



Alaska Power Association 2018 Federal Policy Positions

Infrastructure: Support for much needed electric transmission upgrades and construction

Congress and the federal administration should appropriate funding for the deployment of needed electric transmission infrastructure that brings reliable electricity to Alaskans. A strategic military location and a center of natural resource development, Alaska is a young state with vast distances and virtually no interconnected grid. The population centers are separated by significant expanses of federal land, which have little prospect of being developed.

Alaska would benefit greatly from transmission upgrades and additional microgrid development. The State of Alaska has helped with this endeavor, but neither the State nor the electric utilities can shoulder the financial burden of this development alone. Congress should fund programs, including low-interest loans, to support the development of commercially viable technology to enhance Alaska's electricity delivery. APA appreciates Congress' continued investigation into the existing federal regulations and land management policies that unnecessarily increase the cost and affect the reliability of delivering this vital service.

Concurrent with enhancing Alaska's electric transmission capabilities, important infrastructure upgrades are critical to reliability and domestic energy security. As it did with power system development in rural America in earlier decades, the federal government should monetarily assist the second youngest state in the Union with the development of its electric infrastructure to help lower the high costs of electric energy for Alaskans.

Renewables: Support for policies that increase the deployment of renewables

Congress should enact policies that support and remove barriers to the increased development of renewable energy in Alaska.

Regulations, such as the 2001 Roadless Rule, can prohibit or add delays to the hydro project approval process at the Federal Energy Regulatory Commission (FERC), thus seriously jeopardizing the three-year timeframe in which applicants are bound to finalize their FERC permits. The Roadless Rule also creates impediments to the accessibility and

expansion of existing hydropower project facilities. Additional federal land policies -- including, importantly, hydro project land use fees that do not accurately reflect local Alaska land values -- mandate the collection of unreasonable fees for the right to occupy or cross the federal lands.

Congress and the Administration can help ease the burden on hydro development by supporting new hydro licensing default durations to be returned to 50 years. The arbitrary drift toward 30 year durations is not acceptable, especially when considering the substantial cost and the typical seven-year duration of the licensing process. Fifty-year durations should be the standard. Congress should also support a more streamlined approach for relicensing of hydro projects. The current process requiring a seven-year, multimillion dollar effort is not in the best interest of electric utilities. If a project has been operating for 50 years without issue, the relicensing process should be much shorter.

It is also important for Congress to establish necessary authorities to enforce agency deadlines in the FERC licensing process. Understaffing at agencies should not be an excuse for failing to respond in a timely fashion to a licensee who has secured substantial funding, procured long lead-time materials and who has executed construction contracts while waiting in the dark for license approval.

There is significant potential for additional hydropower development in Alaska. APA urges Congressional support for making hydropower officially recognized as a renewable energy source by any legal or regulatory standard established by the federal government

Regulation: Consideration of impacts on Alaska when enacting environmental policy

The federal government needs to recognize the severe impacts that many environmental regulations have on Alaska electric consumers that may not exist in the Lower 48. We appreciate the Administration's recent direction requiring the Environmental Protection Agency and other regulatory agencies to consider the costs of a regulation before its finalization. Congress must continue pushing for this, as well.

The costs to Alaskans from impacts of federal regulations may pose significant economic hardships, far in excess of purported benefits of such regulations. The absence of a statewide, interconnected electric grid necessitates hundreds of generation plants across the state, with most serving less than 500 customers. Even the largest utilities serve only thousands of customers, not millions as in the contiguous U.S. All Alaska utilities should be classified as "small" as none of them exceed the Small Business Administration threshold of electricity sales of four million megawatt hours.

When agencies like the Environmental Protection Agency do not consider Alaska's unique circumstances, the resulting regulations can make the cost of producing electricity too expensive for a local economy to sustain.

Federal Agency Funding: Support for programs that lower the cost of electric energy

At a minimum, Congress and the federal Administration should restore funding for the USDA High Energy Cost Grant Program to \$30 million and restore meaningful energy funding to Alaska's Denali Commission. The High Energy Cost Grant Program was authorized by Congress in the 2000 Rural Electrification Act because it covered a gap in programs that desperately needed to be filled. The funds are dispersed via a national competitive process. The Denali Commission has been a primary investor in critical power supply facilities and bulk fuel tank farms in numerous rural Alaskan communities, but tens of thousands of Alaskans are still without code-compliant infrastructure. As citizens of the United States of America, Alaska residents must be assured reliable and affordable electric service.

Congress and the Administration should also restore funding to the Lower Income Home Energy Assistance Program (LIHEAP) in the FY19 budget. According to National Rural Electric Cooperative Association data, electric cooperatives serve 93 percent of the persistent poverty counties in the country, and the LIHEAP program is an important tool to continue helping our most vulnerable consumers. The need for this program remains high, and Congress should appropriate at least \$3.39 billion to fund a program important to the vital delivery of heating and cooling to those most in need.