under wholesale contracts. The cost of such radial lines will instead continue to be recovered in the cost of power provided, as is customary. This ensures that a load-serving entity that is not buying power from the independent power producer is not forced to shoulder the cost of connecting that power to the grid. The section also provides definitions for the terms "electric reliability organization" and "load-serving entity."

[4:08:47 PM](#)

SENATOR CLAMAN asked him for his perspective on the implications of Senate Bill 123, regarding the electric reliability organization, that was passed a few years ago, in relation to SB 217. He stated that he had anticipated a faster moving outcome in establishing a new transmission entity.

[4:09:19 PM](#)

MR. THAYER replied that the Railbelt Reliability Council is still organizing the electric reliability entity and is working to establish a president or CEO, with interviews scheduled this week. He mentioned that the Railbelt Reliability Council has held meetings, has adopted regulations, and is working towards establishing an organization with a president or CEO, with interviews scheduled for this week. He noted that utilities collectively support the concept of having a mechanism to assist in eliminating tariffs and pancaking rates for consumers. While

he agrees with Senator Claman that it is taking longer than expected, the delays are not intentional and are simply the result of unexpected complications, especially in finding and hiring candidates for the positions. He said AEA owns a 40-mile transmission line along with the Alaska Intertie, both of which do not charge wheeling rates. The state's ownership of the transmission line between Willow and Healey saves the Fairbanks economy approximately \$37 million, as they can purchase power more affordably from the Railbelt and ship it North. That is not due to the power being shipped but the power is cheaper, and one advantage of state ownership over that line is the absence of a wheeling rate or tariff.

[4:11:39 PM](#)

SENATOR CLAMAN asked if the committee could view SB 257 and SB 217 as measures to accelerate the process of establishing a unified rate for transmission on the Railbelt.

[4:12:11 PM](#)

MR. DOYLE replied yes.

[4:12:17 PM](#)

MR. JENSEN added that the statutory responsibilities of the Electric Reliability Organization (ERO) do not involve setting a transmission rate or addressing the wheeling issue. Its responsibilities include electric reliability standards, integrated resource planning, and open access provisions. These provisions were not included under SB 123 and are complementary rather than altering or detracting from the ERO's duties.

[4:13:25 PM](#)

SENATOR KAUFMAN referred to the term "pancake" mentioned on page 2 of SB 217 and questioned whether such informal terms should be further defined.

[4:13:56 PM](#)

MR. JENSEN responded that the bill is currently in the hands of the committee, so it falls under its purview to make that decision.

[4:14:12 PM](#)

SENATOR DUNBAR referenced page 2 of SB 217 and noted potential contrasts with SB 257, which envisions transitioning planning responsibilities from the Electric Reliability Organization (ERO) to the transmission systems operator. He wondered whether inconsistencies exist between the two bills.

[4:14:55 PM](#)

SENATOR GIESSEL advised that members could not compare other bills that are absent from the committee agenda.

[4:15:15 PM](#)

SENATOR DUNBAR said some people have envisioned the Alaska Energy Authority (AEA) owning multiple assets. He questioned whether this differs from the provisions outlined in Section 42.05.910 regarding integrated transmission association.

[4:15:39 PM](#)

MR. DOYLE replied that ownership is not specifically defined in SB 217. He mentioned that AEA currently owns approximately one third of the transmission lines, totaling around 210 miles. While AEA owns a significant portion of the transmission infrastructure on the Railbelt, SB 217 does not detail ownership. He mentioned that RCA is not classified as a public utility.

[4:16:34 PM](#)

CO-CHAIR GIESSEL held SB 217 in committee.

**PRESENTATION: THE RAILBELT TRANSMISSION GRID**

[4:16:47 PM](#)

CO-CHAIR GIESSEL announced the consideration of a presentation on the Railbelt Transmission Grid

[4:17:36 PM](#)

GWEN HOLDMANN, Associate Vice Chancellor for Research, Innovation, and Industry Partnerships, University of Alaska Fairbanks (UAF), Fairbanks, Alaska, presented an update on the Railbelt Transmission Grid. She mentioned that the Alaska Center for Energy and Power (ACEP) has been engaged in research focused on effective energy market design and energy planning.

[4:18:04 PM](#)

MS. HOLDMANN moved to slide 2 and shared the vision for the Railbelt:

[Original punctuation provided.]

**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.

MS. HOLDMANN explained that the Railbelt grid initially consisted of independent utilities that were gradually interconnected through transmission assets over time. She cited reasons why these interconnections have been advantageous for consumers, emphasizing that improvements to the Railbelt would enhance energy costs for consumers and the reliability of the entire system. She emphasized that this concept is agnostic of a particular technology and ensures power is reliable and secure. She noted that clean energy projects could also include local energy solutions.

[4:19:24 PM](#)

MS. HOLDMANN moved to slide 3 and provided an update on the Railbelt:

[Original punctuation provided.]

#### **Realities of the Railbelt Today**

- Railbelt politics are **inherently local**
- Our energy sources are becoming more diverse
- Projects are more economical when **built at scale**
- The Railbelt transmission system needs to be upgraded. We have an **opportunity for federal funding** to help defray those costs.
- Alaska has avoided transmission deregulation because we are not grid connected (thus not subject to FERC)
- Finding analogous correlatives to Alaska can be challenging

MS. HOLDMANN stated that due to the existence of individual utility cooperative facilities managed locally by local boards, politics can become localized. This situation can pose challenges because there is no requirement for collaboration across the system to serve the best interests of the whole system. Local politics sometimes hinder decision-making and the development of structures that benefit the entire region. She stressed the importance of legislation to propel the state forward and ensure that Alaska develops the energy system of the

future, allowing consumers to benefit. She suggested that future energy sources will be more diverse. There is an economic advantage of constructing a single 150mW wind farm over three separate 50mW wind farms within the system. The objective is to see projects developed at scale to deliver the best energy resources to consumers, regardless of their location. She mentioned that AEA's system is anticipated to be upgraded to own a larger portion of the transmission system, so the development of a management plan is essential. While most markets are regulated, Alaska's power does not cross state lines. She referenced Iceland as a comparable example due to its similar population size, serving as a useful analog.

[4:22:40 PM](#)

CO-CHAIR GIESSEL asked her to define the terms "distribution" and "transmission."

[4:22:50 PM](#)

MS. HOLDMANN explained that transmission lines move bulk power back and forth across the system. These are typically high voltage lines and are not the lines that houses connect to. However, sometimes large industrial customers may be directly coupled to the transmission grid. Generally, when power is transported across the U.S., individual utilities at the distribution level draw power from the grid and distribute it to individual residents. The distribution system is what is seen when driving down the street and facilitates power to homes. Those are very clear definitions that have been accepted by the utility industry and the Federal Energy Regulatory Commission (FERC) and establish the difference between distribution, transmission, radial transmission, and backbone transmission. Some transmission lines may connect to a mine, which does not involve moving power back and forth between service territories. Whereas a backbone transmission system moves power North and South.

[4:24:07 PM](#)

MS. HOLDMANN moved to slide 4 and spoke to a chart depicting power flow between regions. She noted that the chart on this slide was developed from a study that ACEP conducted in considering potential future scenarios for power generation and distribution across the entire network for 2050. It illustrates an expectation that there is likely to be more power flow between different regions on the Railbelt. That is why it is important to address not only technical constraints, but also management and governance.

[4:24:50 PM](#)

SENATOR CLAMAN asked for clarification of his understanding that not being connected to the grid refers to not being linked to an interstate grid, rather than not being connected to a grid shared with other utilities in Alaska.

[4:25:06 PM](#)

MS. HOLDMANN replied that is correct.

[4:25:14 PM](#)

SENATOR CLAMAN asked what would happen if Alaska received power from Canada and whether it would integrate into the grid or an international network.

[4:25:31 PM](#)

MS. HOLDMANN replied that she has pondered the same question and stated her belief that receiving power from Canada would likely tie Alaska into the North American grid, as Canada, the U.S., and Mexico share that broader grid. While there could be potential implications, it would not involve the movement of power between two states.

[4:25:59 PM](#)

SENATOR CLAMAN asked for confirmation of his understanding that it would be different if Alaska attempted to connect to Canada should it be a non-issue.

[4:26:04 PM](#)

MS. HOLDMANN replies yes.

[4:26:11 PM](#)

MS. HOLDMANN moved to slide 5 and listed three goals under SB 217:

[Original punctuation provided.]

**Three 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 that is subject to appropriate regulation
3. Re-imagining a planning process that uses a whole-system approach (transmission, generation, and distribution)

MS. HOLDMANN opined that SB 217 would effectively achieve the first goal by directing the commission to establish the rate for rate recovery. Another approach could involve requesting the commission to approve a rate designed by an organization, thereby shifting the responsibility from the RCA. There is also an intent to address transmission congestion. She stated that there is broad consensus that eliminating wheeling rates represents a positive effort, noting that this idea has been under consideration for several years. However, she acknowledged that there are reasons this approach has been unsuccessful thus far. Legislation would provide a solution to addressing these challenges.

[4:28:11 PM](#)

MS. HOLDMANN moved to slide 6 and explained the intent of removing pancaking wheeling rates:

[Original punctuation provided.]

**Goal # 1: Remove pancaking wheeling rates**

Decisions about investment in projects or economic dispatch should not be inhibited by the cost of transmission, or the need to move power across transmission lines with different ownership

MS. HOLDMANN cited an example of a project built at scale that would benefit from the removal of wheeling rates. She explained that additional tariffs across different service territories could increase the cost of power. For instance, what could have been seven- or eight-cent power on the southern end of the transmission system might end up costing 11 cents, making it uneconomical. This system has led to the development of local projects benefiting local consumers, which has been demonstrated on the Railbelt over the past 20 years. The goal is to transition away from this type of system by establishing more economies of scale to provide consumers with the cheapest cost of power.

[4:29:26 PM](#)

CO-CHAIR BISHOP referenced her analogy and wondered if the goal is to bring in private capital to build transmission infrastructure, so entities know they have open access.

[4:29:57 PM](#)

MS. HOLDMANN replied that the state is crippled by the small size of the market. It can be difficult convincing developers that Alaska is a market worth investing in. However, if larger projects are developed that multiple utilities can participate in without barriers such as transmission costs, it would attract far more interest from private capital and investors compared to the current market conditions.

[4:30:32 PM](#)

SENATOR WIELECHOWSKI asked if she is aware of wheeling rates in the lower 48.

[4:30:39 PM](#)

MS. HOLDMANN replied no and said in most markets, transmission assets have been separated from both generation and distribution utilities. While generation has become a competitive market in the lower 48, transmission remains a monopoly, so the goal is to maintain open access. Alaska is essentially looking at how things were done in the rest of the country 20-40 years ago and is striving to catch up with global standards. However, Alaska's unique circumstances mean that it cannot replicate the same approach as other regions.

[4:31:40 PM](#)

SENATOR WIELECHOWSKI sought clarification of his understanding that at each step of the way, a wheeling fee is collected to recover utility costs. He inquired about the changes that would result from establishing a transmission authority, and whether there would be any winners or losers. He also wondered whether certain consumers might experience fluctuations in their utility costs.

[4:32:29 PM](#)

MS. HOLDMANN moved to slide 7 and explained that the change would decouple the cost of transmission from the flow of energy up and down the system. While costs for transmission would still need to be recovered, the intention is to remove decisions about cost recovery based on moving electrons back and forth. This separation would ensure that the cost of transmission is separate from the actual movement of power. She stated that wholesale power to a utility would remain consistent regardless of their location in the system.

[Original punctuation provided.]

**Goal # 1: Remove pancaking wheeling rates ... and establish a framework for how costs will be recovered and allocated**

Transmission lines (like highways) are typically built for peak demand, not how much energy (traffic) flows through the system.

Texas operates as an electrical "island" and because power generated in Texas is not sent outside of the state, Texas is exempt from federal FERC regulation (like Alaska and Hawaii)

"pool backbone transmission system costs and allocate those costs based on a coincident peak or load share ratio basis" - Adapted from Texas Substantive Rule 25.192

**Coincident peak demand** - period when electricity usage (demand) is at its highest across the entire system  
**Load share ratio** - considers users' overall energy consumption over a specific period

MS. HOLDMANN said wholesale power to a utility would be the same regardless of location in the state. No decisions are made about which generation source to bring online first based on the cost of running it through the transmission system.

[4:33:41 PM](#)

SENATOR WIELECHOWSKI presented a hypothetical scenario and sought confirmation of his understanding that if everything is leveled, one entity would end up paying more while another would pay less. He inquired how this would not be the case.

[4:34:05 PM](#)

MS. HOLDMANN replied that Bradley Lake has a distinct setup. She cited the Fire Island Wind Farm as an example, which was planned for a second development phase. At the time, Golden Valley expressed interest in investing in the project. However, this would involve not only wheeling power through different territories but also constraints on the system's capacity to transmit power across the line. There are technical, governmental, and cost-recovery constraints on the current system, so the goal is to move away from this approach to achieve modernization on management and operation of the system.

[4:35:37 PM](#)

SENATOR CLAMAN asked for insight into why this effort has been unsuccessful for the past 20 years.

[4:35:50 PM](#)

MS. HOLDMANN explained that several attempts have been made to establish a transmission organization, with the most recent being a for-profit entity. One of the primary challenges stems from the localized politics of all utilities, wherein a single entity's reluctance to participate can undermine the entire initiative. In a voluntary approach, genuine willingness is required from all parties to be part of the solution. While there may be some reallocation of costs to individual consumers on the grid, overall costs would decrease. However, she acknowledged the presence of uncertainty in this process. She suggested two methods for reallocating costs: determining the proportion of energy used relative to the entire grid and identifying peak demand periods when new transmission assets need investment. This approach, successfully implemented in Texas, is based on coincident peak demand. By identifying periods of congestion, it becomes possible to ascertain which entities are utilizing power during these congested times. She suggested reviewing a similar model to Texas in allocating costs, which has effectively implemented a simple cost recovery mechanism that benefits consumers.

[4:39:11 PM](#)

SENATOR CLAMAN asked for confirmation of his understanding that when considering energy transmission from Homer to Fairbanks, energy carried over a longer stretch tends to be more expensive.

[4:39:37 PM](#)

MS. HOLDMANN replied that unlike a highway, the cost to deliver power, if the infrastructure is in place, is not significantly more expensive over longer distances.

[4:40:14 PM](#)

SENATOR CLAMAN asked whether the purpose of these discussions is to address an unequal transmission grid infrastructure.

[4:40:26 PM](#)

MS. HOLDMANN replied there are many reasons the Railbelt Grid is not nearly as robust as what is expected in other locations in the U.S. Unlike elsewhere in the country, Alaska's transmission system is notably weak. The objective is to enhance assets to facilitate the free flow of power. However, one of the challenges lies in Alaska's restrictions in moving inexpensive

power due to physical, organizational, and management constraints.

[4:41:18 PM](#)

CO-CHAIR GIESSEL asked for clarification on her characterization of the state transmission grid as "weak" and the constraints limiting the movement of power. She requested quantitative details on how much power can be moved over various segments of the line.

[4:41:42 PM](#)

MS. HOLDMANN replied that vulnerabilities arise from several points in Alaska where there is only a single transmission line, such as the Alaska Intertie, which increase the risk of system disruptions. When a line goes down, it can significantly impact the economic movement of power across the system. For example, a single line outage can have profound effects on the flow of power, particularly benefiting areas like Fairbanks. However, during interruptions in power service, power may need to be redirected south from Fairbanks to compensate for the lack of power in other areas such as the Matanuska Energy Association (MEA) and Chugach territories. Any reliance on a single transmission line poses significant vulnerabilities. While there was once an intention to build a stronger transmission backbone tied to the Susitna Dam, this plan did not materialize, resulting in constraints in moving power across the state. She mentioned that while she did not have specific data, utilities may be able to provide information.

[4:43:00 PM](#)

CO-CHAIR GIESSEL commented that Tony Izzo, CEO of MEA, may be able to provide specific data later in the meeting.

[4:43:08 PM](#)

SENATOR CLAMAN asked for confirmation of his understanding that regardless of what is done on rates, one of the structural issues seems to be that certain points along the transmission line have reached their maximum power capacities.

[4:43:29 PM](#)

MS. HOLDMANN replied yes and moved to slide 8 and explained the second goal:

[Original punctuation provided.]

**Goal # 2: Create an organization that can oversee, manage and develop backbone transmission assets that is subject to appropriate regulation**

MS. HOLDMANN said there is no need for a pancake system to contain costs and manage the system. She explained that Iceland, with a population and grid size akin to Alaska, has effectively addressed many of these issues over the past three decades. Iceland organized its transmission assets within an entity held by the state government while maintaining an open-access and competitive energy market in other sectors. The monopoly over transmission assets remained within the state government, with the opportunity for other asset owners to opt in and lease their shares. Over time, most ownership migrated to Landsnet, but the system was structured to emulate many of the same principles applicable to Alaska. She suggested that this extensively studied example represents a best practice for containing costs and ensuring access to the cheapest power, regardless of location.

[4:45:28 PM](#)

MS. HOLDMANN moved to slide 9 and explained the second goal:

[Original punctuation provided.]

**Goal # 2: Create an organization that can oversee, manage and develop backbone transmission assets that is subject to appropriate regulation**

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

MS. HOLDMANN noted that the Bradley Project Management Committee (BPMC) has stood the test of time in dispute resolution and managing an essential asset for the Railbelt. She acknowledged slow progress with the Railbelt Reliability Council and the ERO serving the Railbelt. Establishing a new organization and efforts to bring a large number of stakeholders together can be time-consuming. Although it is not a perfect analogy, the BPMC model has proven effective for dispute resolution and other issues. It represents a starting point for Alaska's consideration similar to what Iceland has done. There is a need for legislative action to address whether entities like the BPMC and the Bradley Project, along with their transmission assets, state regulation. With the state expected to own more transmission assets, it becomes important for the legislature to

decide whether these assets should be subject to regulation by RCA.

[4:47:26 PM](#)

CO-CHAIR GIESSEL asked her to articulate who makes up the BPMC and who would be disputed.

[4:47:40 PM](#)

MS. HOLDMANN replied that it represents all of the five utilities served by the Railbelt, along with the city of Seward and the Alaska Energy Authority (AEA). AEA holds veto authority over certain decisions concerning their assets. The committee operates with a chair position, held by a different utility member on a rotating basis.

[4:48:15 PM](#)

MS. HOLDMANN moved to slide 10 and explained the third goal:

**Goal # 3: Design a planning process that uses a whole-system approach**

MS. HOLDMANN emphasized the importance of a robust planning process for the state's energy infrastructure. She pointed to Hawaii as an example of best practices in integrated, holistic grid planning, which encompasses transmission, resource, and distribution planning. As electrification of loads increases, upgrades to the distribution system become necessary. She highlighted that research was done on Hawaii's best practices and noted that some other states are also starting to adopt similar approaches.

[4:49:16 PM](#)

SENATOR DUNBAR asked if the ERO is currently engaged in that kind of work.

[4:49:28 PM](#)

MS. HOLDMANN replied that currently, the Railbelt Reliability Council has been tasked statutorily with developing an integrated grid plan, but progress has been slow despite the efforts of many stakeholders. She noted that this plan may not be as integrative as desired. Additionally, she mentioned that the Alaska Energy Authority (AEA) is involved in transmission planning efforts. In most jurisdictions, electricity reliability organizations are not typically responsible for planning.

[4:50:20 PM](#)

SENATOR DUNBAR asked how utilities could maintain their voice in the planning process if Alaska were to establish a transmission systems operator (TSO), potentially through AEA.

[4:50:42 PM](#)

MS. HOLDMANN expressed her belief that, similar to the BPMC structure, if AEA were to serve as the TSO, it could involve other voices in the planning process. For instance, the chair of the ERO could participate as a member of that committee. The goal is to ensure a diverse set of voices at the table overseeing the best decisions for the future of the state.

[4:51:30 PM](#)

SENATOR DUNBAR inquired about considerations for the relative size of utilities and customers served, such as the city of Seward and Chugach Electric relative to the number of customers served and assets they hold. He wondered whether there would be a voting mechanism or other means to address this discrepancy in decision-making power.

[4:52:01 PM](#)

MS. HOLDMANN replied that is not the way it is done with BPMC, there is an equal voice at the table. However, this is a model that is a starting point rather than an end point. She opined that a transmission organization should be subject to regulation and a public, open, and transparent process. The BPMC model could be a starting point but not an end point for setting up a government structure.

[4:52:42 PM](#)

SENATOR DUNBAR expressed his hope that Chugach Electric's shareholders consistently align with local interests.

[4:52:52 PM](#)

MS. HOLDMANN moved to slide 11 and explained the three goals:

[Original punctuation provided.]

**Three Goals:**

- Eliminate pancaking wheeling rates and establish a framework for how transmission costs will be recovered and allocated

- Create an organization that can oversee, manage and develop backbone transmission assets and that is subject to appropriate regulation
- Re-imagining a planning process that uses a whole-system approach (transmission, generation, and distribution)

MS. HOLDMANN added that while there may be alignment on goals, the question lies in determining how the state can effectively achieve them. She noted she could offer insight on what other markets have done to inform Alaska's best practices.

[4:53:38 PM](#)

TONY IZZO, CEO, Matanuska Electric Association (MEA), Palmer, Alaska, spoke to the Railbelt Transmission Grid. He said he is also speaking as former Co-Chair of the Railbelt Subcommittee of the governor's Energy Security Task Force. When considering goals for a transmission organization, this was a top priority that unanimously moved out of the Railbelt Subcommittee. He noted that the Co-Chair was Jen Miller of Renewable IPP. She is the developer of the Houston and Willow solar farms. The number one recommendation was to unify and upgrade transmission assets. A lot of things have changed since 2020 when the ERO was passed, primarily grid funding. As co-ops, there are systems in place that are built based on what members can afford. The association does not have shareholders who invest dollars for strategic purposes, it is members who want reliable, safe, and affordable power. The employees at various utility companies do a good job of keeping the lights on day-to-day. The task force did a tremendous amount of work on this. An ideal transmission organization would reduce transmission constraints on the grid while allowing for quicker integration of additional clean energy generation. MEA has a generation facility in its service area. However, utility companies' customers do not pay a wheeling charge. They pay for the transmission and the system that delivers it to their home including the meter. The goal of the task force is to get rid of wheeling. Wheeling charges are for other utilities that seek to move power through the system. He said it was almost as if four or five utilities each owned a piece of land and there was a mutual driveway or dirt road that went through. Due to the small size and scale, if one wanted to use another's section of the road to get to different services areas, a fee would be charged.

[4:57:12 PM](#)

MR. IZZO said MEA proposes to get rid of that requirement. Wheeling is not paid at the MEA station since it has economic

dispatch and there are no constraints between utilities or single transmission lines that are unreliable and not sized large enough. The capacity constraints are about 75 to 80 mW. Bradley Lake is 120 mW power plant. Southern Intertie has a limit of 75 to 80 mW. All the water is used, but energy is not obtained when it is most efficient. The Northern Intertie requires the burning of fuel to maintain operations and ensure excess spending reserve in case something goes offline. If constraints on the line are eliminated by building transmission, and double circuiting the entire system, that creates a backbone or electron highway and ensures a level playing field. 75 percent of the state population could take advantage of economic dispatch, which is the lowest cost generation on the overall system. If that does not meet demand, the second or third lowest costs are achieved. With a backbone that does not have constraints, opportunities are made available for larger scale renewables without wheeling charges. He said the overall revenue requirement for transmission on the system is approximately \$50 million annually. MEA's revenue is between \$165 to 166 million of which almost \$50 million is from natural gas. That equates to 20 cents per kWh for the growing membership at MEA.

4:59:48 PM

MR. IZZO said the task force was specific in its objective, as a result of testimonies, that there would be no losers. Assets would not be taken away and it would not create a situation that violates debt covenants. He asked the committee to imagine that the overall rate may go down, but the bill would remain the same with a new line item named "transmission" that simply breaks out this cost.

5:00:51 PM

MR. IZZO stated that 104 miles of backbone were identified by MEA. If something were to go wrong, the MEA system could be utilized. However, there is a point-to-point tariff in place. SB 217 would address the transmission organization since it puts it under one umbrella, and benefits could be seen in the overall system rather than just within the bordered area. The revenue requirement, meaning the amount the RCA allows to be recovered, including some of it through wheeling, could be uplifted on a per kWh basis to the membership. When beginning the process, there may be some constraints. He urged a rate that not be determined where other utilities are cross-subsidizing each other. Once the entire transmission backbone is built, it would mitigate that problem. MEA would collect its revenue requirement through the backbone on 104 miles. It would collect the rest of its system, including dead-end transmission, from the

membership. However, at the end of the day, it would be whole. The task force's goal is to shift the paradigm and from what has previously worked. With grip dollars coming in, there is an opportunity to build the system with matching funds to build a system that allows lower costs by allowing large-scale renewables to come online. If MEA's power went down, it would be able to move power from the valley south. This would also increase reliability and set up a foundation for lower cost rates in the future.

[5:03:44 PM](#)

CO-CHAIR GIESSEL asked if the \$206.5 million in grip funding is intended to modernize the backbone transmission system.

[5:04:07 PM](#)

MR. IZZO replied that is correct in that it prioritizes building a high voltage DC line from the Kenai Peninsula to the Southcentral area. It is a critical part of eliminating one of the two constraints. Utilities are working on applying for the second tranche to get to Healy, which would level the playing field. That is a significant portion of the backbone.

[5:04:44 PM](#)

SENATOR CLAMAN asked if grip funding would allow the state to do the construction work that has been unfunded.

[5:05:06 PM](#)

MR. IZZO replied yes.

[5:05:13 PM](#)

SENATOR CLAMAN asked for confirmation of his understanding that the goal of the structure is to develop a flat rate for the transmission for the whole Railbelt utility regardless of location.

[5:05:30 PM](#)

MR. IZZO replied that the goal is to eliminate wheeling to facilitate a level playing field for all forms of power generation in order to provide the lowest cost of power to move across the system without constraint.

[5:05:59 PM](#)

JOHN BURNS, President and CEO, Golden Valley Electric Association (GVEA), Fairbanks, Alaska, provided background on the Railbelt Transmission Grid. He emphasized that the Railbelt is at a critical point and there is a critical need for transformative change. The vision is to ensure the lowest cost

electron could be transferred wherever it is generated from any source, regardless of the type of energy, to any location across the Railbelt without constraint and as the lowest transmission rate possible. To do this, the Railbelt must mature from provincial attitudes from the past. He opined that the only way to achieve that is by passing SB 217 and SB 257. While difficult and time consuming, Iceland achieved this over several years through its commitment to a change. In Iceland, youth have remained, business is booming, and economic development is prospering. He opined that Alaska must take a holistic approach across the Railbelt, or it could not maximize benefits. A generation facility could be sized but an economic benefit would not be received. A larger project, such as one comprising 100-150 mW of power, could ensure that the state could maximize the benefit across the Railbelt by lowering costs as long as energy could be transported south. The state should be agnostic as to where generation sources are located and where the greatest rewards are reaped. The Northern Intertie would be the backbone of the Railbelt or the primary "electronic freeway" rather than the ancillary transmission facilities. The objective is to narrow the cost on the backbone alone. Even though utilities have oftentimes been challenged to working together, the Bradley Lake Project Management Committee (BPMC) has worked well for many years of its existence.

[5:09:52 PM](#)

CO-CHAIR GIESSEL concluded invited testimony.

[5:10:00 PM](#)

CO-CHAIR GIESSEL held SB 217 in committee.

[5:10:30 PM](#)

There being no further business to come before the committee, Co-Chair Giessel adjourned the Senate Resources Standing Committee meeting at 5:10 p.m.