



Alaska Power Association 2017 State Policy Positions

The 2017 legislature MUST address Alaska's fiscal shortfall

The Legislature must act during the first session of the 30th Legislature to stem the uncertainty that has arisen from the state's current fiscal shortfall. Alaska Power Association supports a long-range fiscal plan that addresses the budget shortfall while limiting the state's exposure to such drastic downturns in the future.

Alaska Power Association is aware that any broad fiscal solution will come with a measure of financial impact across various groups of Alaskans. The Association points out, however, that virtually all business decisions and future investments do best with a stable Alaska economy.

APA strongly urges the legislature to work together – and with the governor – to craft a fiscal policy that puts more certainty back into the economy of the state.

Support for continued deployment of economically feasible renewable energy: Renewable Energy Fund and Emerging Energy Technology Fund

APA supports funding for the list of renewable energy projects recommended by the Alaska Energy Authority (AEA) for funding under the Renewable Energy Fund (REF) program. AEA has developed and applied a professional process to screen projects for the REF list the agency recommends to the legislature annually. APA also supports funding for the Emerging Energy Technology Fund that assists with the research, development and application of alternative energy sources into the Alaska electric utility generation portfolio.

The purpose of the Renewable Energy Fund is to help with development of projects that aim to decrease the volume of fossil fuel used to generate electricity in Alaska. The Fund is immensely important as a tool that encourages investment in renewable energy to provide long-term rate stability for a community.

Support for legislation requiring state agencies to clearly define end-user costs of new regulations

Alaska Power Association supports the passage of a bill that would require state of Alaska governmental agencies to identify and publish the end-user costs of new regulations. The public deserves to see who will ultimately bear the costs of new regulations put on electric utilities, since historically the cost of regulations must be passed through as increased rates for Alaskans.

While Alaska Power Association understands that reasonable regulations proffered by the state can accomplish important goals, federal and state regulations can cause costs to rise for electric utilities. APA maintains that it should be the responsibility of regulating agencies to take into account, and clearly report, the end-user costs associated with new regulations so the public can be fully informed and comment appropriately. The public is allotted time to comment on proposed regulations, and they deserve to be provided with the full picture of the impacts of new regulations.

Support for innovative utility-state financing models for funding hydro and other electric project development

Alaska Power Association urges the legislature's continued support of innovative financing mechanisms for funding electric energy projects. The State of Alaska's investments in electric energy development have provided long-term benefits for many communities. For example, in the successful Bradley Lake Hydroelectric Project financing model, construction was funded by a combination of bonds and state investment through appropriations. Project participants provide security for repaying the bonds by committing to purchase the power generated by the project through a power sales agreement. Alaskans and our economy will reap benefits from following a proven financing model, such as Bradley Lake or a similar model, that results in stable, affordable electric energy.

Support for preserving the Power Cost Equalization Endowment and funding the PCE program in FY 2018

Alaska Power Association supports preserving and maintaining the Power Cost Equalization Endowment and the PCE program, which is a vital, lifeline program that makes it feasible for rural Alaskans to have access to affordable electric power and for rural communities to have electricity for streetlights, water and sewer facilities, and other essential infrastructure. Furthermore, Alaska Power Association urges the Legislature to fund the Power Cost Equalization program from PCE Endowment earnings at 100 percent for FY 2018.

The Power Cost Equalization Endowment was established in 2000 and subsequently funded by several legislatures to create a continuing source of funds to ensure the continuity of the Power Cost Equalization program. Recent legislatures have reaffirmed the importance of the PCE program and have enacted changes to the Endowment Fund to strengthen the program for the future and to provide funding streams for other vital programs during years in which the Fund performs well fiscally.

Until there is a permanent solution to the high cost of energy in rural Alaska, the PCE program must continue its purpose of providing economic assistance to customers in areas of our state where the cost of electricity per kilowatt-hour can be three to five times the cost in more urban areas.

Support for work performed to obtain a FERC license for the Susitna-Watana Hydro project

Alaska Power Association urges continued State and legislative support for the Alaska Energy Authority's efforts to complete the work necessary to submit a FERC license application for the Susitna-Watana Hydroelectric Project. The State of Alaska has invested nearly \$200 million in the project since 2011. A FERC license is a valuable asset for the State of Alaska, and does not mandate the project immediately move to construction. Once a license is in hand, it can be held for several years while financing and power sales details are worked out. Therefore, securing the FERC license is necessary to allow utilities to make business decisions about the prospective power sales agreements that will ultimately pay for the project.

Encourage Railbelt electric utilities to continue voluntary efforts to implement efficiencies

Alaska's Railbelt electric utilities have been working collaboratively to identify and implement new approaches that will bring about more efficiencies and benefits to consumers. Already, substantial progress has been made on economic dispatch, system planning and efficient generation.

The legislature has helped these efforts by creating an environment whereby the Railbelt electric utilities can work independent of any state mandates. This has contributed to the Railbelt electric utilities' ability to craft solutions that provide the most benefits to consumers. The Railbelt electric utilities have also made regular reports to the Regulatory Commission of Alaska, which has weighed in with its analysis as well. Going forward, the Railbelt electric utilities should be encouraged to continue their efforts to maximize efficiency in the Railbelt in a self-directed manner.