

S B

205

HOUSE COMMITTEE REPORT

(9)

Date referred: 4/22/87

FURTHER REFERRALS: Finance

DATE: 5/9/87
CSSB 205 (Res)

The Resources Committee has considered

"An Act relating to the Railbelt energy council; and providing for an effective date."

RECOMMENDS:

- replace with _____ the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published 4/17/87
- zero with analysis

SIGNING DO PASS:

Sen. Gorton

Dirk Shultz

SIGNING OTHER RECOMMENDATIONS:

Mike Jayans - no rec

Sen. Hoff No Rec

Sen. Lipids No Rec

Sen. ... no rec

Cliff Davidson no rec

Herb Springs No Rec

Adelheid Herrman No Rec

Sen Gorton

Chairman's signature

Senator John B. (Jack) Coghill
Alaska State Legislature



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May 4, 1987

To: Members of the House Committee on Resources

From: Senator Coghill

Re: "SB 205, An Act Relating to the Railbelt energy council and providing for an effective date"

The Railbelt Energy Council (REC) was created by the Legislature during the 1986 session. The Council was established to review various energy related issues and problems of the Railbelt and how best to utilize the Railbelt Energy Fund (REF). The Council was to report its recommendations to the Legislature by February 15, 1987.

The Council was of immense value to all 13 of its members. The legislators became well-versed with the Railbelt energy issues, while the utilities were able, for the first time, to forge a consensus on how best to address the Railbelt energy needs. The council completed its report on January 24, 1987 and transmitted its unanimous findings and recommendations to the legislature.

SB 205 will extend the Council for one year in order to monitor the implementation of its recommendations. In addition, it will provide the only formal mechanism for participation by the Railbelt utilities. The Council will report to the 1988 legislature on how well the recommendations are being implemented and whether there are any remaining problem areas.

In addition, SB 205 will add the Alaska Power Authority to the membership of the Council. The purpose is to make sure that all key players are officially represented in order to enable the Council to address the Railbelt energy issues in the most comprehensive and coordinated manner possible.

STATE ENERGY POLICY TASK FORCE

DRAFT WORK PLAN

April 7, 1987

Introduction: Establishing a task force to investigate a significant public issue is, conceptually, an excellent way to gain a concensus and to tap the technical expertise that exists within the public. However, it seems more often than not that task forces, blue ribbon panels, and the like end up with few recommendations that can really be considered as problem solvers. Either the recommendations are unrealistic or too bland to stimulate any action.

The key to having a task force which produces a report worthy of notice requires:

1. A purpose which clearly defines the issue but does not impose an answer.
2. Inclusion of members who can relate to public policy as well as to parochial needs.
3. A chairperson who keeps things together.
4. Staff support that provides task force members, on a timely basis, the information that is needed to make intelligent decisions.

We intend that this task force avoid the pitfalls that are inherent in the usual approach and become an example of how to get things done. We intend that the Task Force produce an action plan that is legislated and provides, for the first

time, a rational, cost-effective energy program for Alaska. Following is an outline for the State Energy Policy Task Force, for which the Governor's FY88 capital budget includes a \$300,000 appropriation request to the APA.

Objective: The objective of the State Energy Policy Task Force is to develop a five-year work plan for state energy programs with emphasis on policy.

Specific tasks for this effort are to:

1. Develop a five-year plan for the state's energy programs with emphasis on:
 - a. New energy policy that is needed to adjust to the economic conditions that are expected in Alaska over the next five years.
 - b. A work plan for state energy programs to improve program delivery and reduce costs.
 - c. An organizational structure for state energy programs that fits with this policy and work plan.
 - d. The statutory changes that will be required to accomplish this plan.

2. Become familiar with:
 - a. Alaska's energy resources.
 - b. Energy technologies being used in Alaska.
 - c. Energy demand forecasts (electrical and thermal) for each region of the state.
 - d. State revenue forecasts.
 - e. State population forecasts.
3. Review existing state energy policy and programs particularly the organizational structures, budgets, statutes and regulations of those agencies that are directly involved in energy.
4. Give consideration to the request by last year's legislature that the administration should evaluate the benefits of consolidating some of the state's energy programs into one agency.
5. Determine what role federal agencies and local governments play in meeting Alaska's energy needs.
6. Determine what role the private sector (including utilities) play in meeting Alaska's energy needs.
7. Become familiar with organization of energy programs in other states.
8. Provide the public with extensive opportunity to add to the information available to the Task Force and to shape the direction of state energy programs.

Although energy demand forecasts, technological assessments, and quantification of conservation savings will be essential for developing a five-year energy plan, the Task Force will not have the budget or time to develop its own models. However, there is enough information available from state agencies, utilities, etc., to meet Task Force needs. Some of this information may be developed in parallel with the Task Force efforts.

The Task Force will not be expected to recommend or endorse specific projects. The state has a project approval process for this purpose which it is required to comply with, and the Task Force should suggest any changes to this project process. More importantly, the Task Force should set specific objectives to be accomplished by specific future projects.

Task Force Make-Up:

The Task Force will be composed of eleven members representing the private sector, public interest groups, and the Chairperson of the Alaska Power Authority Board of Directors. Suggested representatives are:

I. Chairperson

- a. Chairperson of The APA Board of Directors

II. Electrical Utilities:

- a. Railbelt (Railbelt Energy Council)
- b. Southeast and Four Dam Pool area
- c. Rural

III. Industry

- a. Coal producers
- b. Oil and gas (Enstar)
- c. Independent energy producers

IV. Public Interest

- a. Environmental organizations
- b. Consumer organizations (ACAP or CARES)
- c. Rural energy specialist (Rural CAP or AREA)
- d. Public - at - large

Persons selected for the Task Force should be willing to represent their respective interest group (not just their own organization) and participate in concensus decision making. Unless there is some particular individual in mind, the selection process will target an organization (for example, the Alaska Systems Coordinating Council (ASCC) for the utilities) and request that the organization recommend an individual.

Ex-Officio members of the Task Force will include the:

1. Executive Director of the APA.
2. Commissioner of C&RA
3. Chairperson of the APUC
4. Legislature (two from the House and two from the Senate)
 - a. Fairbanks
 - b. Anchorage
 - c. Southeast
 - d. Rural

The Task Force should expand participation in order to solicit more information by setting up advisory committees or subcommittees. Some areas where more technical advice could be useful are:

1. Utility generation expansion plans.
2. Demand-side technology.
3. Third party financing interest.
4. Forecasts for electrical and thermal energy.
5. Energy conservation potentials.

Pursuant to this, the Task Force should empanel an "Alaska Energy Experts" group so that the best technical information will be available during the Task Force's deliberations.

To develop the most useful five-year plan, the Task Force will need to acquire a comprehensive understanding of the state's energy programs. Staff assigned to the Task Force will be responsible for assembling the needed information. Staff support will consist of one person from each of the following agencies:

1. OMB (full-time)
2. APA (full-time)
3. C&RA (part-time)
4. AG (part-time)

An invitation will be extended to the House Research Agency and the Senate Advisory Council to participate as staff at their own expense.

Products: The product of the Task Force will be divided into two major components.

The first section will include the following:

1. A summary of energy programs and projects that exist in Alaska and expected energy demand (electrical and thermal) for the next five years.
2. A list of findings or issues regarding Alaska's energy supply and demand for the next five years.

3. Recommendations regarding:
 - a. State energy policy.
 - b. A five-year plan and budget for all state energy programs.
 - c. The organizational structure that will best facilitate state energy programs.
 - d. Statutory changes that are needed to accomplish any organizational changes.

The second section will include the following:

1. An update of previous reports (i.e. Alaska's Energy Plan for 1985 and 1986) regarding Alaska's:
 - a. Energy resources including fossil fuels and alternative sources of energy.
 - b. Energy technologies and systems that are in use or applicable to Alaska.
 - c. Energy demand for electrical, thermal, and transportation needs with an emphasis on end-use.
2. A description of the state energy programs and projects including:
 - a. Performance data.
 - b. Previous funding.
 - c. Relevant statutes and regulations.

3. A description of energy programs in Alaska that are sponsored by the Federal government or local government.
4. A description of the private sector's present and projected involvement in meeting the energy needs of Alaska's residential, commercial and industrial sectors.

The task force report will provide most of the information that is needed for the state's annual energy plan.

Budget: A detailed budget will be developed once the work plan is agreed to. Items to be budgeted include staff support, travel, visual materials, printing, meeting rooms, telephone calls and possibly consultant services.

Schedule: Following is a suggested schedule for the Task Force:

April

First week:- Write a draft version of a Task Force work plan.

- Circulate draft work plan to the Governor's Office, APA, C&RA, and the AG.
- Provide the House and Senate Finance Committees with a copy of the draft work plan.
- Develop a tentative budget

Second week:- Make adjustments to the work plan based on comments received.

- Contact Commissioners of C&RA and APUC and the Attorney General regarding their involvement in Task Force.
- Distribute a draft version of the work plan to those on the Alaska Energy Experts mailing list with a request for comments.
- Outline information requirements for the task force.

Third week:- Follow-up calls to those who received a draft work plan.

- Summarize responses to the work plan.
- Amend work plan if needed.
- Complete budget.
- Make tentative selections for Task Force members.
- Attend APA Board meeting (April 22) in Juneau.

Fourth week:- Finalize work plan.

- Develop information packets needed for first Task Force meeting.

May

First week:- Continue working on information packets.

- Coordinate inter-agency effort, particularly with C&RA and APUC, and AG.

Second week:- Select Task Force members.

- Establish first meeting place. (Probably Anchorage).
- Make travel arrangements.

Third week:- Continue working on information packets.

- Continue arrangements for first meeting.
- Follow-up phone calls to those selected to be on Task Force.

May

Third week (cont):

- Prepare press release on first Task Force meeting.

Fourth week:- Prepare public notices on first Task Force meeting.

- Public notices on first Task Force meeting.
- Press releases about the Task Force.

June

First Week:- Capital budget signed by Governor and Task Force appropriation becomes effective.

- Complete arrangement for Task Force meeting.
- Prepare Governor's kick-off speech with emphasis on his goals and objectives for state energy program.

Second Week:- First Task Force meeting with kick-off speech by the Governor.

- Task Force decisions to be made:
 1. Adoption of work plan.
 2. Information requirements.
 3. Establishing advisory committees.
 4. Meeting schedule.

Third week:- Select members for advisory committees.

- Plan meeting with advisory committee.
- Advisory committee meetings.
- Develop data base requested by Task Force.

Fourth week: - Continue to work on data base.

- Advisory committee meetings

July - In anticipation of having difficulties in accomplishing much during the summer, Task Force meetings will be minimal and emphasis will be on informing Task Force members of state energy programs and needs. However, at least one Task Force meeting should be held during July or August.

- Assemble information from advisory committees into a report.

August - Final coordination for public meetings to be held in September.

- Staff prepares an information packet which is publicly distributed to the Alaska Energy Experts mailing list before public meetings are held.

September - Task Force holds public meetings. Possible locations are:

1. Railbelt
 - a. Anchorage
 - b. Fairbanks
 - c. Homer
2. Southeast
 - a. Ketchikan
3. Rural Alaska
 - a. Bethel
 - b. Kotzebue
 - c. Tanana
 - d. Unalakleet

October - Task Force meeting is held after public meetings to assimilate the information that has been obtained.

-- Task Force begins writing its report.

November - Draft of the report is sent to those who have expressed interest in the opportunity to comment.

- Public teleconference meeting is held on the draft report.

- December
- Consider having national experts on energy give presentations at the public meeting.
 - Task force finalizes its report. Report and draft legislation is sent to the Governor for transmission to the legislature.