



Alaska Power Association 2019 State Policy Positions

Renewables: Support for continued deployment of economically feasible renewable energy and policies that remove roadblocks to successful renewable integration.

APA's member utilities have integrated numerous renewable generation sources into their portfolios and are constantly seeking other economically feasible renewables to continue that mission. The legislature and the administration should support these efforts by removing roadblocks that hamper renewable development.

Successful integration of renewables without raising electric rates on Alaskans relies on decisions made at the utility level without government mandates. Many utilities in the state have already set internal goals for renewable generation, and they continue working toward those goals.

The state legislature can help Alaskans by providing funding for the list of renewable energy projects recommended by the Alaska Energy Authority (AEA) for funding under the Renewable Energy Fund (REF) program. 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.

Regulations: Protect Alaska's ratepayers and economy from increased rates due to government regulations and penalties.

Alaska Power Association members are committed to providing safe, reliable and affordable electric energy to Alaskans. Alaska is one of the highest cost markets for electric rates, and the state's utilities are continually innovating to bring down costs while maintaining reliability and safety.

The Alaska legislature and executive administration should reject bills and regulations that increase costs on Alaskans without commensurate benefits to the state. Any legislation or proposed regulations should garner electric utility industry feedback before proceeding, since only the utilities providing power in the state can accurately account for the impact on Alaskans electric rates. Bills or regulations seeking to use punishment or taxation to compel utility behavior are harmful to Alaskans and should not be enacted.

Alaska Power Association is a resource for lawmakers and regulators, and the Association encourages officials to use the statewide association's expertise when designing law and policy affecting electric utilities.

Funding: 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.

Once the bonds for a project are paid off, the state should give serious consideration to divesting from the asset and turning it over to the electric utilities that benefit from its generation for ownership and operation.

Support for preserving the Power Cost Equalization Endowment and funding the PCE program in FY 2020

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 2020.

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.

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 voluntarily to maximize efficiency in the Railbelt in a self-directed manner.