

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

February 6, 2025

1:33 p.m.

MEMBERS PRESENT

Representative Ky Holland, Co-Chair
Representative Donna Mears, Co-Chair
Representative Chuck Kopp
Representative George Rauscher
Representative Mia Costello

MEMBERS ABSENT

Representative Bryce Edgmon
Representative Cathy Tilton

COMMITTEE CALENDAR

PRESENTATION(S) : PANEL DISCUSSION WITH ALASKA UTILITIES

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

TRISH BAKER, Senior Management of Government Affairs
Chugach Electric Association
Anchorage, Alaska

POSITION STATEMENT: Participated in the Panel Discussion with Alaska Utilities presentation.

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

POSITION STATEMENT: Participated in the Panel Discussion with Alaska Utilities presentation.

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

POSITION STATEMENT: Participated in the Panel Discussion with Alaska Utilities presentation.

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

POSITION STATEMENT: Participated in the Panel Discussion with Alaska Utilities presentation.

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

POSITION STATEMENT: Participated in the Panel Discussion with Alaska Utilities presentation.

ACTION NARRATIVE

[1:33:34 PM](#)

CO-CHAIR KY HOLLAND called the House Special Committee on Energy meeting to order at 1:33 p.m. Representatives Holland, Mears, Kopp, Rauscher, and Costello were present at the call to order.

PRESENTATION(S) : PANEL DISCUSSION WITH ALASKA UTILITIES

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CO-CHAIR HOLLAND announced that the only order of business would be the Panel Discussion with Alaska Utilities by Representatives from Homer Electric Association, Chugach Electric, Matanuska Electric Association, Golden Valley Electric Association, and Alaska Village Electric Co-Op.

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The committee took an at-ease from 1:35 p.m. to 1:38 p.m.

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TRISH BAKER, Senior Management of Government Affairs, Chugach Electric Association, began the Panel Discussion with Alaska Utilities by summarizing a press release regarding Chugach Electric and Harvest Alaska, saying it presents a potential solution for the Railbelt gas supply issue. Harvest Alaska would own, operate, and develop a liquefied natural gas (LNG) facility at the Marathon site on the Kenai Peninsula, making LNG available to the Railbelt utility companies. The timeframe would meet the existing contract expiration date of March 2028.

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MS. T. BAKER responded to a question from Representative Kopp, explaining that there was no power purchase agreement at that time but rather a potential solution. First the project would need to go through the front-end engineering and design.

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MS. T. BAKER responded to a series of questions from Co-Chair Holland and Representative Rauscher by explaining that regardless of who provided it, storage would be needed and that Harvest would deal with the permitting. The gas for the LNG project would be purchased from the global market.

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BILL STAMM, President and CEO, Alaska Village Electric Cooperative, addressed a question posed by Co-Chair Holland regarding what the Railbelt could learn from the rural utilities. He described the integration of renewable energy in the smaller grids in rural communities and how the challenges of isolated places provide both a benefit and a challenge. The challenges always include balancing loads, storage, and the requirements of providing steady power. Despite the smaller size, he said there were similarities to the Railbelt despite it serving a larger population because it is still an isolated grid, and they have the same challenges of maintaining power quality, injecting energy when it is available, and energy storage.

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JULIE ESTEY, Chief Strategy Officer, Matanuska Electric Association, described Alaska as a proving ground for new technologies, explaining that many lessons could be learned from rural utilities. She pointed out that using renewable energy has been especially important for rural communities.

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KERIANN BAKER, Chief Strategy Officer, Homer Electric Association, Inc., explained that diversification is one of the top goals of Homer Electric Association. The association doesn't want to be reliant on any one type of fuel or any one

type of supply. Price continues to be a crucial element and streamlining the bureaucracy is also important.

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MS. T. BAKER explained that there are two projects that go hand in hand. One would be combining the Grid Resilience and Innovation Project (GRIP), a high voltage direct current (DC) cable that would go from Nikiski to Beluga and would add redundancy as well as increase capacity for power transfer. The second would be completing the Dixon Diversion Project.

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MS. ESTEY agreed on the importance of GRIP and the Dixon Diversion as primary elements for the Railbelt. She pointed out that diversification needs redundancy and capacity. Not having robust enough transmission capability can hold projects back. She described several potential options including transporting gas from the North Slope, looking at coal, and using wind power, describing the positives and negatives of each.

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ASHLEY BRADISH, Director, External Affairs & Public Relations, Golden Valley Electric Association, echoed the points made by other members of the panel and emphasized that transmission is key. She pointed out specific concerns regarding how much power could be brought into the Railbelt with the existing structure saying that Lower 48 grids could take on approximately 4,000 megawatts compared to 4 megawatts on the Railbelt before there are system disturbances. In order to add projects, the foundation would need to address increased capacity, transmission, and redundancy.

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MS. ESTEY responded to a question from Co-Chair Mears by stating how excited the members of the Railbelt utilities were to be working together on the Integrated Resource Plan (IRP), sharing the different data points, subject matter experts, and developing resources. The IRP process brings all those experts together under one plan. The Railbelt's energy needs add pressure to the process.

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MR. STAMM responded to a question from Representative Costello by explaining that fuel economy and efficiency are king in rural Alaska. They are the baseline of all the power generation the rural communities have. He emphasized the need to reduce the amount of diesel fuel used in rural settings, pointing out that new technologies make it possible to harvest renewable resources locally such as wind, solar, and hydro. He also discussed economies of scale, explaining that the smaller the unit, the more expensive it is, so some of the rural communities have developed means for sharing because the larger the unit the more load it can handle. For example, within the Alaska Village Electric Cooperative (AVEC) there are 46 power plants to serve 58 communities rather than single units in each community. Even if an all-Alaska plan came into being, there would still need to be local backup generation

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MS. K. BAKER, in response to a question from Representative Costello, pointed out that several utilities consolidated to become Homer Electric. She also described the many ways in which the Railbelt utilities have collaborated.

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MS. ESTEY addressed a question from Representative Costello regarding collaboration among the Railbelt utilities by comparing them to Lower 48 utilities and explaining their similarities and differences. She explained that state statute has driven all their bylaws, and if they wanted to divest more than 15 percent to outside interests, they would need a super majority to say "yes." The intent of that statute was to keep the rights and control of local utilities in the hands of Alaskans. Due to the distances between the Railbelt utilities, the value of merging does not balance out the need for local resources such as linemen, clearing crew, and member service representatives. She echoed Ms. Baker's point that the Railbelt utilities have collaborated in some very positive ways without needing to dismantle the individual cooperative structures. She explained that the Chugach purchase of Municipal Light & Power (ML&P) made sense because they were not co-ops. She described several collaborative models that could be used in the Railbelt while still maintaining local autonomy.

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MS. T. BAKER acknowledged the concerns voiced by Representative Holland regarding problems with the gas supply. She described the difference between gas deliverability and gas supply, characterizing the issue referenced by Co-Chair Holland as a gas deliverability problem. She also pointed out the collaboration which occurred during the 2023-2024 cold snap and how other utilities on the Railbelt stepped up to help. She emphasized the importance of adding the imported LNG before 2028.

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MS. K. BAKER emphasized that the utilities are not going to let the power go out and people will not get cold. She pointed out there was not one utility company at the table that would let another utility go dark. She explained that the cooperative principles highlight working with other cooperatives. It is part of the utility co-op culture and is part of why they were formed. Sharing knowledge, sharing people, sharing fuel is a function of the Alaska Energy Authority (AEA). When the utilities work together, the product is better.

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MS. BRADISH pointed out that the working model of the Railbelt utilities was cooperation among cooperatives. She also returned to an earlier point by explaining the critical need for redundancy which would be achieved with the additional transmission line.

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MR. STAMM added the perspective of the AVEC by emphasizing that for the rural communities, fuel supply is critical. It is a critical need for the supply chains to remain open. The number of primary vendors which supply fuel to small communities in rural Alaska has been reduced from three or four to two. Some communities are entirely reliant on fly-in fuel, and suppliers that fly in are using 1940's aircraft for which mechanical parts are difficult to acquire. The needs of AVEC are sometimes out strapped by a change in load. Usually those changes can be anticipated but sometimes they are caught short. He described the cooperation within AVEC because everyone wants to keep the lights on.

[2:23:04 PM](#)

MS. ESTEY responded to a series of questions from Co-Chair Holland by explaining that the Alaska Railbelt Reliability Council (RRC) got a slow start, but there is excitement about Ed Jenkins, the new CEO. A cost work analysis has been requested to make sure there are benefits to ratepayers, making sure "the spend" is worth the benefit. Once the short-term bridge is solved, there are long-term decisions to make. There is confidence that the process will allow for better decision making.

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MS. T. BAKER, in response to a question from Co-Chair Holland, explained that the integrated resource plan would happen later in 2025.

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MS. K. BAKER added that Homer Electric looks forward to positive changes with Ed Jenkins as CEO of the RRC, but adding that position is expensive, and there will be some duplication within the RRC what will come out of the Electric Reliability Organizations (ERO). Some bureaucratic simplification would help lower costs.

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MS. ESTEY responded to Representative Kopp's question regarding transmission line power loss by saying that 20 percent is a reasonable estimate.

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MS. ESTEY responded to a question from Representative Mears by emphasizing that the value of long-term planning will be measured by the key performance indicators being developed by the RRC. The Matanuska Electric Association (MEA) supports the processes, the collaborative approach, and including a broader stakeholder group as part of that process. The long-term plan will be where the value truly comes.

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MS. T. BAKER explained that the RRC is fulfilling the function set by statute as the Electric Reliability Organization (ERO). She clarified that the Railbelt Transmission Organization (RTO) is a division of the Alaska Energy Authority. One of its

purposes is to establish an Open Access Transmission Tariff (OATT) which would equitably divide the backbone transmission costs among each of the utilities within the Railbelt's transmission grid.

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MR. STAMM responded to a question from Co-Chair Holland by emphasizing the importance of continuing the Power Cost Equalization (PCE) program for the rural communities. Although the communities are working to incorporate renewable energy, nothing had yet replaced diesel generation. The primary need for the AVEC is acquiring additional funding to support the innovation and integration of renewable and local generation. Clean, sustainable energy in rural areas will help bolster the economies and create vibrant communities with access to clean water, sewer, and better education.

[2:40:00 PM](#)

MS. ESTEY addressed Co-Chair Holland's question by reiterating the importance of prioritizing reliable transmission and asked what options are available for the state in funding infrastructure. She explained that the "back of the envelope" estimate for transmission upgrades is \$1.9 billion. If other funding solutions were to cover half of that amount, the other half would pencil out to four to five dollars per member per month with the exception of Fort Knox. The potential benefits of transmission improvement could amount to 15 percent savings. Coming up with the solutions would require working as a team rather than working independently.

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MS. K. BAKER, in responding to Co-Chair Holland's question about funding priorities and policy ideas, said she would add hydro for baseload generation in addition to incentives for gas supply. One opportunity the legislature would have to save the utilities money is permit reform, specifically what it costs and how long it takes.

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MS. K. BAKER responded to a question from Representative Kopp by explaining that there were some significant hold-ups with state permitting and urged the legislature to assist in streamlining that process.

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MS. T. BAKER expanded on the topic by providing anecdotal information which illustrated the gauntlet the utilities need to go through because of the location of transmission towers. For example, when new transmission lines were being constructed last summer on the Seward Highway, they couldn't get a lane closure permit in July because of fishing in the Kenai, and they couldn't get a federal permit to enter the waters in August because of the beluga whales. A similar situation dictates permitting for the Bradley Lake Project. She specified that was not a complaint but rather a reality of living in Alaska.

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MS. BRADISH responded to Co-Chair Holland's request for wrap-up comments by saying she sounded like a broken record, but transmission upgrades, finishing out phase one of GRIP, and the Dixon Diversion would be Golden Valley's priorities.

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MS. ESTEY reiterated the importance of the legislature's involvement in dealing with the transmission situation on the Railbelt.

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MS. T. BAKER explained that gas supply has been the number one priority for Chugach since 2022. She pointed out that the potential solution from Harvest to provide LNG to the Railbelt would be a game changer. Another high priority is the Dixon Diversion and the transmission infrastructure to receive it.

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MR. STAMM reiterated that the gas supply issue along the Railbelt affects rural and urban Alaska. He expressed concern that rural energy goals have been very negatively impacted by the U.S. Department of Energy freezes on alternative energy funding because it puts \$140 million of projects on hold.

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ADJOURNMENT

There being no further business before the committee, the House Special Committee on Energy meeting was adjourned at 2:59 p.m.