

ALASKA STATE LEGISLATURE
SENATE RESOURCES STANDING COMMITTEE

April 29, 2024

3:32 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. 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."

- MOVED CSSB 217(RES) OUT OF COMMITTEE -

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."

- SCHEDULED BUT NOT HEARD

HOUSE BILL NO. 95 am

"An Act relating to designation of state water as outstanding national resource water; and providing for an effective date."

- BILL HEARING CANCELED

PREVIOUS COMMITTEE ACTION

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
03/04/24	(S)	Heard & Held
03/04/24	(S)	MINUTE(RES)
03/13/24	(S)	RES AT 3:30 PM BUTROVICH 205
03/13/24	(S)	Heard & Held
03/13/24	(S)	MINUTE(RES)
03/25/24	(S)	RES AT 3:30 PM BUTROVICH 205
03/25/24	(S)	Heard & Held
03/25/24	(S)	MINUTE(RES)
04/19/24	(S)	RES AT 3:30 PM BUTROVICH 205
04/19/24	(S)	Heard & Held
04/19/24	(S)	MINUTE(RES)
04/26/24	(S)	RES AT 3:30 PM BUTROVICH 205
04/26/24	(S)	Scheduled but Not Heard
04/29/24	(S)	RES AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

ANGELA RODELL, Staff
Senator Cathy Giessel
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented Amendment 1 to SB 217.

BECKY ALVEY, Advisory Section Manager
Regulatory Commission of Alaska (RCA)
Anchorage, Alaska

POSITION STATEMENT: Answered questions on Amendment 1 to 217.

CURTIS THAYER, Executive Director
Alaska Energy Authority (AEA)
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the discussion of SB 217.

ANDREW JENSEN, Policy Advisor
Office of the Governor
Anchorage, Alaska

POSITION STATEMENT: Offered comments on Amendment 3 to SB 217.

JOHN BURNS, Vice-Chair
Golden Valley Electric Association (GVEA)

Bradley Lake Project Management Committee (BPMC)
Alaska Energy Authority (AEA)
Anchorage, Alaska

POSITION STATEMENT: Answered questions on Amendment 4 to SB 217.

ROBERT DOYLE, Chair
Regulatory Commission of Alaska (RCA)
Anchorage, Alaska

POSITION STATEMENT: Answered questions on Amendment 6 to SB 217.

ACTION NARRATIVE

[3:32:33 PM](#)

CO-CHAIR CATHY GIESSEL called the Senate Resources Standing Committee meeting to order at 3:32 p.m. Present at the call to order were Senators Wielechowski, Claman, Kawasaki, Kaufman, Dunbar, Co-Chair Bishop, and Co-Chair Giessel.

SB 217-INTEGRATED TRANSMISSION SYSTEMS

[3:33:45 PM](#)

CO-CHAIR GIESSEL 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."

[CSSB 217(RES), work order 33-GS2489\S was before the committee.]

[3:34:40 PM](#)

CO-CHAIR GIESSEL solicited a motion.

[3:35:06 PM](#)

CO-CHAIR BISHOP moved to adopt Amendment 1, work order 33-GS2489\S.3.

33-GS2489\S.3
Walsh
4/23/24

AMENDMENT 1

OFFERED IN THE SENATE

TO: CSSB 217(RES), Draft Version "S"

Page 5, line 21, following "entity":

Insert "; costs recovered by an electric reliability organization each year under regulations"

adopted under this paragraph may not exceed 50 percent of the amount appropriated to the commission for operating expenditures for the previous fiscal year"

Page 14, following line 9:

Insert a new bill section to read:

"* **Sec. 18.** The uncodified law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY. AS 42.05.770(3), as amended by sec. 8 of this Act, applies to costs incurred by an electric reliability organization on or after the effective date of sec. 8 of this Act."

Renumber the following bill sections accordingly.

Page 15, line 7:

Delete "sec. 18"

Insert "sec. 19"

Page 15, line 23:

Delete "Sections 18 and 19"

Insert "Sections 19 and 20"

Page 15, line 24:

Delete "sec. 22"

Insert "sec. 23"

[3:35:07 PM](#)

CO-CHAIR GIESSEL objected for purposes of discussion.

[3:35:16 PM](#)

ANGELA RODELL, Staff, Senator Cathy Giessel, Alaska State Legislature, Juneau, Alaska, presented Amendment 1 to SB 217. She said that Amendment 1 would place a cap on any budgets adopted by Electric Reliability Organizations (ERO). She added that there is currently no provision to cap this amount. She explained that ERO budgets would be limited to 50 percent of the amount appropriated to the Regulatory Commission of Alaska (RCA) for operating expenditures for the previous fiscal year. She noted that the ERO is adopting a similar limit. She said that the ERO budget typically falls between \$5-\$5.5 million and the current RCA budget is just over \$10 million.

[3:36:17 PM](#)

SENATOR DUNBAR acknowledged that ERO's budget is \$5-\$5.5 million. He pointed out that ERO recently hired a Chief Executive Officer (CEO) (or is in the process of doing so). He

asked if the ERO's costs would increase significantly in the coming years (while RCA's budget remains flat) or if the budget is expected to remain in the aforementioned range.

[3:36:52 PM](#)

MS. RODELL replied that the intent is to ensure that the budget remains relatively in-line - and to ensure that no ERO's budget becomes so large that it exceeds the amount spent on RCA. She shared her understanding that ERO has made budget projections of \$5-\$5.5 million for the next two years.

[3:37:26 PM](#)

CO-CHAIR GIESSEL referred to page 2, Section 2, which would increase the surcharge for the RCA and would also "increment up" the ERO.

[3:38:05 PM](#)

SENATOR WIELECHOWSKI asked if ERO has weighed in on the budget cap.

[3:38:12 PM](#)

MS. RODELL replied that she has not received comment from ERO on Amendment 1.

[3:38:24 PM](#)

SENATOR KAUFMAN sought clarification and suggested it may have a ratcheting effect. He asked if this is correct.

[3:38:47 PM](#)

CO-CHAIR GIESSEL replied no. She reiterated that the ERO's budget is approximately 50 percent of the RCA's budget. She referred to page 2, section 2 of SCSB 217(RES), work order 33-GS2489\S (Version S) and explained that this would increase RCA's budget - and would also increase ERO's budget if necessary. She added that there is a companion bill that would reduce ERO's budget significantly more than this amendment would.

[3:39:40 PM](#)

SENATOR KAWASAKI asked if RCA currently limits how much money ERO can raise.

[3:40:04 PM](#)

CO-CHAIR GIESSEL shared her understanding that there is no cap placed on ERO's budget; ERO's costs are sent to the RCA and these costs are then passed on to consumers.

[3:40:20 PM](#)

SENATOR WIELECHOWSKI asked for clarification that the funds in question are not appropriated by the legislature but are factored in through the tariff.

[3:40:30 PM](#)

MS. RODELL replied that this is correct.

[3:40:36 PM](#)

SENATOR WIELECHOWSKI asked whether the change limiting ERO's to no more than 50 percent of RCA's budget would be reflected in the tariff. He suggested that this amount could potentially increase and asked how this would be addressed.

[3:40:55 PM](#)

MS. RODELL directed attention to page 5, line 20 of the CS. She explained that the current law allows an ERO to recover costs through a surcharge added to the rate (for each participating entity). The purpose of the amendment is to ensure this does not exceed the amount that a regulatory body such as RCA is using for its operations. She reiterated that this amendment would limit ERO budgets to 50 percent of RCA's budget and explained that RCA is able to generate more income as a result of an increased surcharge or there is additional activity to which the surcharge applies. She pointed out that this would directly benefit any ERO as it would increase the budget for both. She noted that a lower budget is always possible. She said that 50 percent was chosen to avoid using a set dollar amount the could become difficult to work with.

[3:42:28 PM](#)

SENATOR CLAMAN said that under existing statute, the RCA has the authority to approve or disapprove what an ERO charges (and then passes on to ratepayers). He briefly described the current ERO budget request and approval process. He asked why this authority should be taken from the RCA (whose regulatory authority includes protecting consumers) and indicated that doing so would potentially keep EROs from obtaining justified budget increases.

[3:44:02 PM](#)

CO-CHAIR GIESSEL replied that the ERO budget has increased incrementally each year - with no limit or guidelines. She added that, because there are no limits in place, there is concern that the ERO budget could become equal to that of RCA.

[3:45:10 PM](#)

BECKY ALVEY, Advisory Section Manager, Regulatory Commission of Alaska (RCA), Anchorage, Alaska, answered questions on Amendment 1 to 217. She explained that ERO submits a yearly budget to RCA. This is submitted at least 45 days before the new budget takes effect. She briefly described this process, which includes input from various utilities when necessary. She said that ERO also submits a surcharge filing, which incorporates the yearly budget. RCA either reviews and approves or may suspend the surcharge filing for further investigation. She clarified that RCA approves ERO budget categories and the surcharge - but does not approve the budget. She explained the process of approving budget categories and noted that ERO is required to explain any significant budget increases. She reiterated that RCA has the authority to suspend the filing for investigation or approve the filing.

[3:46:55 PM](#)

SENATOR DUNBAR observed that the amendment limits the costs recovered through the rate base - not the budget itself - to 50 percent. He asked if ERO is prohibited from seeking other funding sources in years when the budget needs are higher (e.g. grants or capital grants).

[3:47:42 PM](#)

MS. ALVEY replied that the only mechanism currently available to ERO for self-funding is its budget and the surcharge. She explained that these are the only options considered in current statute and existing RCA regulations. She said that, if the amount was capped and ERO did not have the ability to collect all necessary funds via the surcharge, this could potentially leave some ERO budget categories unfunded (e.g. addressing reliability standards). She reiterated that she is not aware of any funding mechanisms available other than the surcharge and added that the surcharge should fund the entire ERO operation.

[3:48:36 PM](#)

SENATOR CLAMAN asked if the RCA is prepared to reject surcharge increases if the ERO budget is deemed unreasonable.

[3:49:00 PM](#)

MS. ALVEY replied that RCA has suspended both ERO's initial budget filings and final budget filing updates for investigation. This investigation allows RCA to look at the amount the surcharge is collecting and to compare this to the budget. She indicated that utilities and other interested parties may participate in this process.

[3:50:03 PM](#)

SENATOR WIELECHOWSKI asked if there is an expectation that the amount of necessary cost recovery would increase above 50 percent of the RCA budget.

[3:50:44 PM](#)

MS. ALVEY replied that, at this time, RCA does not have a sense of whether the ERO budget would continue to increase. She stated that the budget has increased when preparing reliability standards and when preparing to hire a CEO. She acknowledged that there is potential for the budget to increase but said she is unable to project outside of the current budget.

[3:51:26 PM](#)

SENATOR WIELECHOWSKI asked Curtis Thayer, Executive Director of Alaska Energy Authority (AEA), to provide input. He said that he understands limiting the amounts but expressed concerns about access to funding for future expenditures. He said that he would like to have an idea of what future expenditures might be.

[3:52:07 PM](#)

CURTIS THAYER, Executive Director, Alaska Energy Authority (AEA), Anchorage, Alaska, asked Senator Wielechowski to repeat the question.

[3:52:15 PM](#)

SENATOR WIELECHOWSKI said that the amendment would cap ERO's recoverable costs at 50 percent of RCA's budget - which is roughly the amount that ERO is currently receiving. He asked if there is an expectation that ERO's budget needs might increase in future years (e.g. with planning exercises or considering new projects).

[3:52:51 PM](#)

MR. THAYER replied that AEA is a member of ERO but is not involved in the budget process.

[3:53:14 PM](#)

SENATOR KAWASAKI wondered whether there is a future potential for an ERO to be bankrupt at a 50 percent rate. He noted he has not seen this occur in the past.

[3:53:48 PM](#)

SENATOR WIELECHOWSKI said that he could possibly support Amendment 1 if there was assurance that ERO [would not need budget increases in the future]. He expressed hesitancy to limit ERO's funding source without confirmation.

[3:54:14 PM](#)

CO-CHAIR GIESSEL withdrew Amendment 1. She emphasized that there is no limit on the ERO budget and suggested that this be a consideration going forward.

[3:54:38 PM](#)

CO-CHAIR GIESSEL solicited a motion.

[3:54:50 PM](#)

CO-CHAIR BISHOP moved to adopt Amendment 2, work order 33-GS2489\S.5.

33-GS2489\S.5
Walsh
4/19/24

AMENDMENT 2

OFFERED IN THE SENATE

TO: CSSB 217(RES), Draft Version "S"

Page 3, line 21:

Delete "**credit**"

Insert "**exemption**"

[3:54:56 PM](#)

CO-CHAIR GIESSEL objected for purposes of discussion.

CO-CHAIR GIESSEL said that Amendment 2 changes "tax credit" to "tax exemption". She explained that this amendment is a response to a question posed during a previous meeting regarding whether the tax credit would be passed on to consumers. She stated that Amendment 2 would ensure that this credit is passed on. She added that the governor's office clarified that "tax exemption" is a more accurate phrase. She asked Ms. Rodell to confirm that this is correct.

MS. RODELL replied that is correct.

CO-CHAIR GIESSEL reiterated that this change is for clarification purposes.

[3:56:23 PM](#)

SENATOR KAUFMAN asked for an explanation of the mechanism that would ensure that the savings was passed on to consumers - and

how this compares to a credit. He wondered if timing is a factor.

[3:56:35 PM](#)

CO-CHAIR GIESSEL replied that timing does not matter and reiterated it is a tax exemption from property tax.

[3:56:55 PM](#)

SENATOR KAUFMAN replied that he understood and restated his question. He clarified that he would like to understand how this tax exemption ensures that the benefit is passed along to consumers].

[3:57:12 PM](#)

MS. RODELL referred to Section 5(b) of the CS and explained that specific information must be provided when wholesale power agreements are brought before RCA for approval. The CS would require that applications indicate any exemptions and subsidies at that time. She shared her belief that - provided she understood the question - this is the mechanism.

[3:57:56 PM](#)

SENATOR KAUFMAN agreed that this is the mechanism and clarified that he is wondering how changing the word "credit" to "exemption" is inherently better.

[3:58:17 PM](#)

MS. RODELL replied that SB 217 provides a tax exemption, not a tax credit, for independent power producers (IPP). She explained that this change ensures consistency throughout SB 217.

[3:58:36 PM](#)

SENATOR CLAMAN noted that another amendment before the committee would also change "tax credit" to "tax exemption" and indicated that he supports Amendment 2.

[3:58:54 PM](#)

SENATOR DUNBAR said that he supports Amendment 2. He briefly explained his experience in municipal government, where tax exemptions are discussed. He stated that it makes sense to consider an "exemption" rather than a "credit" with respect to property taxes. He added that the definition of IPP included in the CS is broad and raises concerns about unintended entities (e.g. Alyeska terminal) receiving a property tax exemption. He provided an example and shared that he discussed this with Alyeska terminal, who offered assurance that they would not

claim this exemption. He said that he would like this on the record to avoid future litigation on this topic.

[4:00:15 PM](#)

CO-CHAIR GIESSEL withdrew her objection to Amendment 2.

CO-CHAIR GIESSEL found no further objection and Amendment 2 was adopted.

[4:00:31 PM](#)

CO-CHAIR GIESSEL solicited a motion.

[4:00:36 PM](#)

CO-CHAIR BISHOP moved to adopt Amendment 3, work order 33-GS2489\S.7.

33-GS2489\S.7
Walsh
4/20/24

AMENDMENT 3

OFFERED IN THE SENATE

TO: CSSB 217(RES), Draft Version "S"

Page 1, line 5:

Delete "**and new electric utilities in unserved areas**"

Page 6, line 11:

Delete "new sections"
Insert "a new section"

Page 6, lines 12 - 13:

Delete "**and New Utilities in Unserved Areas**"

Page 6, line 24, through page 7, line 4:

Delete all material.

[4:00:41 PM](#)

CO-CHAIR GIESSEL objected for purposes of discussion.

[4:00:44 PM](#)

MS. RODELL explained that the language deleted by Amendment 3 was originally added to the CS in response to questions received by Co-Chair Giessel. She indicated that discussions with the governor's office and others made it clear that this language should be removed from the CS and considered at a later time.

[4:01:35 PM](#)

SENATOR WIELECHOWSKI asked for information on the practical implications of this section.

[4:01:45 PM](#)

MS. RODELL replied that Section 43.98.110 (taxation of electric utilities) was designed to give new utilities, created after January 1, 2024, and operating in unserved areas, a similar tax exemption to that found in Section 48.90.100. She explained that this section has brought up questions which have highlighted the need for additional work to ensure that the language is adequate. She reiterated that, at this time, the desire is to simply remove the language from the CS.

[4:02:34 PM](#)

CO-CHAIR GIESSEL explained that this section allows an IPP function as a utility and maintain the tax exemption. She said that this is a complex topic, and the governor's office has requested that this topic be discussed further at a future time.

[4:03:09 PM](#)

SENATOR CLAMAN asked if the intention is to modify the amendment.

[4:03:18 PM](#)

CO-CHAIR GIESSEL replied that Amendment 3 deletes Section 43.98.110 and added that discussion could occur at a future time when it might be further defined.

[4:03:47 PM](#)

CO-CHAIR GIESSEL removed her objection.

[4:04:03 PM](#)

SENATOR KAUFMAN objected for purposes of discussion. He said that the intent of the language was to stimulate the creation of power in unserved areas. He asked for further clarification regarding why deleting the language is of benefit, when it seems that this would help to bring power to those areas. He expressed confusion regarding what is being fixed and how.

[4:04:38 PM](#)

MS. RODELL agreed that this section was designed to stimulate the creation of power in unserved areas. She explained that concerns were raised regarding potential unintended consequences (e.g. providing tax benefits to other areas). She said that the current language creates confusion regarding electric utilities

and indicated that the language needs to be more specific. She said that, because more time and effort is needed, the decision was made to remove this section from the CS and return to this issue at a future time.

[4:05:44 PM](#)

CO-CHAIR GIESSEL clarified that this language was not in SB 217 and was added to the CS by request; however, it needs more work.

[4:06:03 PM](#)

SENATOR KAUFMAN commented that he appreciates the discussion, which provides a better understanding of the intent.

[4:06:10 PM](#)

SENATOR KAUFMAN removed his objection.

[4:06:31 PM](#)

SENATOR KAWASAKI asked for clarification of what an "unserved area" is. He surmised that this type of question is one reason more work is needed.

[4:06:40 PM](#)

CO-CHAIR GIESSEL replied yes. She explained that the area in question was in the Southeast region; however, there are multiple unserved areas around the state to which this would apply. She said this would require further definition.

[4:07:13 PM](#)

ANDREW JENSEN, Policy Advisor, Office of the Governor, Anchorage, Alaska, said that the administration supports the Amendment 3, which would return SB 217 to its original intent. He said that SB 217 included a very narrow tax exemption based on the very specific criterion of wholesale power sales made exclusively to tax exempt utilities. He noted that the legislature previously enacted a statewide policy to exempt a selection of utilities from those local taxes. He said that this ensures that the savings are passed through to the ratepayers. (He noted that language from this section was addressed by Amendment 2.) He acknowledged that creating a new category of tax-exempt entities is a policy decision for the legislature; however, he opined that it would require a great deal of public process to ensure adequate public involvement.

[4:08:50 PM](#)

CO-CHAIR GIESSEL found no further objection and Amendment 3 was adopted.

[4:09:07 PM](#)

CO-CHAIR GIESSEL solicited a motion.

[4:09:11 PM](#)

SENATOR DUNBAR moved to adopt Amendment 4, work order 33-GS2489\S.9.

33-GS2489\S.9

Walsh

4/24/24

AMENDMENT 4

OFFERED IN THE SENATE BY SENATOR DUNBAR
TO: CSSB 217(RES), Draft Version "S"

Page 10, line 31, through page 11, line 3:

Delete all material and insert:

"(1) provide for oversight of the transmission organization by a management committee that is made up of

(A) representatives from each of the Railbelt utilities;

(B) the executive director of the authority;

(C) the chief executive officer of the applicable electric reliability organization, or the chief executive officer's designee;

(D) an individual who represents a person, other than a public utility, that owns or operates a facility for the generation of electricity; and

(E) an individual who represents a labor organization engaged in collective bargaining with a Railbelt utility;"

[4:09:20 PM](#)

CO-CHAIR GIESSEL objected for purposes of discussion.

[4:09:25 PM](#)

SENATOR DUNBAR said that Amendment 4 slightly changes the RTO board. He directed attention to page 10 of the CS and pointed out that, currently, the RTO board is made up of the railbelt utilities, the Alaska Energy Authority (AE) executive director, and a non-voting ex officio member (the CEO of the ERO (or designee)). He explained that Amendment 4 would make the latter a full, voting member, and would add two additional seats. He directed attention to (1)(D) and explained that this is the

definition of IPP provided by Legislative Legal Services. He directed attention to (1)(D) and said that there are a number of unions that could fill this requirement. He acknowledged that the International Brotherhood of Electrical Workers (IBEW) is the most prominent, given the nature of the industry. He shared that he has spoken with them and opined that there is a benefit to having the workers who are responsible for maintaining the lines be involved in the discussions about building transmission lines.

SENATOR DUNBAR said that IPP is on the ERO board (which is more expansive than the proposed RTO board). He pointed out that Amendment 4 would expand the RTO board; however, it would remain smaller than the ERO board. He noted that the original intent was for the RTO board to mirror the Bradley Lake structure. He opined that the RTO board would be tasked with a broader scope than that of Bradley lake - and it would be useful to have two "public" members on the board.

[4:11:33 PM](#)

SENATOR WIELECHOWSKI disclosed a potential conflict. He stated that he works for a labor organization in the interim that is engaged in collective bargaining with a railbelt utility.

[4:11:52 PM](#)

CO-CHAIR GIESSEL expressed opposition to Amendment 4. She directed attention to page 11, line 1 and pointed out that this is not a board, it is a management committee. She explained that the committee was expanded to include the CEO of the applicable ERO as a non-voting member. She agreed that this management committee is mirrored after the Bradley Lake management committee. She stated that the RTO management committee members have been working together for a long time and will be looking at constrictions in the transmission system as well as areas that require upgrades. She added that there are no contract decisions or questions of IPP access (these are already addressed in SB 217). She reiterated that the management committee is not a board and opined that adding two additional members burdens the process further.

[4:13:37 PM](#)

MS. RODELL asked who would appoint the new members and what the service requirements for the management committee would be. She explained that the management committee's work would be to operate the transmission system - not to offer board governance.

[4:14:17 PM](#)

SENATOR DUNBAR proposed that the committee could be appointed by the governor, as the AEA board is. He said that there is an IPP association; however, he was not able to speak with them directly. He opined that it is complicated and said that he did not attempt to expand the committee further in an effort to maintain nimbleness. He commented that the ERO board includes representatives for all small and large consumers, environmental organizations, among others. He expressed uncertainty about the legal distinction between calling the group a "board" or a "management committee" and opined that this is simply a matter of semantics. He stated that ultimately, this organization would run the ERO. He said that there is concern that the current entity does not have all the necessary voices in the room.

[4:15:48 PM](#)

SENATOR CLAMAN expressed similar concerns and opined that all electricity issues are a public concern. He said that, while the organization should not be the size of the ERO board, having public members would be of benefit. He expressed support for Amendment 4.

[4:16:15 PM](#)

SENATOR CLAMAN offered a conceptual amendment to Amendment 4, that the governor would appoint the members in subsections (D) and (E). He said that this would resolve the issue of who appoints these members and noted that the other members do not need to be appointed. He opined that, since the members in subsections (D) and (E) do need to be appointed, the governor is a good choice.

[4:16:43 PM](#)

CO-CHAIR GIESSEL wondered how soon the committee would form and what a quorum would be. She reiterated that this is not a board - and that this would change the organization structure to a board.

[4:17:04 PM](#)

SENATOR CLAMAN said that a management committee - while not a board - would be expected to operate under rules similar to a board. He added that a majority of management committee members would be required to make decisions and a quorum would be required for meetings. He surmised that the committee at Bradley Lake operates as a committee yet functions like a board. He noted that the RTO committee would have a similar structure. He reiterated that this committee would be established in statute and would function like any other commission; however, the group would be called a management committee (e.g. the committee would

need to have a quorum for meetings and a majority vote to make decisions).

[4:17:49 PM](#)

CO-CHAIR GIESSEL said that she understands that there is significant mistrust of the Bradley Management Committee. She expressed concern that the amendment is not well defined and wondered about member qualifications.

[4:18:13 PM](#)

SENATOR DUNBAR replied that these members are much more tightly defined than most of the governor's appointees - which can essentially be anyone, from anywhere (and may have no relationship to the industry they are appointed to). He pointed out that Amendment 4 does not change "management committee" to "board"; however, he assumed the committee would follow standard quorum rules and would require majority decision-making. He expressed surprise that, as it currently stands, this may not be the case - and that a couple of utility heads could potentially made decisions without other members present. He clarified that, to his understanding, this is neither the case nor the intention.

[4:19:09 PM](#)

CO-CHAIR GIESSEL said that the Bradley Lake model is contractual and clearly defined, with three levels of voting. She noted that simple decisions require a majority vote; however, some decisions (regarding serious fiscal issues) require 100 percent agreement. She pointed out that this is very different function than a typical board - with a more specific and higher bar for voting requirements than even the legislature. She added that the Bradley Lake model must have full agreement of the AEA. She expressed uncertainty about how the changes in Amendment 4 would apply, as it significantly changes the function of the RTO management committee, [which is modeled after a contractual management committee that has existed for close to 40 years].

[4:20:11 PM](#)

SENATOR DUNBAR said that he accepts Senator Claman's conceptual amendment. With respect to Co-Chair Giessel's description of the Bradley Lake management committee, he pointed out that none of that is in statute or in the CS. He noted that there is reference to a conflict resolution process - which is unaffected by Amendment 4. He reiterated that anything unique to the Bradley Lake management Committee is not in existing statute and emphasized that he is not attempting to remove that. He stated

that his intention is to add more voices to help make long-term railbed decisions are made.

[4:21:03 PM](#)

SENATOR KAWASAKI wondered if someone from the management committee is available to answer questions related to this topic.

CO-CHAIR GIESSEL replied that John Burns from Golden Valley Electric Association is present and invited him to answer questions.

[4:21:45 PM](#)

CO-CHAIR GIESSEL moved to adopt Conceptual Amendment 1 to Amendment 4.

[4:22:03 PM](#)

CO-CHAIR BISHOP objected. He said that he needed to hear from Mr. Burns prior to discussing the conceptual amendment.

[4:22:14 PM](#)

JOHN BURNS, Vice-Chair, Golden Valley Electric Association (GVEA), Bradley Lake Project Management Committee (BPMC), Alaska Energy Authority (AEA), Anchorage, Alaska, answered questions on Amendment 4 to SB 217. He gave a brief history of the Bradley Lake Project Management Committee (BPMC). He said that AEA has a seat on BPMC and, on certain issues (e.g. financial questions), has overriding authority. He explained that BPMC is structured in such a way that no single utility can ever "trump" the decision-making process. Voting requires a collective majority. He opined that it has worked wonderfully over the years and said that it forces collaborative decision-making. He added that, because AEA is a member of BPMC, the meetings are open to all. He stated that adding three additional voting members would co-opt the balance. He suggested that these members be ex officio, non-voting members. He emphasized that the voting structure is critical to ensure balance in the decision-making process.

[4:24:26 PM](#)

SENATOR DUNBAR asked if the CS gives AEA the same overriding authority.

[4:24:50 PM](#)

CO-CHAIR GIESSEL asked Mr. Burns to reply.

[4:25:10 PM](#)

MR. BURNS replied that he is uncertain where this authority is found in the agreement. He suggested that Mr. Thayer may be able to answer this question. He pointed out that in SB 217, the party applying for GRIP funding is AEA - and those assets would be AEA assets. While the assets would be transferred to RCA for management purposes, the construct, in terms of economic voting, would remain with AEA. He opined that SB 217 does a good job preserving this.

[4:26:03 PM](#)

CO-CHAIR GIESSEL said that it would be helpful to hear the role of AEA.

[4:26:22 PM](#)

MR. THAYER asked Senator Dunbar to repeat the question.

[4:26:53 PM](#)

SENATOR DUNBAR said that, according to Mr. Burns, the BPMC structure gives AEA overriding authority. He asked if this same authority is expected in the new RTO management committee. If so, he asked where in SB 217 that authority can be found.

[4:27:04 PM](#)

MR. THAYER shared his understanding that the structure would be similar to BPMC and the AEA would have overriding authority on fiscal matters. He pointed out that BPMC meetings are public meetings with minutes available to the public and public testimony during the meetings. He added that the meetings are held at AEA. He emphasized the public nature of the meetings. He said he does not know specifically where this is found in SB 217.

[4:28:20 PM](#)

CO-CHAIR BISHOP asked Mr. Thayer whether changing Amendment 4 to have ex officio, non-voting members would negatively impact the committee voting structure.

[4:29:01 PM](#)

MR. THAYER shared his understanding that adding ex officio members would not hurt the voting structure. He reiterated the public nature of the committee and said that an additional ex officio voice (or two) would be welcome.

[4:29:19 PM](#)

CO-CHAIR BISHOP removed his objection to Conceptual Amendment 1 to Amendment 4.

[4:29:34 PM](#)

CO-CHAIR GIESSEL found no further objection and Conceptual Amendment 1 to Amendment 4 was adopted.

[4:29:45 PM](#)

CO-CHAIR BISHOP moved to adopt Conceptual Amendment 2 to Amendment 4, making both (D) and (E) non-voting, ex officio members.

[4:29:55 PM](#)

SENATOR DUNBAR objected.

[4:30:06 PM](#)

CO-CHAIR GIESSEL pointed out that, in SB 217, person (C) is also an ex officio member; however, Amendment 4 makes this member a voting member.

[4:30:27 PM](#)

CO-CHAIR BISHOP restated Conceptual Amendment 2 to Amendment 4 to make (C), (D), and (E) ex officio members.

[4:30:46 PM](#)

CO-CHAIR GIESSEL restated the amendment and sought further discussion.

[4:30:50 PM](#)

SENATOR DUNBAR said that he does not intend to cast aspersions on the utilities or AEA - and said that the Bradley Lake Project appears to have worked well, though some members of the public believe BPMC would benefit from more public voices. He opined that any entity would oppose new members who would slightly dilute their voting power. He shared his belief that it is important to maintain voting members - and to have additional voting members bring their voice to the process.

[4:31:41 PM](#)

CO-CHAIR GIESSEL found the objection to Conceptual Amendment 2 to Amendment 4 was maintained and asked for a roll call vote.

[4:31:43 PM](#)

A roll call vote was taken. Senators Kawasaki, Bishop, and Giessel voted in favor of Conceptual Amendment 2 to Amendment 4 and Senators Wielechowski, Kaufman, Dunbar, and Claman voted against it. The vote was 3:4.

[CO-CHAIR GIESSEL announced that Conceptual Amendment 2 to Amendment 4 failed on a vote of 3 yeas and 4 nays.]

[4:32:51 PM](#)

CO-CHAIR BISHOP asked if (D) and (E) are voting members.

CO-CHAIR GIESSEL replied yes and added that Amendment 4 makes (C), (D), and (E) voting members.

[4:33:16 PM](#)

CHAIR KAWASAKI pointed out that the amendment does not make it clear that the new members (D) and (E) would be a part of the railbelt and opined that this is something to consider. He surmised that the governor could make this decision.

[4:33:28 PM](#)

CO-CHAIR GIESSEL found the objection was maintained and asked for a roll-call vote.

[4:33:44 PM](#)

A roll call vote was taken. Senators Dunbar, Claman, Wielechowski, and Kawasaki voted in favor of Amendment 4, as amended, and Senators Kaufman, Bishop, and Giessel voted against it. The vote was 4:3.

CO-CHAIR GIESSEL announced that Amendment 4, as amended, passed on a vote of 4 yeas and 3 nays.

[4:34:18 PM](#)

CO-CHAIR GIESSEL solicited a motion.

[4:34:21 PM](#)

SENATOR CLAMAN moved to adopt Amendment 5, work order 33-GS2489\S.11.

33-GS2489\S.11

Walsh

4/24/24

AMENDMENT 5

OFFERED IN THE SENATE BY SENATOR CLAMAN
TO: CSHB 217(RES), Draft Version "S"

Page 4, line 29:

Delete "and"

Insert "[AND]"

Page 4, following line 29:

Insert a new subparagraph to read:

"(B) acts by majority vote; and"

Page 4, line 30:
Delete "(B)"
Insert "(C) [(B)]"

[4:34:23 PM](#)

CO-CHAIR GIESSEL objected for purposes of discussion.

[4:34:30 PM](#)

SENATOR CLAMAN said that the ERO has adopted a super majority voting requirement on a number of decisions, which has resulted in a slow process. He explained that the purpose of Amendment 5 is to require a majority vote rather than a super majority.

[4:35:05 PM](#)

CO-CHAIR GIESSEL asked how a super majority - which forces consensus - is a negative. She questioned the reasoning behind the legislature seeking to impose its views on this independently formed organization.

[4:35:34 PM](#)

SENATOR CLAMAN replied that consensus can be helpful but often forces extended discussions. He shared the membership of the ERO and said that the utilities - which make up the majority of the ERO - are forced to find additional support from other members. He stated that, while this gets closer to consensus, it takes time. He indicated that some members of the Senate Resources Standing Committee have expressed concerns about the length of time it has taken ERO to begin moving forward. He said that Amendment 5 would allow for majority decisions and thus create a faster process. He acknowledged that this comes at the cost of building less consensus on decisions.

[4:36:42 PM](#)

CO-CHAIR GIESSEL maintained her objection. She opined that the legislature should not assert itself into a group that has been functioning for four years. She said that ERO is making serious decisions, and it is a diverse group. She added that the super majority requires more consensus than a simple majority might bring.

[4:37:12 PM](#)

SENATOR CLAMAN said that he appreciates Senator Giessel's remarks and hopes that this discussion will be heard by the ERO board. He expressed hope that the ERO will hear the legislature's message that the extended time it has taken ERO to complete its work has frustrated legislators. He indicated that

the legislature would continue to give ERO the latitude required to complete its work. He said that Amendment 5 was partially introduced in order to convey this message to the ERO.

[4:37:56 PM](#)

SENATOR CLAMAN withdrew Amendment 5.

[4:37:59 PM](#)

CO-CHAIR GIESSEL found no objection and Amendment 5 was withdrawn.

[4:38:06 PM](#)

CO-CHAIR GIESSEL solicited a motion.

[4:38:09 PM](#)

SENATOR CLAMAN moved to adopt Amendment 6, work order 33-GS2489\S.12.

33-GS2489\S.12
Walsh
4/25/24

AMENDMENT 6

OFFERED IN THE SENATE BY SENATOR CLAMAN
TO: CSSB 217(RES), Draft Version "S"

Page 2, following line 9:

Insert a new bill section to read:

**** Sec. 2.** AS 42.04.020(f) is amended to read:

(f) Members of the commission are in the exempt service and are entitled to a monthly salary equal to a step in **Range 29** [RANGE 27] of the salary schedule in AS 39.27.011(a) for Juneau, Alaska. The chair of the commission is entitled to a monthly salary equal to a step in **Range 29** [RANGE 27] of the salary schedule in AS 39.27.011(a) for Juneau, Alaska."

Renumber the following bill sections accordingly.

Page 14, line 14:

Delete "sec. 17"

Insert "sec. 18"

Page 14, line 15:

Delete "sec. 17"

Insert "sec. 18"

Page 14, line 16:
Delete "sec. 17"
Insert "sec. 18"

Page 14, line 19:
Delete "sec. 17"
Insert "sec. 18"

Page 14, line 24:
Delete "sec. 17"
Insert "sec. 18"

Page 14, line 26:
Delete "sec. 17"
Insert "sec. 18"

Page 15, line 2:
Delete "sec. 17"
Insert "sec. 18"

Page 15, line 6:
Delete "sec. 17"
Insert "sec. 18"

Page 15, line 7:
Delete "sec. 18"
Insert "sec. 19"

Page 15, line 20:
Delete "sec. 14"
Insert "sec. 15"

Page 15, line 23:
Delete "Sections 18 and 19"
Insert "Sections 19 and 20"

Page 15, line 24:
Delete "sec. 22"
Insert "sec. 23"

[4:38:12 PM](#)

CO-CHAIR GIESSEL objected for purposes of discussion.

[4:38:22 PM](#)

SENATOR CLAMAN said that he has become aware that RCA has faced hiring challenges due to the current statutory pay range,

particularly when seeking to hire an engineer and an attorney to the board. He explained that Amendment 6 increases the salary range for these positions. He expressed hope that this would allow RCA to find individuals with the necessary expertise to fill those positions.

[4:39:43 PM](#)

ROBERT DOYLE, Chair, Regulatory Commission of Alaska (RCA), Anchorage, Alaska, said that the previous commissioner was an attorney and RCA has requested that the governor find an attorney to fill this position; however, this is challenging when the salary is compared to that of the private sector. He said that SB 217 includes increased qualifications for the engineer position, which means that RCA would be competing for engineers who are already working for utilities. He indicated that it would be difficult to compete with utilities' salaries. He added that ERO has also had difficulty filling positions with their proposed salary rates. He acknowledged that RCA has not taken a vote on this issue; however, he opined that the starting salary makes a difference in terms of applicants' qualifications.

[4:41:18 PM](#)

CO-CHAIR GIESSEL removed her objection.

[4:41:25 PM](#)

CO-CHAIR GIESSEL found no further objection and Amendment 6 was adopted.

[4:41:31 PM](#)

CO-CHAIR GIESSEL solicited a motion.

[4:41:34 PM](#)

SENATOR CLAMAN moved to adopt Amendment 7, work order 33-GS2489\S.13, which read:

33-GS2489\S.13
Walsh
4/25/24

AMENDMENT 7

OFFERED IN THE SENATE BY SENATOR CLAMAN
TO: CSSB 217(RES), Draft Version "S"

Page 5, line 30:
Delete "AS 44.83.750"

Insert "AS 44.83.740"

Page 10, line 10:

Delete "44.83.750"

Insert "44.83.740"

Page 10, lines 26 - 27:

Delete "and conducting strategic planning"

Page 11, line 7:

Delete "44.83.750"

Insert "44.83.740"

Page 11, following line 9:

Insert a new subsection to read:

"(d) Notwithstanding AS 44.83.090(b), the transmission organization is subject to the jurisdiction of the commission. The commission shall adopt regulations under AS 44.62 (Administrative Procedure Act) necessary to carry out its powers and duties under AS 44.83.700 - 44.83.740. The transmission organization and its backbone transmission assets are not subject to AS 42.05.431(c)."

Page 11, lines 18 - 21:

Delete all material.

Renumber the following paragraphs accordingly.

Page 12, lines 9 - 10:

Delete all material.

Page 12, line 31, through page 13, line 15:

Delete all material.

Page 13, line 16:

Delete "**Sec. 44.83.740**"

Insert "**Sec. 44.83.730**"

Page 13, line 28:

Delete "**Sec. 44.83.750**"

Insert "**Sec. 44.83.740**"

Delete "44.83.750"

Insert "44.83.740"

Page 14, line 14:

Delete "44.83.750"
Insert "44.83.740"

Page 14, line 15:
Delete "AS 44.83.750"
Insert "AS 44.83.740"

Page 14, line 16:
Delete "44.83.750"
Insert "44.83.740"

Page 14, line 24:
Delete "44.83.750"
Insert "44.83.740"

Page 14, line 29, through page 15, line 8:
Delete all material.

Re-number the following bill sections accordingly.

Page 15, line 23:
Delete "Sections 18 and 19 of this Act take"
Insert "Section 18 of this Act takes"

Page 15, line 24:
Delete "sec. 22"
Insert "sec. 21"

[4:41:38 PM](#)

CO-CHAIR GIESSEL objected for purposes of discussion.

[4:41:42 PM](#)

SENATOR CLAMAN said that Amendment 7 would keep the current powers of ERO intact, with the planning function returning to ERO. He added that RTO decisions would be subject to RCA regulation. He explained that the purpose of Amendment 7 is to strengthen public confidence and support of the decision-making process. He emphasized that he did not want to reduce the ERO's functioning capacity.

[4:42:41 PM](#)

CO-CHAIR GIESSEL objected. She said it removes a significant piece of policy from SB 217. She explained that there are two functions. One is integrated resource planning, which is kept with the Railbelt Reliability Council (RRC). She said that it is RRC's responsibility to ensure that generation is reliable and stable. She argued that it is logical that the transmission

organization - which would manage the transmission system - must have the planning ability for the electric system that they would be managing. She stated that there have multiple meetings with stakeholders, during which the executive director of the Renewable Energy Alaska Project (REAP) said, "Transmission planning is not that big of a deal. The group sitting around this table could develop a transmission plan for the railbelt in an hour." She asserted that SB 217 does not take a complex process from the RRC. She said the process would be placed with the group that would be managing the system and is closely involved with the system. She stated that this would not create a delay and argued that placing this back with RRC would create a delay. She indicated that the transmission planning is currently underway.

[4:45:26 PM](#)

MR. BURNS said that prior to SB 217, the railbelt utilities created a committee - the Railbelt Transmission Organization Governance Committee (RTO Governance Committee?) - to address wheeling and ancillary charges. The group contains a representative from each of the utilities. The intent of this committee was to identify what ought to be the backbone, what the constituent parts of the transmission components for the backbone should be (including ancillary), and to make a recommendation as to the cost-recovery mechanism. This recommendation would then be handled by the railbelt utility managers. He explained that, under the construct of RTO, the recommendation would go to RTO, which would then submit it to RCA, which would have economic regulatory oversight of RTO. He noted that RCA would have the final decision this process. He stated that this is currently underway and seems to be working well. He said that the expectation is that a recommendation will be available by the end of the year. He reiterated that this process began before legislation was created to address the issue and added that action needs to be taken.

[4:47:55 PM](#)

SENATOR CLAMAN said he believes the function should stay with ERO.

[4:48:09 PM](#)

SENATOR DUNBAR commented on the changing nature of testimony regarding the new entity. He opined that there is a useful place for RTO. He shared his belief that, considering the expansion of RTO's management committee - and given that RCC has a voting position on the management committee - it makes to keep some planning (strategic and transmission planning) with RTO. He

expressed hope that RTO and RCC will work well together. He said that, while he understands the spirit of the amendment, he believes that it makes the RTO less effective. Therefore, he does not support Amendment 7.

[4:49:47 PM](#)

CO-CHAIR GIESSEL maintained her objection to Amendment 7.

[4:49:59 PM](#)

At ease

[4:52:25 PM](#)

CO-CHAIR GIESSEL reconvened the meeting.

[4:52:37 PM](#)

SENATOR CLAMAN withdrew Amendment 7.

[4:52:43 PM](#)

CO-CHAIR GIESSEL solicited a motion.

[4:52:51 PM](#)

SENATOR CLAMAN moved to adopt Amendment 8, work order 33-GS2489\S.14.

33-GS2489\S.14

Walsh

4/25/24

AMENDMENT 8

OFFERED IN THE SENATE BY SENATOR CLAMAN
TO: CSSB 217(RES), Draft Version "S"

Page 3, line 21:

Delete "**must reflect a tax credit or government subsidy**"

Insert "**may reflect a tax exemption**"

[4:52:55 PM](#)

CO-CHAIR GIESSEL objected for purposes of discussion.

[4:53:10 PM](#)

SENATOR CLAMAN noted that the language of Amendment 8 would be slightly modified due Amendment 3, which changed "tax credit" to "tax exemption". He explained that Amendment 8 deletes "or government subsidy" and changes "must" to "may".

[4:53:36 PM](#)

CO-CHAIR GIESSEL stated that the intention of SB 217 is to ensure that the benefit would be passed on to consumers. She asserted that Amendment 8 makes this optional. As a result, IPP is able to keep some of the tax exemption rather than passing it on to consumers. She pointed out that IPP is not a non-profit organization - while utilities are non-profit organizations and are thus closely regulated. She expressed confusion about the intent of Amendment 8.

[4:54:14 PM](#)

SENATOR CLAMAN explained that he introduced Amendment 8 in response to discussions with potential IPP interests. He noted that Section 5 of SB 217 involves the rate set by RCA. He said that Amendment 8 does not prohibit -- or say that if IPP comes to RCA and says "don't apply the tax exemption" He opined that RCA should hear from IPP about how it would apply the exemption - and this is the reason for changing "must" to "may". He offered an example to illustrate this. He shared his belief that IPP's would likely say that the property tax exemption should be applied and the determination made by RCA in its regulatory role. He argued that allowing RCA to make this determination - rather than requiring the exemption - may make some investors more likely to invest. He opined that this would lend itself to improving the diversity of the investors adding energy resources to the railbelt grid, as it gives more discretion to RCA.

[4:56:11 PM](#)

CO-CHAIR GIESSEL questioned why section 5 would be needed if Amendment 8 was adopted. She emphasized that Section 5 was added specifically to clarify that IPPs - which are for-profit organizations - must pass on the tax exemption to consumers.

[4:56:37 PM](#)

SENATOR WIELECHOWSKI concurred. He said that he wants to ensure consumers are the ones who benefit from subsidies and tax credits. He expressed opposition to Amendment 8.

[4:56:55 PM](#)

CO-CHAIR GIESSEL found the objection was maintained and asked for a roll call vote.

[4:57:01 PM](#)

A roll call vote was taken. Senator Claman voted in favor of Amendment 8 and Senators Kawasaki, Wielechowski, Kaufman, Dunbar, Bishop, and Giessel voted against it. The vote was 1:6.

[4:57:41 PM](#)

CO-CHAIR GIESSEL announced that Amendment 8 failed on a vote of 1 yea and 6 nays.

[4:57:45 PM](#)

SENATOR CLAMAN moved to adopt Amendment 9, work order 33-GS2489\S.15.

33-GS2489\S.15

Walsh

4/25/24

AMENDMENT 9

OFFERED IN THE SENATE BY SENATOR CLAMAN

TO: CSSB 217(RES), Draft Version "S"

Page 1, line 3:

Delete "**billing**"

Insert "**metering**"

Page 2, line 29, through page 3, line 16:

Delete all material and insert:

"* **Sec. 4.** AS 42.05 is amended by adding a new section to read:

Sec. 42.05.395. Net metering. (a) A load-serving entity shall monthly credit in a tariff the account of a retail customer for the number of kilowatt-hours, at the full retail rate per kilowatt-hour, of electric energy supplied by the customer's distributed energy system to the load-serving entity. The tariff may not limit the aggregate capacity that customers may install unless the commission, after a hearing, finds that capacity limitation is necessary to protect system reliability.

(b) For up to seven years after a customer's distributed energy system is connected to the load-serving entity and generates power, a credit under (a) of this section that exceeds the customer's monthly bill for service will roll over to the following month and continue to roll over until used. Unused credits expire on March 31 of each year.

(c) The credits under (b) of this section are not available for a distributed energy system installed before July 1, 2024.

(d) In this section,

(1) "distributed energy system" means a renewable energy resource that is located on any

property owned or leased by a customer within the service territory of the load-serving entity that is interconnected on the customer's side of the utility meter;

(2) "load-serving entity" has the meaning given in AS 42.05.790."

[4:57:52 PM](#)

CO-CHAIR GIESSEL objected for purposes of discussion.

[4:57:58 PM](#)

SENATOR CLAMAN said that Amendment 9 provides credits to consumers who install alternative power sources (e.g. solar panels). He stated that this would return to a retail level rather than a wholesale price, in an effort to incentivize additional power production (primarily solar and wind). He noted that Amendment 9 limits this to years when federal credits are available for those who install these power alternatives. He explained that approaching it from the retail side works alongside federal subsidies, and this increases the likelihood that people will invest in alternative energy sources. He said that this would also result in increased grid diversity - which would be beneficial for overall development. He noted that Amendment 8 limits the period of retail reimbursement by the utilities to the 7-year period when the federal subsidies are available, after which it would return to the wholesale reimbursement rate.

[4:59:40 PM](#)

SENATOR KAUFMAN commented on the potential for over-production at a time when the power cannot be used. He said that over-production is a form of waste. This would potentially lead to cash-flow issues, as people are paid to produce excess power. He referred to Hawaii, where there was no long-term storage for the excess power.

[5:00:30 PM](#)

SENATOR CLAMAN replied that places like Hawaii and California have had issues - and both have more summer weather than Alaska. He said that utilities were not able to handle the over-installation of solar panels. He stated that, in Alaska, this is unlikely to occur due to the low rate at which Alaskans are likely to install solar panels. He asserted that the duck-curve is unlikely to occur in Alaska, specifically within the 7-year window. He opined that, while this is a valid concern, it is unlikely to happen.

[5:01:30 PM](#)

SENATOR KAUFMAN asked if he believes the duration of the implementation and the deployment of generation assets would prevent the state from reaching critical mass.

[5:01:47 PM](#)

SENATOR CLAMAN replied yes.

[5:01:50 PM](#)

SENATOR DUNBAR recalled a committee discussion regarding community solar legislation and shared his understanding that this was recently switched from net metering to net billing. He asked how Amendment 9 dovetails with the recently passed community solar legislation.

[5:02:22 PM](#)

CO-CHAIR GIESSEL clarified that the discussion - and the question of net billing versus net metering - was related to SB 217. She said that, of the 7 committee members, 5 live within Chugach Electric's purview. She shared that Chugach Electric has expressed concerns regarding net metering on several occasions. She stated that these concerns are centered around the fact that a house that can afford a solar panel is being reimbursed at retail value for the energy produced by the solar panel. However, the utility's base cost remains - and this must be redistributed. She explained that this base cost is redistributed to homes that cannot afford solar panels - which the utility does not favor. She contrasted this with net billing, which reimburses at wholesale - rather than retail - value, and explained that this is the reason "net billing" is used in SB 217. She stated that other utilities are comfortable with net metering. In addition, Senator Wielechowski recently sponsored legislation regarding "net metering". She surmised that this creates confusion - and commented that the governor's office may request removal of this section and simply allow RCA to manage the issue.

[5:04:15 PM](#)

SENATOR WIELECHOWSKI expressed concerns with the language in Amendment 9 and how it might interact with recently passed community energy legislation. He said that, while he would prefer to adopt Amendment 9 and switch to "net metering", this issue merits further discussion with stakeholders to understand the impacts. He commented that the intention is to support renewable energy without overwhelming the utilities.

[5:04:58 PM](#)

CO-CHAIR BISHOP concurred. He stated that he does not want to inadvertently make a mistake and referred to California, where electricity production costs went from the fourth lowest cost of electricity production to the fourth highest twenty years later. He shared his belief that there is time to let this work through the system.

[5:05:40 PM](#)

SENATOR DUNBAR recalled that the aforementioned community solar legislation contained amendments intended to prevent cross-subsidization. He wondered if the same protections exist in SB 217.

[5:06:22 PM](#)

SENATOR CLAMAN replied that he is uncertain.

[5:06:27 PM](#)

SENATOR DUNBAR commented that this section may be better addressed under different legislation.

[5:06:39 PM](#)

CO-CHAIR GIESSEL shared her intention to recommend this as SB 217 moves to the Senate Finance Committee. She noted that, alternatively, this section could be removed from Amendment 9 before it is passed from committee.

[5:06:50 PM](#)

SENATOR CLAMAN noted that the Senate Finance Committee can amend or remove this section.

[5:07:03 PM](#)

CO-CHAIR GIESSEL found the objection was maintained and asked for a roll call vote.

[5:07:07 PM](#)

A roll call vote was taken. Senators Dunbar, Claman, Wielechowski, and Kawasaki voted in favor of Amendment 9 and Senators Kaufman, Bishop, and Giessel, voted against it. The vote was 4:3.

CO-CHAIR GIESSEL announced that Amendment 9 was adopted on a vote of 4 yeas and 3 nays.

[5:07:44 PM](#)

SENATOR KAUFMAN moved to adopt Amendment 10, work order 33-GS2489\S.16.

A M E N D M E N T 10

OFFERED IN THE SENATE BY SENATOR KAUFMAN
TO: CSSB 217(RES), Draft Version "S"

Page 10, line 26:
Delete "backbone"
Insert "primary"

Page 10, line 28:
Delete "backbone"
Insert "primary"

Page 11, line 11:
Delete "backbone"
Insert "primary"

Page 11, line 15:
Delete "backbone"
Insert "primary"

Page 11, line 16:
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Page 11, line 19:
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Page 13, line 24:
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Page 13, line 27:
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Page 13, line 29:
Delete "backbone" in both places
Insert "primary" in both places

Page 13, line 31:
Delete "backbone"
Insert "primary"

Page 14, line 5:
Delete "backbone"
Insert "system"

Page 14, line 25:
Delete "backbone"
Insert "primary"

[5:07:50 PM](#)

CO-CHAIR GIESSEL objected for purposes of discussion.

[5:07:54 PM](#)

SENATOR KAUFMAN explained that Amendment 10 is an attempt to adopt standard language. He said that "primary" would replace "backbone". However, feedback has indicated that more technical language is possible. He indicated his intentions to withdraw Amendment 10 and shared his belief the language would be standardized into more technical terms in another committee.

[5:08:50 PM](#)

SENATOR KAUFMAN withdrew Amendment 10.

[5:08:54 PM](#)

CO-CHAIR GIESSEL found no objection and Amendment 10 was withdrawn.

[5:09:02 PM](#)

CO-CHAIR GIESSEL solicited a motion.

[5:09:03 PM](#)

SENATOR KAUFMAN moved to adopt Amendment 11, work order 33-GS2489\S.17, which read:

33-GS2489\S.17
Walsh
4/25/24

A M E N D M E N T 11

OFFERED IN THE SENATE BY SENATOR KAUFMAN
TO: CSSB 217(RES), Draft Version "S"

Page 7, line 11:

Delete "six"

Insert "seven"

Page 7, line 18:

Delete "an electric utility"

Insert "a facility for the generation of
electricity that is"

Page 7, line 22:

Delete "two"

Insert "three"

Delete "finance"

Insert "project finance, corporate finance,
public finance, banking, accounting, project
management"

Page 15, line 22:

Delete the first occurrence of "two"

Insert "three"

[5:09:09 PM](#)

CO-CHAIR GIESSEL objected for purposes of discussion.

[5:09:14 PM](#)

SENATOR KAUFMAN said that Amendment 11 would create an odd quantity in an effort to make voting easier. In addition, it

would add standard enterprise management competencies. He argued that financing projects is different than financing state operations - which would benefit by the project management competencies brought by project, corporate, and public finance, as well as banking, accounting, and project management. He referred to lines 5-7 and said that this may create a conflict of interest. He suggested a conceptual amendment to remove these lines and explained the intention was to focus on the generation.

[5:10:35 PM](#)

CO-CHAIR GIESSEL asked for clarification of which section should be removed.

[5:10:43 PM](#)

SENATOR KAUFMAN said that lines 5-7 focus on generation, which he believed to be beneficial; however, there may be a conflict of interest with respect to grant decisions and board membership.

CO-CHAIR GIESSEL asked if he is offering a conceptual amendment to remove lines 5-7.

[5:11:26 PM](#)

SENATOR KAUFMAN moved to adopt Conceptual Amendment 1 to remove lines 5-7 of Amendment 11.

[5:11:33 PM](#)

CO-CHAIR GIESSEL found no objection and Conceptual Amendment 1 to Amendment 11 was adopted.

CO-CHAIR GIESSEL noted that Amendment 11 addresses the AEA board. She asked Mr. Thayer to speak to the expansion of the AEA board and changes to board qualifications.

[5:12:14 PM](#)

MR. THAYER replied that he does not have a problem with Amendment 11. He added that determining board member qualification requirements is a policy decision for the legislature.

[5:12:50 PM](#)

SENATOR DUNBAR expressed opposition to Amendment 11. He shared his belief that the intention of the amendment is to follow the governor's executive order - which was rejected by the legislature. He opined that the language is well thought out and pointed to the specific requirements for the majority of board

members, while the section being amended allows for a broad range of expertise. He noted that this section has two members and opined that expanding this to three would draw the board further away from its primary makeup of individuals with specific knowledge and roles. He pointed out that changing the language to specifically include a variety of finance roles is unnecessary, as those individuals would already be qualified under the "finance" requirement. He shared that he is in support of allowing boards and commissions to have an even number of seats. He pointed out that having an even number of seats can make boards more conservative, potentially requiring a super majority vote. He acknowledged that this can sometimes be negative and slow the process too much - although sometimes it is useful. He opined that, in this case, an even number of seats is useful.

[5:15:06 PM](#)

SENATOR CLAMAN expressed opposition to Amendment 11. He said that even-numbered boards have a significant role. He briefly shared his experience working on even-numbered boards, which he believes encourages greater consensus-building than odd-numbered boards. He said that, to make decisions, a six-member board would need four votes. He shared his belief that even-numbered boards are not a problem.

[5:16:05 PM](#)

CO-CHAIR GIESSEL pointed out that this is an eight-member board. She pointed out that a portion of the language does mirror the executive order. This language was previously amended to add the Commissioner of the Department of Revenue. She noted that the commissioner was added due to the fact that the board manages large federal funding amounts.

[5:16:37 PM](#)

SENATOR DUNBAR underscored that the board is currently at eight members and Amendment 11 would expand this to nine members. This would require five members to vote. He agreed that, as currently constituted, the board is more consensus-driven.

[5:17:02 PM](#)

CO-CHAIR GIESSEL referenced Page 8, Section 15, which defines a quorum as five board members - and clarifies that a five-member affirmative vote is required for policy passage. She pointed out that a chair and vice-chair must be elected every two years. She added that this is unlike other boards, which have not elected a new chair in many years.

[5:17:32 PM](#)

SENATOR CLAMAN expressed appreciation for the clarification and added that his comments remain the same for both a six- and eight-member board.

[5:17:40 PM](#)

CO-CHAIR GIESSEL found the objection was maintained and asked for a roll call vote.

[5:17:47 PM](#)

A roll call vote was taken. Senator Kaufman voted in favor of Amendment 11, as amended, and Senators Dunbar, Claman, Wielechowski, Kawasaki, Bishop, and Giessel voted against it. The vote was 1:6.

[5:18:12 PM](#)

CO-CHAIR GIESSEL announced that Amendment 11, as amended, failed on a vote of 1 yea and 6 nays.

[5:18:25 PM](#)

SENATOR KAUFMAN moved to adopt Amendment 12, work order 33-GS2489\S.18.

33-GS2489\S.18

Walsh

4/25/24

A M E N D M E N T 12

OFFERED IN THE SENATE BY SENATOR KAUFMAN
TO: CSSB 217(RES), Draft Version "S"

Page 13, line 4:
Delete "10"
Insert "six"

Page 13, line 7, following "must":
Insert "set clear goals and"

Page 13, line 9, following "considering":
Insert "regulatory and legal frameworks,"

Page 13, line 11, following "impacts.":
Insert "The integrated transmission plan must analyze performance on and alignment with prior integrated transmission plans."

Page 13, line 15, following "concerns.":

Insert "When the integrated transmission plan is complete, the transmission organization shall publish the plan on the Alaska Energy Authority's Internet website."

[5:18:27 PM](#)

CO-CHAIR GIESSEL objected for purposes of discussion.

[5:18:44 PM](#)

SENATOR KAUFMAN explained that Amendment 12 addresses planning, continuous improvements, and plan transparency.

[5:19:30 PM](#)

CO-CHAIR GIESSEL said that she has received feedback on Amendment 12. She stated that these are significant plans and reassessing every six years creates a tight schedule. She opined that ten years is more appropriate. She stated that she does not support Amendment 12.

[5:20:00 PM](#)

SENATOR DUNBAR expressed support for Amendment 12 and for the transparency in particular. He acknowledged the concern regarding the length of time before reassessment. He wondered if Senator Kaufman would be open to 8 years.

[5:20:42 PM](#)

CO-CHAIR GIESSEL pointed out that the plan would also be published as a tariff docket by RCA and asserted that it is a very transparent process. She indicated that additional transparency would not be an issue.

[5:21:20 PM](#)

SENATOR CLAMAN asked if there is a conceptual amendment to change the reassessment requirement from 6 to 8 years.

[5:21:23 PM](#)

SENATOR DUNBAR deferred to Senator Kaufman.

[5:21:33 PM](#)

CO-CHAIR GIESSEL moved to adopt Conceptual Amendment 1 to Amendment 12, which would delete lines 1-3. There being no objection, Conceptual Amendment 1 to Amendment 12 was adopted.

[5:21:48 PM](#)

CO-CHAIR GIESSEL directed attention to lines 5-17 of Amendment 12.

[5:22:08 PM](#)

CO-CHAIR GIESSEL removed her objection. She found no further objection and Amendment 12, as amended, was adopted.

[5:22:18 PM](#)

CO-CHAIR GIESSEL solicited the will of the committee.

[5:22:23 PM](#)

CO-CHAIR BISHOP moved to report SB 217, work order 33-GS2489\S, as amended from committee with individual recommendations and attached fiscal note(s).

[5:22:39 PM](#)

CO-CHAIR GIESSEL found no objection and CSSB 217(RES) was reported from the Senate Resources Standing Committee.

[5:23:17 PM](#)

There being no further business to come before the committee, Chair Giessel adjourned the Senate Resources Standing Committee meeting at 5:23 p.m.