

**ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON ENERGY**

February 4, 2025

1:00 p.m.

DRAFT

MEMBERS PRESENT

Representative Ky Holland, Co-Chair
Representative Donna Mears, Co-Chair
Representative Chuck Kopp
Representative Cathy Tilton (via teleconference)
Representative George Rauscher
Representative Mia Costello

MEMBERS ABSENT

Representative Bryce Edgmon

COMMITTEE CALENDAR

PRESENTATION(S): ALASKA UTILITIES

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

KERIANN BAKER, Chief Strategy Officer
Homer Electric Association Inc.
Homer, Alaska

POSITION STATEMENT: Presented a PowerPoint on Homer Electric Association during the Alaska Utilities presentation.

ASHLEY BRADISH, Director of External Affairs & Public Relations
Golden Valley Electric Association
Fairbanks, Alaska

POSITION STATEMENT: Presented a PowerPoint on Golden Valley Electric Association during the Alaska Utilities presentation.

JULIE ESTEY, Chief Strategy Officer
Matanuska Electric Association
Palmer, Alaska

POSITION STATEMENT: Presented a PowerPoint on Matanuska Electric Association during the Alaska Utilities presentation.

TRISH BAKER, Senior Manager of Government Affairs
Chugach Electric
Anchorage, Alaska

POSITION STATEMENT: Presented a PowerPoint on Chugach Electric during the Alaska Utilities presentation.

BILL STAMM, President & CEO
Alaska Village Electric Cooperative
Anchorage, Alaska

POSITION STATEMENT: Presented a PowerPoint on Alaska Village Electric Cooperative (AVEC) during the Alaska Utilities presentation.

ACTION NARRATIVE

[1:00:10 PM](#)

CO-CHAIR KY HOLLAND called the House Special Committee on Energy meeting to order at 1:00 p.m. Representatives Costello, Kopp, Rauscher, Mears, and Holland were present at the call to order. Representative Tilton (via Teams) arrived as the meeting was in progress.

The committee took a brief at-ease at 1:02 p.m.

PRESENTATION(S): Alaska Utilities

[1:02:43 PM](#)

CO-CHAIR HOLLAND announced that the only order of business would be the Alaska Utilities presentation.

[1:04:33 PM](#)

KERIANN BAKER, Chief Strategy Officer, Homer Electric Association Inc., participated in the Alaska Utilities presentation. She explained her role at the Homer Electric Association (HEA) and described HEA's unique board composition. She presented a PowerPoint about HEA (copy included in the committee packet) and showed slide 2 and slide 3, regarding HEA's values and history.

[1:09:22 PM](#)

MS. KERIANN BAKER described the photo on slide 4 and continued to slide 5 which provided highlights of HEA's 80 years of service.

[1:09:55 PM](#)

MS. K. BAKER discussed slide 6, titled "The Numbers: HEA," which detailed meters, miles, employees, and the average megawatt (MW) load. She segued to slide 7, titled "Generation Asset Portfolio," which showed photos and provided details regarding electrical storage and generation. Moving to slide 8, titled "Homer Electric Member Programs," she described the programs available to members which included the following [original punctuation provided]:

- Real-time Outage Map
- Outage Text Notification
- Energy Calculator
- Line of Credit Program
- Budget Billing Program
- Electronic Billing
- Mobile App
- Meters
- Heat Pump Rebate
- Net Metering Program

[1:11:48 PM](#)

MS. K. BAKER addressed utility challenges beginning with financial updates shown on slide 10 and slide 11. She talked about how inflation affects members and how HEA's costs have risen over time.

[1:13:33 PM](#)

MS. K. BAKER directed the committee's attention to slide 12, titled "Hazard Trees," which are a major cause of outages. She explained that there has been a 568 percent increase in outages caused by downed trees and referenced the fires in LA and Maui. She said HEA is clearing its right of ways to address the issue and played a video that illustrated the problem.

[1:19:29 PM](#)

MS. K. BAKER segued to slide 13 regarding fuel availability and natural gas. She explained that HEA planned to replace one of its less efficient natural gas units and is incorporating 30 MW

of solar. The goal is to reduce natural gas usage by 21 percent annually. HEA would also be pursuing diversification of fuel and energy mix at a cost that makes sense.

[1:22:01 PM](#)

MS. K. BAKER responded to a question from Representative Rauscher by asking that the legislature involve HEA in proposed solutions, pointing out the significant consequences of legislative decisions. She recommended that the state consider a diversified approach to energy.

[1:24:59 PM](#)

MS. K BAKER, in response to a question from Representative Kopp regarding whether HEA's voice is equivalent to the voice of other utilities, said that "the problem with raising a lady to speak up, is that she speaks up," and expressed her belief that HEA has the ability express itself and be heard. She introduced HEA board members.

[1:28:32 PM](#)

ASHLEY BRADISH, Director of External Affairs & Public Relations, Golden Valley Electric Association, participated in the Alaska Utilities presentation and showed a PowerPoint titled, "Golden Valley Electric Association Energy Outlook," (GVEA) (copy included in the committee packet). She proceeded with slide 2, titled "GVEA Snapshot," which described the membership the service area, the number of powerlines, peak load, and the generation facilities. Moving to slide 3, she described GVEA'S 2024 energy portfolio, which included four oil fired plants, two coal fired plants, a hydroelectric facility, a wind farm, and a solar farm.

[1:33:42 PM](#)

MS. BRADISH moved to slide 4 which addressed GVEA's challenges including volatile energy costs, the natural gas supply, Bradley Lake's temporary loss of hydro generation, and system constraints, such as limited ability to integrate variable energy, transmission capacity, and aging infrastructure.

[1:38:47 PM](#)

MS. BRADISH presented slides 5, 6, and 7, titled "Legislative Priorities," which read as follows [original punctuation provided]:

Railbelt Transmission

GVEA requests state support in matching federal GRIP funds for Phase 1 upgrades to the Railbelt electric transmission grid.

Capacity to transmit power between Railbelt service areas is currently limited.

Allows the cheapest power to reach end-users irrespective of location or energy source.

Provides opportunity to increase interregional capacity between Homer and Anchorage, and add redundancy and energy storage.

Facilitates clean energy projects at scale for energy security and diversification.

GVEA supports state funding for upgrades to the Railbelt electric transmission grid between Anchorage and Healy.

Natural Gas Solution

GVEA supports measures to ensure short-term certainty for importing LNG to Cook Inlet and supports state efforts to assess the feasibility of a gasline connecting the North Slope with the Railbelt, provided a spur to Fairbanks is included.

GVEA expects to receive <1% of its power from natural gas sources in 2025.

The Railbelt is facing a shortfall in Cook Inlet natural gas as soon as 2027.

GVEA is working collaboratively with other Railbelt utilities to explore gas supply alternatives that could provide system-wide benefits to Railbelt residents and businesses.

Currently, importing LNG to Cook Inlet is the most feasible means to meet gas demand requirements in the short term

Dixon Diversion Support

GVEA supports AEA's Dixon Diversion Project to optimize the energy potential of the AEA-owned Bradley Lake Hydroelectric Project.

Hydropower is the Railbelt's lowest-cost generation.

Project will increase Bradley Lake's annual energy production by 50%, enough to power an estimated 24,000 - 30,000 homes.

Estimated to offset 1.5 billion cubic feet of natural gas per year in Railbelt power generation.
Estimated completion is 2030.

1:42:05 PM

JULIE ESTEY, Chief Strategy Officer, Matanuska Electric Association, participated in the Alaska Utilities presentation and showed a PowerPoint regarding Matanuska Electric Association (MEA) (copy included in the committee packet). She started her presentation with slide 2 which featured a snapshot of MEA by the numbers and moved to slide 3, which compared the cost of electricity in different areas of the United States. She explained that the current cost to bring power to MEA homes and business is 22 cents per KWH.

1:46:21 PM

MS. ESTEY discussed the co-op priorities shown in slide 4 and fuel supplies shown in slide 5. She emphasized that the gas contract with Hilcorp expires in spring of 2028

1:48:30 PM

MS. ESTEY drew the committee's attention to the graphs on slide 6 and 7, pointing out that electric utilities used approximately one-third of the available Cook Inlet Gas, but that MEA represented only 10 percent of that Railbelt gas demand.

1:49:51 PM

MS. ESTEY turned to looming shortfalls illustrated on Slide 8, noting that renewables would help solve the gas problem. She showed slide 9 which illustrated a timeline of key fuel supply milestones. She pointed out that there was a potential gap in gas services between March of 2028 and 2030. There is one proposed solar project during that gap, but it would be likely that MEA would need to burn diesel at a cost to members that could be three to four times as much. She explained that there were other proposals, but none of them were date certain.

1:55:15 PM

MS. ESTEY responded to several questions from Representative Costello regarding the cost of coal and diesel. She explained that wind, solar, coal, and several forms of gas have been coming in at approximately the same price range and with no

significant price breaks between projects. Diesel would be three to four times as much as gas prices.

[1:56:49 PM](#)

MS. ESTEY continued the presentation with slide 10, titled "Generation - all Options have Tradeoffs," which provided a detailed comparison of three categories of electrical generation: gas supply; renewables; and other clean energy. She described the costs and benefits of various types of energy supplies and sources. She discussed how renewable energy would play a role but emphasized that short term liquified natural gas (LNG) would still be needed until longer term options are in place.

[1:58:22 PM](#)

REPRESENTATIVE RAUSCHER asked when the utility would start to negotiate for imported LNG

MS. ESTEY responded to a question from Representative Rauscher concerning the timelines for additional Cook Inlet gas drilling as well as bringing imported LNG online. She explained that those conversations were ongoing.

[2:00:37 PM](#)

REPRESENTATIVE KOPP asked whether MEA has concerns that the focus on the LNG line suffocates the "all options on the table" sentiment.

MS. ESTEY responded to a question by Representative Kopp regarding whether the focus on LNG stifles consideration and action on other sources of energy by saying it was absolutely a concern. She emphasized the need to consider all options to meet the needs of the Railbelt. She explained that MEA is focused on reducing regret costs and optimizing flexibility.

[2:03:30 PM](#)

MS. ESTEY resumed the presentation with slide 11, titled "Energy Diversification," which read as follows [original punctuation provided]:

2024: 16% RENEWABLE

- Mostly from hydro generation (Eklutna and Bradley Lake), and a small mix of solar and wind resources.

- 8.5 MW Solar Farm in Houston, Alaska came online last fall.

[2:04:07 PM](#)

MS. ESTEY moved to slide 12, titled "The Railbelt," which showed a map of the Railbelt power system, describing it as, "Connected with single line between Homer up to Fairbanks." She pointed out that the utilities are "not-for-profit, public power, making decisions in the best interest of their residents and communities." She showed slide 13, titled "Constraints on the Railbelt Grid," which read as follows [original punctuation provided]:

Technical Constraints

Inadequate physical infrastructure
Lack of adequate capacity
Lack of adequate redundancy

Economic Constraints

Limited economic dispatch
Wheeling distorts transactions
Small market limits options
No economies of scale

Institutional Constraints

No management and operation of assets for the benefit of the whole.

[2:07:14 PM](#)

MS. ESTEY showed slide 14, titled "What Are The Hurdles?" concerning the challenges faced by MEA. The slide read as follows [original punctuation provided]:

- Transmission, transmission, transmission.
- All options have tradeoffs and are more expensive.
- Limited meaningful, region-wide collaboration.
- Uncertain federal and state policy and funding.
- Minimal free market competition and viable developers.
- Did I mention transmission?

[2:09:28 PM](#)

MEA Goals

- Develop joint energy highway with unified oversight and management of the backbone.
- Secure short to mid term gas supply (2028 - 2040).
- Work with state leaders and utilities to chart a path forward on generation projects.
- Leverage Alaska's immense resources for a diverse and secure generation portfolio.

MEA Ask: It's a critical time. Please help us keep all generation options on the table.

[2:10:47 PM](#)

TRISH BAKER, Senior Manager of Government Affairs, Chugach Electric, participated in the Alaska Utilities presentation and showed a PowerPoint regarding Chugach Electric (copy available in the committee packet). She explained that Chugach Electric developed an integrated multi-decade resource plan that looks forward and considers what could become economically viable when current energy sources reach the end of their life span. She moved to slide 4, titled " Current Chugach Generation Mix, Diversification reduces risk," which showed the energy sources used by Chugach Electric.

[2:13:10 PM](#)

MS. TRISH BAKER continued with slide 5, titled "What Chugach is doing to address gas supply," which read as follows [original punctuation provided]:

Continue investing in Beluga River Unit gas field
Progressing with imported LNG
Expanding our renewable energy portfolio
Advancing energy storage solutions
Supporting regional power sharing

[2:15:54 PM](#)

MS. T. BAKER moved to slide 6 and explained that Chugach sees imported LNG as a bridge solution and referenced other possibilities for the future. She emphasized the importance of a firm contract for any of the potential solutions. In response to questions from Representative Costello regarding slide 6, she explained that it did not depict an actual place but rather was an artistic AI illustration. In reference to whether Chugach was pursuing its own facility separate from the governor's proposal, she pointed out that such information is confidential.

[2:18:23 PM](#)

MS. T. BAKER responding to questions from Representative Kopp and Representative Costello, clarified that Chugach was aggressively pursuing its needs and would be considering a range of energy solutions. She explained that the Dixon project is projected to come on-line in 2030. She resumed the presentation with slide 7, titled "Breakdown of Chugach Retail Electric Bill," which detailed cost estimates of imported LNG; Hilcorp natural gas; Beluga River natural gas; Renewables; and the costs of power plants, transmission, and distribution.

[2:20:45 PM](#)

MS. T. BAKER directed the committee's attention to slide 9, titled "90-mile Transmission Upgrade, Mid-town Anchorage to Quartz Creek - Kenai Peninsula," which read as follows [original punctuation provided]:

Transmission lines built in 1962
Project: 2012 - 2032, section by section
115 kV lines upgrading to 230 kV (kilovolts)
Reduce line loss; increase power transferability
Anchoring structures also being upgraded

MS. T. BAKER moved to slide 10, titled "Chugach supports GRIP upgrades, Grid Resilience and Innovation Partnerships," which read as follows [original punctuation provided]:

\$206.5 million grant from the Department of Energy is half the estimated project cost of \$413 million
High Voltage Direct Current (HVDC) cable from Nikiski to Beluga
Project will add capacity for access to low cost energy and ensure reliable electric service
Project also includes Battery Energy Storage Systems

[2:22:44 PM](#)

MS. T. BAKER concluded her presentation with slides describing Chugach's approach to decarbonization and renewable energy featured on slides 12, 13, and 14, which read as follows [original punctuation provided]:

Decarbonization Objective
Reduce Carbon Intensity

at least 35% by 2030
at least 50% by 2040
without a material negative impact on rates or
reliability

Community Solar Project
500-kilowatt installation
1,080 panels
Subscriptions for 1 to 20 panels
Energy credited to Chugach bill
Currently under construction
Completion estimated Summer 2025
RCA approval of tariff required before enrollments can
open

Dixon Diversion
Meltwater from Dixon Glacier would be diverted through
a tunnel to Bradley Lake
Bradley Lake Hydroelectric Project dam would be raised
to accommodate extra water
50% additional energy would be added to Bradley Lake
Hydroelectric Project
Project would reduce demand for natural gas by 1.5
bcf/year

[2:25:48 PM](#)

BILL STAMM, President & CEO, Alaska Village Electric Cooperative, participated in the Alaska Utilities presentation and showed a PowerPoint, titled "Alaska Village Electric Cooperative, A Cooperative, But Different" (copy included in the committee packet). He discussed the membership of the Alaska Village Electric Cooperative (AVEC) board and introduced the first female board member who has been serving for over 40 years. He called the committee members' attention to slide 2, featuring a map of Alaska which highlighted AVEC communities. He moved to slide 3 with photos that showed some of the unique challenges of dealing with power in rural Alaska

[2:32:14 PM](#)

Mr. STAMM discussed the power generation in the rural communities. He described differences between AVEC communities and the Railbelt, pointing out that Railbelt power generation is measured in megawatts but the AVEC communities measure power generation in kilowatts. He showed slides 4 through 7, which showed photos of New Stuyahok living facilities, a rural power

plant, the Native Store in Shaktoolik, and shipments of materials. He explained that AVEC has been integrating wind since 2000. The next slide was titled "Alaska Village Electric Cooperative, Energizing Rural Alaska since 1968." It read as follows [original punctuation provided]:

- Nonprofit 501(c)12 -Electric Cooperative
- 58 Rural Communities, 31,000+ Residents
- 46 Power Plants, 160 Diesel Generators
- 9.3M Gallons of Diesel in 2023 (\$43.8)
- 525 miles of Distribution Lines
- 13 Wind Sites, 33 Wind Turbines, Serving 22 Communities
- \$74.0M Annual Revenue
- 2023 Total Electricity Sold 126.3 MWh

[2:42:09 PM](#)

MR. STAMM described the graphs on slides 10 through 12 which illustrated the relative size of communities by meter count, the relative cost of rural power consumption, and the costs per kilowatt-hour sold.

[2:45:01 PM](#)

MR. STAMM moved to slide 13 and slide 14 which described how fuel is delivered to communities, the associated difficulties, and the 2024 delivered fuel costs. The slides read as follows [original punctuation provided]:

Fuel Delivery:

- Typically, May-Oct
- Lighterage Barges fill from Tankers and deliver to coastal and river communities
- Bulk Fuel Storage, strive for 14 month's supply.
- Some communities are Fly-in only

Difficulties:

- Cost
- Aging infrastructure
- Limited Suppliers
- Weather

Barge Delivery:

\$3.50 to \$4.50 per gallon

Air Delivery:

\$10.00 to \$11.00 per gallon

[2:48:19 PM](#)

MR. STAMM, in response to a question from Representative Mears, explained that projects incorporating renewables have been hugely beneficial, but they are not a total solution. Renewable energy has the potential of greatly reducing the reliance on diesel so that they are "sipping diesel fuel instead of drinking it by the cupful." He described the chart on slide 15, showing the amount of diesel used when it is the sole source of energy compared to a combination of diesel and wind. He segued to slide 16 which showed a timeline of AVEC renewable energy projects from 1999 to 2023.

[2:51:46 PM](#)

MR. STAMM described the photos on slide 17, titled "Logistics of Material Delivery," which showed the challenges of delivering equipment. He shared a personal anecdote and talked about how critical a power loss can be in the rural communities.

[2:56:15 PM](#)

MR. STAMM explained Power Cost Equalization (PCE), showing slide 18, titled "How Does PCE Work?" which showed a graph regarding PCE costs and a comparison of costs which read as follows [original punctuation provided]:

PCE "FLOOR" = Average cost of power for Anchorage
Fairbanks and Juneau (\$0.1992 for FY 2025)
PCE pays down 95% of the Difference between rural cost
of power and PCE floor.
Only for Residential and Community Facilities

[2:58:22 PM](#)

MR. STAMM responded to a question from Representative Costello regarding how the PCE adjustment is shown on customers' bills. He then moved to slide 19 and slide 20 which showed graphs illustrating the impact of PCE and how it relates to heating buildings.

[2:59:36 PM](#)

MR. STAMM showed slide 21, titled " Why is electricity expensive in rural Alaska?" which read as follows [original punctuation provided]:

- Small population - AVEC's average village is ~400 people
- Small loads - AVEC's average village load is ~160 kW
- No economies of scale, which in turn limits economic growth
(Expensive power = Less consumption= Expensive power)
- Utilities are capital intensive, and capital is expensive
- Isolated systems - reliability relies on (self) redundancy
- Remote and difficult to access, transportation and freight is expensive
- Fuel is expensive - delivery and storage costs often exceeds diesel purchase cost
- Operations and maintenance is more expensive, freight, travel, lodging, it all adds up

In summary, the final slide addressed AVEC strategies to reduce power cost and read as follows [original punctuation provided]:

Improve generation efficiency whenever possible
 Minimize distribution losses whenever possible
 Interconnect villages to improve economies of scale
 Add renewable generation and energy storage where economically feasible
 Capture and sell recovered heat and excess wind energy
 Promote energy education, workforce development
 Support economic growth in communities we serve

[3:02:28 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Energy meeting was adjourned at 3:02 p.m.