

**ALASKA STATE LEGISLATURE  
HOUSE RESOURCES STANDING COMMITTEE**

February 5, 2025

1:31 p.m.

**MEMBERS PRESENT**

Representative Robyn Niayuq Burke, Co-Chair (via teleconference)  
Representative Carolyn Hall  
Representative Donna Mears  
Representative Dan Saddler  
Representative George Rauscher  
Representative Julie Coulombe  
Representative Bill Elam

**MEMBERS ABSENT**

Representative Maxine Dibert, Co-Chair  
Representative Zack Fields

**COMMITTEE CALENDAR**

OVERVIEW(S) ALASKA'S ELECTRIC UTILITIES

- HEARD

PRESENTATION(S): THE RAILBELT RELIABILITY COUNCIL

- HEARD

**PREVIOUS COMMITTEE ACTION**

No previous action to record

**WITNESS REGISTER**

MICHAEL ROVITO, Deputy Director  
Alaska Power Association  
Anchorage, Alaska

**POSITION STATEMENT:** Presented a PowerPoint titled Alaska Power Association Transmission and Generation.

ED JENKINS, CEO  
Railbelt Reliability Council  
Anchorage, Alaska

**POSITION STATEMENT:** Presented a PowerPoint regarding the Alaska Railbelt Reliability Council.

LOU FLORENCE, Chair  
Railbelt Reliability Council  
Fairbanks, Alaska

**POSITION STATEMENT:** Provided clarifying information regarding the Alaska Railbelt Reliability Council.

#### **ACTION NARRATIVE**

[1:31:10 PM](#)

VICE CHAIR REPRESENTATIVE DONNA MEARS called the House Resources Standing Committee meeting to order at 1:31 p.m. Representatives Hall, Mears, Saddler, Rauscher, Coulombe, and Elam were present at the call to order. Representative Burke arrived as the meeting was in progress.

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REPRESENTATIVE HALL nominated Representative Mears as vice chair of the House Resources Standing Committee.

REPRESENTATIVE SADDLER objected for the purpose of making a comment. He wished the co-chair a speedy recovery and supported Representative Mears taking the gavel. He then removed his objection.

REPRESENTATIVE HALL announced that seeing no further objection, Representative Mears was elected as Vice Chair of House Resources.

#### **OVERVIEW(S) Alaska's Electric Utilities**

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VICE CHAIR REPRESENTATIVE MEARS announced that the first order of business would be an overview of Alaska's Electric Utilities.

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MICHAEL ROVITO, Deputy Director, Alaska Power Association (APA), presented a PowerPoint overview of Alaska's electric utilities [Hard copy included in the committee packet]. He first explained that the Alaska Power Association is a 74-year-old trade association that represents utilities. He showed slide 2,

titled "Alaska Power Association," which defined APA and moved to slide 3, titled "APA's Electric Utility Members," which listed the state's APA members. Slide 2 read as follows [original punctuation provided]:

Alaska Power Association is dedicated to assisting our members in accomplishing their goals of delivering electric energy and other services at the best value to their customers.

Slide 3 read as follows [original punctuation provided]:

- Alaska Village Electric Cooperative
  - Barrow Utilities and Electric Cooperative
  - Chugach Electric Association
  - City of King Cove
  - Copper Valley Electric Association
  - Cordova Electric Cooperative
  - Golden Valley Electric Association
  - Homer Electric Association
  - INN Electric Cooperative
  - Inside Passage Electric Cooperative
  - Ketchikan Public Utilities
  - Kodiak Electric Association
  - McGrath Light and Power
  - Metlakatla Power and Light
  - Tanana Power Company
  - TDX Power
  - Kotzebue Electric Association
  - Matanuska Electric Association
  - Middle Kuskokwim Electric Co-op
  - Naknek Electric Association
  - Nome Joint Utility System
  - Nushagak Cooperative
  - City of Seward
  - Southeast Alaska Power Agency
  - Unalakleet Valley Electric Cooperative
  - City of Unalaska
  - Alaska Electric Light and Power
  - Alaska Power and Telephone
  - Doyon Utilities
  - Purvurnaḡ Power Company
  - Tanalian Electric Cooperative
- Alaska Power Association: The Unified Voice of  
Alaska's Electric Utilities

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MR. ROVITO moved to slide 4, titled "Alaska's Electric Utilities: Powered by Alaskans," which read as follows [original punctuation provided]:

- Alaska's electric utilities serve the people. Their mission is crucial to the economy and life in general.
- Utility leadership lives in the communities and has a vested interest in seeing their communities succeed.
- Every utility in APA's membership is working hard to diversify its generation and increase their sustainability.
- Electric utilities have a responsibility to carefully manage the power grid, and they make decisions deliberately with safety, reliability, and costs in mind.

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MR. ROVITO moved to slide 5 and explained that Alaska's electric utilities have different types of structures including the following:

Cooperative: member owned and governed. Not-for-profit electric utility.

Municipal electric utility: owned and operated by a local government. Also, not for-profit.

Investor-owned utility: a for-profit electric utility typically owned by a private company or publicly traded corporation.

Tribal-owned electric utility: an electric utility that is owned and operated by a tribal government or a tribal organization.

Joint action agency: collaboration of public utilities to design, finance, build, operate, and maintain power generation and transmission facilities.

He presented slide 6, titled "By the Numbers," followed by slide 7, titled "Alaska's Unique Electric Systems," which read as follows [original punctuation provided]:

More than 90 percent of Alaskans receive their power from a not-for-profit cooperative, municipal utility, or a tribally-owned utility.

Compared to the lower 48 with only 28 percent of power produced through cooperative, municipal, or tribal utility (72 percent from IOUs) \*EIA Data  
Alaska has a unique electric grid system due to its vast and sparsely populated geography. There are more than 150 islanded, stand-alone electrical grids serving rural villages.

The largest transmission grids are in Southeast Alaska and the Railbelt. Although these serve a vast majority of Alaskans, they are significantly smaller than grids in the rest of the country and are all islanded.

Due to the state's electric reality, utilities are pioneers in microgrid operation and technological innovation. From batteries to renewables to time-tested operational expertise in harsh unforgiving conditions.

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MR. ROVITO showed slide 8, titled "Generation Sources Across Alaska" which broke down the generation systems in Alaska as 47 percent natural gas; 26 percent hydropower; 13 percent petroleum (diesel, naphtha); less than 1 percent Solar; 2 percent wind; and 11 percent coal. He then showed slide 9, titled "Potential Future Generation Sources," and discussed possible future generation systems such as micronuclear (small modular reactors), geothermal, tidal, biomass, other hydrokinetic, or "something we haven't heard of yet." He mentioned that a micronuclear generator is under consideration for Eielson Air Force Base and touched on the potential of tidal power, pointing out that the second fastest tides in the world are in Cook Inlet.

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MR. ROVITO proceeded to slide 10, titled "Alaska's Electric Utilities Continue to Diversify," which read as follows [original punctuation provided]:

- Diversification of electric systems has been underway for some time.

- Rural and Railbelt utilities are integrating solar, wind, batteries and looking at other clean energy sources in ways that are technically and economically feasible.
- Diversification can lead to increased energy security.
- Diversification Projects consist of both utility - built and electricity purchased from independent power producers (IPPs).
- Focus on reliability, economic, and technical feasibility.
- Important to note - renewable energy is not always a cheaper alternative.

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MR. ROVITO showed slide 11, titled "Considerations for Integrating Renewables," which read as follows [original punctuation provided]:

- It's more complicated than just putting up wind and solar.
  - Electric utilities must consider:
    - Grid stability and reliability - Ensuring intermittent resources don't upset the balance of the grid.
    - Infrastructure upgrades - Enhancing transmission lines and other grid management systems.
    - Energy Storage - Manage variability and storage of excess energy.
    - Economic considerations - Cost of integrating renewables, backing up intermittent renewables with base load power and the cost of new infrastructure, etc.
  - Baseload Power = the minimum level of continuous power required to meet the constant demand for electricity on the grid.

Alaska Powerline Podcast - May 2, 2024, episode Understanding the Challenges of Variable Energy

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MR. ROVITO responded to a question from Representative Rauscher regarding the cost of renewable energy and whether it lowered rates. He commented that he couldn't speak to individual utility rates but pointed out that renewable integration is more

about integration of the fuel source. He directed attention to some of the rural communities who have been able to reduce their reliance on oil with clean energy. The diversification improved their energy security.

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MR. ROVITO, in response to Representative Colombe's comment that renewables are dirty and unreliable, explained that wind, solar, and batteries are part of a mix of energy sources. He again pointed out the importance of having a variety to pull from to provide more options and flexibility. He said that the electric utility members were excited about technologies that might help with reliability, energy security, or energy supply.

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REPRESENTATIVE MEARS emphasized the importance of diversification, pointing out that when sections of the Railbelt become "islanded" for example during the Swan Lake fire, having additional sources of power became vital. Having wind, solar, and hydro in multiple places allows energy security. She pointed out that rural communities that had relied entirely on importing diesel faced challenges when they were isolated from that fuel source. Additionally, the Railbelt will be reliant on gas for a long time, so local energy production allows gas to be banked.

REPRESENTATIVE COULOMBE posited that hydro is clean but explained that she had concerns about wind and solar because of the potential hazardous waste from those utilities.

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MR. ROVITO described the positive results of energy grants and moved to slide 12, titled "Renewable Energy Fund (REF)," which read as follows [original punctuation provided]:

- State grant program designed to reduce and stabilize energy costs through the development of renewable energy projects.
- APA supports full funding of the grant program in the FY26 budget.
- 2023 Report findings (AEA):
  - 60% of grants used to support the creation of a new project.

- 90% of grants used for fuel displacement purposes.
- 94% of grants have achieved this goal.
- Offset approx. 85 million gallons of diesel fuel.
- REF grants lower impact on rates and can help advance projects quicker.

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MR. ROVITO addressed the challenges of providing utilities to isolated rural communities and the need to be innovative. He showed slide 14, titled "Alaska's Rural Electric Utilities," which read as follows [original punctuation provided]:

- Alaska's rural utilities are the most isolated in the United States.
- This makes reliability even more crucial.
- For most rural communities, there is no neighbor to draw power from in an emergency.
- Rural utilities often rely on diesel generators due to their lack of connection to larger grids.
- Ongoing efforts to integrate renewable resources like wind, solar, hydropower, and batteries to reduce dependence on diesel.

He discussed the specific challenges in remote areas and the opportunities as outlined in slide 15, titled "Rural Utilities Challenges and Opportunities," which read as follows [original punctuation provided]:

Challenges:

- High cost of fuel and transportation, especially in remote areas.
- Harsh weather conditions and geographic isolation.
- Lack of interconnection.
- Small ratepayer base.

Opportunities:

- Dedicated and talented workforce putting solutions into play.
- Federal and state investment in infrastructure.
- Technologies becoming more feasible in rural communities.
- Preservation and continuation of Power Cost Equalization Program.



- Seeing more collaboration with other entities now in the energy space.
- More relationships with IPPs.

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MR. ROVITO responded to a question from Representative Saddler regarding the comparison in cost of batteries versus diesel fuel. He explained that there is an upfront cost for batteries, but rural communities have been looking at the long term, trying to lower reliance on diesel fuel.

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MR. ROVITO defined Power Cost Equalization (PCE) and showed slide 16 which read as follows [original punctuation provided]:

Power Cost Equalization

"The Monetary Infrastructure for Rural Alaska"

- Economic Assistance - The PCE program provides economic assistance to rural communities where the cost of electricity can be three to five times higher than in urban areas.
- Sustainability - By lowering electricity costs, the program helps ensure the sustainability of remote economies that depend on reliable, centralized power.
- Continued Support - The PCE program remains a critical component of Alaska's energy strategy, supporting rural communities and promoting economic stability.

Alaska Power Association: The Unified Voice of Alaska's Electric Utilities

[2:02:06 PM](#)

MR. ROVITO advanced to slides 17 and 18, titled "Railbelt Electric Utilities," which read as follows [original punctuation provided]:

- Four cooperatives and one municipal utility • Golden Valley Electric Association, Matanuska Electric Association (the oldest co-op), Chugach Electric Association (the largest co-op/electric utility), Homer Electric Association, City of Seward
- Incorporated as co-ops in the 1940s.

- The Railbelt serves about 75 percent of Alaska's population.
  - The grid is a mix of energy sources:
    - Natural gas
    - Hydropower - Bradley Lake provides 10% of Railbelt electricity
    - Solar
    - Wind
    - Diesel
    - Coal
  - Working with Alaska Energy Authority to upgrade and modernize the Railbelt transmission system.
    - This is crucial for maximum use of large-scale energy projects.
    - Working with IPPs to add diverse energy options.
    - Constructing community solar projects to allow more Alaskans to invest in solar energy.
    - Railbelt energy costs impact PCE rate for rural communities.
- Above all - keeping safety, reliability, and costs paramount.

[2:04:51 PM](#)

MR. ROVITO addressed comments by Representative Rauscher and Representative Coulombe regarding hydro power. He agreed that Bradley Lake power has been the cheapest on the Railbelt but acknowledged that it took some time after coming online to see the cost benefits. He pointed out that hydro electricity has been ongoing in Juneau for over 100 years. He explained that the cost of power in the Railbelt has a direct impact on the PCE rates for rural Alaska.

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MR. ROVITO acknowledged Representative Saddler's question regarding when the Railbelt transmission lines were built and how they were funded and said he would provide more specific information. He added that AEA received a Grid Resilience and Innovation Partnership (GRIP) grant which will provide a submarine transmission cable from Nikiski to Beluga to create a loop in the southern portion of the Railbelt. He segued to slide 19, titled "The importance of an unconstrained transmission system," which read as follows [original punctuation provided]:

- Electric utilities across the country are working to upgrade their transmission grids.

- Increased Capacity: Upgrading the grid allows for the integration of more renewable energy sources, which are often located far from where the power is needed, and increases the ability to transfer electricity from one area of the grid to another in a reliable manner.

- Grid Flexibility: Modernized grids can better handle the variability and intermittency of renewable energy, ensuring a stable supply.

- Continuous Power Supply: Redundancy ensures that there are multiple pathways for electricity to flow, so if one path fails, others can take over, reducing the risk of outages.

- Resource Efficiency: Allows for a more effective use of resources to reduce costs and use of limited and often expensive fossil fuels.

- Investment in upgrading the transmission infrastructure of the Railbelt will lead to more opportunities for diversification and energy security

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MR. ROVITO showed slide 20, titled "How can the Legislature help?" which read as follows [original punctuation provided]:

- Do not take any solutions off the table.
- Work closely with electric utilities to craft legislation that promotes reliability and affordability.
- State should be an investment partner on electric infrastructure upgrades.
- While electric utilities have the same mission, they face different circumstances.
- It is important to consider the unique aspects of individual utilities when writing legislation.

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MR. ROVITO responded to a question from Representative Elam regarding the age of the Railbelt transmission systems by explaining that this was a countrywide situation, and upgrade solutions vary, but he would provide further information.

**PRESENTATION(S): The Railbelt Reliability Council**

[2:11:20 PM](#)

VICE CHAIR MEARS announced that the next order of business would be a presentation concerning the Railbelt Reliability Council (RRC).

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ED JENKINS, CEO, Railbelt Reliability Council, presented a PowerPoint regarding the Railbelt Reliability Council, titled "The Railbelt Reliability Council (RRC) Presentation to House Resources" [hard copy included in the committee packet]. He presented slide 3, titled "The Railbelt Bulk Electric System," which read as follows [original punctuation provided]:

- An interconnected network of ~700 miles of high-voltage transmission lines, providing a physical path to serve approximately 750 MW peak load from ~2 GW of installed generating capacity
- Operated by 5 interconnected public utilities, 1 DoD contractor, and the State of Alaska.
- Encompassing three regions connected by single transmission lines with stability limits of about 10% of the peak load.
- Providing electricity for nearly  $\frac{1}{4}$  of Alaska's population.

He compared the length and generation of the Railbelt system to the city of Seattle system and described the vulnerabilities and limitations of its interconnections. He pointed out the necessity of determining which types of generation systems are the best fit for the Railbelt.

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MR. JENKINS responded to a question from Representative Mears by explaining that the task is to identify the constraints on the system, where the constraints are, and take them into consideration in what it takes to alleviate those constraints as generation is put into different areas. The goal has been to have the integrated resource plan completed in 2026. He noted that the RRC has no authority to build projects, and it will be up to the utilities to develop the action plan.

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MR. JENKINS moved to slide 4, titled "Who is the RRC, A stakeholder organization," which read as follows [original punctuation provided]:

The RRC is governed by a thirteen voting-member:

- 6 utilities (CEA, GVEA, HEA, MEA, Seward, Doyon Utilities)
  - Alaska Energy Authority
  - 2 Independent Power Producers
  - 1 seat advocating for residential-small commercial interests (Alaska Public Interest Research Group)
  - 1 seat advocating for large commercial and/or industrial users (Fairbanks Gold Mining Inc./ Kinross)
  - 1 seat representing electricity consumers who advocate in support of the reduction of environmentally harmful greenhouse gas emissions and/or other environmental concerns regarding the Railbelt electric system (Renewable Energy Alaska Project)
  - 1 independent, non-affiliated member
- The RCA and RAPA each hold one non-voting, ex-officio seat on the Board

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MR. JENKINS responded to a question from Representative Rauscher by explaining that the utilities appoint their own members. The independent power producers were appointed by the organization that represents independent power producers; AEA appointed its own member; the environmental seat and the two seats advocating for consumers were chosen after meeting with the RRC. The Regulatory Affairs & Public Advocacy Section (RAPA) is a state funded group that advocates for consumers, and it also holds a seat. He showed slide 5 and described the staff structure, the independent technical group, and the working groups and discussed how they represented stakeholder interests. He explained that the majority of the work is done by the independent technical group and summarized the tasks of the working groups. He provided an overview of the operational standards and how the stakeholders work together to meet those standards. He moved to slide 6, titled "Who is the RRC," which read as follows [original punctuation provided]:

Funded by Utility Members

- The RRC is funded through a surcharge that is allocated to load-serving entities (Railbelt utilities) through the ERO tariff. Most LSEs have

implemented a transparent per-KWh line item on customer bills, similar to the Regulatory Cost Charge.

Regulated by the Regulatory Commission of Alaska

- The commission shall adopt regulations governing electric reliability organizations (AS 42.06.770)

[2:27:58 PM](#)

MR. JENKINS moved to slide 7, titled "The RRC's Purpose," and slide 8, titled "Why the RRC - Reduce Long-Term Costs," which read as follows [original punctuation provided]:

- Legislatively Established Electric Reliability Organization
- Establish reliability standards through an open and transparent public process. (AS 42.05.765)
- Monitor and enforce compliance with reliability standards, including investigation of alleged and possible imposition of penalties for confirmed compliance violations, (AS 42.05.775)
- Develop and adopt a comprehensive Integrated Resource Plan (IRP) for the applicable Bulk Electric System. (AS 42.05.780)
- Generation Planning
- Utility Generation
- CEA 2013 - 200MW 3X1 Combined Cycle Facility (w/ ML&P)
- MEA 2014 - 171MW Reciprocating Engine Facility
- ML&P 2016 - 129MW 2X1 Combined Cycle Facility
- Transmission System Concerns

[2:28:00 PM](#)

MR. JENKINS showed slide 9, titled "Why the RRC - Ensure Reliability," which read as follows [original punctuation provided]:

Reliability Standards Development and Enforcement

- System Modeling
- Generation and Load Balancing

- Facilities Interconnection
- Transmission Planning
- Monitoring and Enforcement

He explained that the standards related to operational requirements such as data that was supplied to the system to limit particular facilities as they were modeled; standards that required utilities to identify reserves; and cybersecurity standards for security on the system or physical protection. These standards and budgets were developed through the working group process.

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MR. JENKINS, in response to a question from Representative Coulombe, explained that the surcharge was per kilowatt on a person's bill. He discussed the development of standards, comparing voluntary standards and regulated standards. He continued his presentation with an explanation of load shedding events and how modeling standards could prevent load shedding issues. He emphasized the continuing need for standards such as those concerning load-shedding events. A load shedding event occurs when generation is lost and generation and load have to match, so if there is not enough generation to meet the load, shedding load brings that match into place. Utilities carry reserves to maintain a back-up for when generation is lost.

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MR. JENKINS responded to a series of questions from Representative Mears regarding load shedding events and the importance of identifying and determining standards. He emphasized the importance of transmission planning, so the limitations and areas of concern are known and taken into account during the planning of generation resources.

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MR. JENKINS responded to questions from Representative Rauscher and Representative Coulombe regarding what constitutes enforcement. He explained that the RRC has the ability to levy fines on utilities if they were not complying with standards. He described the process, which included conducting a hearing regarding compliance with the standard. The result of the hearing might be a fine or a requirement placed to ensure future compliance. He explained that the fines would go to offset the budget of the RRC.

[2:40:57 PM](#)

MR. JENKINS moved to slide 10, titled "The RRC and the RTO," which read as follows [original punctuation provided]:

The RRC develops a regional Integrated Resource Plan to provided the greatest value to Railbelt utility members and customers

The RTO administers a regional tariff to recover transmission costs equally to all Railbelt utility customers and members

Both look at the Railbelt as a single region

RRC develops a regional generation plan, and the RTO removes transmission wheeling rates to facilitate the operation of the plan

He described how wheeling charges work and how the RRC regional plan helped avoid this type of cost.

[2:43:50 PM](#)

MR. JENKINS addressed a question from Representative Rauscher regarding HB 307 which passed in 2024 and addressed wheeling rates, explaining how the legislation created the RTO which changed the way wheeling rates were calculated. He described the current status of the RRC and showed slide 11, titled "Program Status - Integrated Resource Planning," and slide 12, titled "Program Status - Standards," which read as follows [original punctuation provided]:

#### Integrated Resource Planning

- Staffing
- Policy Development
- Independent Technical Expertise
- 2026 Completion

#### Standards Development

- Weekly operational standards working group meetings
- Four standards before the RCA for approval
- Additional standards before the RRC Board for transmittal



- Critical Infrastructure Protection standards development started
- 28 Standards to be completed in 2025

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LOU FLOURENCE, Chair, Railbelt Reliability Council, described the transformation that resulted from the new structure governing the Railbelt utilities. He clarified the differences between the RTO and the RRC and their relationship to the integrated resource plan.

[2:50:06 PM](#)

**ADJOURNMENT**

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 2:50 p.m.