



Alaska Power Association 2020 Federal Policy Positions

Protect electric cooperatives' non-profit status

Alaska Power Association supports the federal Revitalizing Underdeveloped Rural Areas and Lands (RURAL) Act (S. 1032/H.R. 2147), which would amend the Internal Revenue Code to ensure tax-exempt cooperative organizations do not lose their tax-exempt status when they use certain government grants, contributions, and assistance, including FEMA disaster relief funds

The legislation would fix an unintended consequence contained in the Tax Cuts and Jobs Act of 2017 that is impacting the 85/15 rule electric cooperatives must abide by. Historically, government grants and FEMA reimbursements were exempt from counting against the 15 percent non-member revenue limit; this exemption was removed in the 2017 tax bill.

Federal support for infrastructure and innovation

Congress and the Executive Branch should provide funding for the deployment of needed electric transmission infrastructure that brings reliable electricity to Alaskans. The benefits of federal assistance to construct electric infrastructure should be afforded to Alaska just as it was many parts of the United States during the 20th Century.

APA also supports the following bills, which will help with electric infrastructure development and protection:

- S. 2610 – Tribal Energy Reauthorization Act:** Sen. Lisa Murkowski is co-sponsoring this bill, which seeks to accomplish a number of items:
- Addresses overly restrictive Indian land requirements for energy project grants.
 - Allows non-profit electric cooperatives to apply for Office of Indian Energy (OIE) funding.
 - Reauthorizes the Office of Indian Energy through Fiscal Year 2030.
 - Provides for cost-share requirement flexibility.
 - Encourages OIE to foster relationships with and utilize local and community expertise.

- Ensures OIE will more consistently make tribes aware of relevant funding opportunities across all federal agencies.
- Requires OIE to develop a forward-looking energy strategy for Indian communities in the Arctic that considers the effects of climate change.

S. 1602 – Better Energy Storage Technology (BEST) Act: The bill includes several provisions:

- **Research and Development:** Requires the Department of Energy (DOE) to establish a cross-cutting energy storage system research and development program with the goal of reducing the cost and extending the duration of energy storage systems.
- **Demonstration Projects:** Requires DOE to undertake at least five energy storage system demonstration projects, including a minimum of one project designed to address long-term storage needs.
- **Joint Long-Duration Demonstration Initiative:** Establishes a joint program between DOE and the Department of Defense to demonstrate long-duration storage technologies.
- **Technical and Planning Assistance:** Establishes a program at DOE to assist electric utilities with identifying, evaluating, planning, designing, and developing processes to procure energy storage systems.
- **Recycling Prize:** Establishes a prize competition at DOE to advance the recycling of critical energy storage materials such as lithium, cobalt, nickel, and graphite.
- **Regulatory Actions:** Requires the Federal Energy Regulatory Commission (FERC) to conduct a rulemaking to develop standard processes for utilities to recover energy storage system costs in FERC-regulated rates.

S. 2556 - Protect Resources On The Electric grid with Cybersecurity

Technology (PROTECT) Act: Sen. Lisa Murkowski is co-sponsoring this bill.

- **(Applicable to Alaska)** Establishes a grant program at DOE for utilities that are not regulated by FERC to deploy advanced cybersecurity technology.
- **(Not applicable to Alaska)** Directs FERC to issue a rulemaking on rate incentives for advanced cybersecurity technology. This will enable and incentivize utilities to invest in new technologies that improve their cybersecurity defenses.

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.

For instance, Congress and the Administration can help ease the burden on hydro development by supporting a more streamlined approach for relicensing of hydro projects. The current process requiring a multi-year, multimillion-dollar effort is not in the best interest of electric utilities and their consumers, who ultimately bear the costs through

rates. If a project has been operating for 50 years without issue, the relicensing process should be much shorter and less costly. It is also important for Congress to establish necessary authorities to enforce agencies' comment deadlines in the FERC licensing process.

The federal government should not disadvantage any form of renewable energy and should recognize hydropower as renewable. By not recognizing hydropower as renewable, the federal government fails to give proper weight to the zero-emissions generation hydropower provides.

Alaska has the potential for significant renewable development. APA supports the following renewable-focused bill:

S. 2657 – Advanced Geothermal Innovation Leadership Act of 2019 (the AGILE Act): Sponsored by Sen. Lisa Murkowski and Sen. Joe Manchin (D-W.Va and Ranking Member of the Senate Energy Committee). The bill includes provisions for:

- Research and development of both existing and enhanced geothermal systems.
- Resources assessment updates.
- Grant program authorization.
- Improved permitting.
- Directs the U.S. Geological Survey to assess overall geothermal potential in Alaska, Hawaii, and Puerto Rico.

Support for innovative clean energy resources for power generation in Alaska

Congress should pass legislation designed to foster innovative clean energy from new or updated technologies. Advances in nuclear energy, especially micro-nuclear projects, have the potential to power remote communities with stable, low-cost energy that displace the need for fossil fuels. Since many communities in Alaska are islanded systems, the ability to integrate long-lasting and reliable generation is critical to the economies and livability of many places in the state.

APA supports to following innovative energy bill:

S. 903 – Nuclear Energy Leadership Act (NELA): A bi-partisan sponsored by Sen. Lisa Murkowski, NELA aims to reestablish U.S. leadership in nuclear energy. It will bring together private and public sector innovators to develop next-generation advanced reactor concepts. The bill will:

- Authorization of Long-Term Power Purchase Agreements;
- Long-Term Nuclear Power Purchase Agreement Pilot Program;
- Advanced Nuclear Reactor Research and Development Goals;
- Nuclear Energy Strategic Plan;
- Versatile, Reactor-Based Fast Neutron Source;
- Advanced Nuclear Fuel Security Programs; and a
- University Nuclear Leadership Program

Consideration of impacts on Alaska when enacting environmental policy

APA supports the U.S. Forest Service's proposed exemption of the Tongass National Forest from the 2001 Roadless Rule (Alternative 6 under the draft environmental impact statement developed under the National Environmental Policy Act). We urge the Secretary of Agriculture to formally adopt this alternative, and to strongly consider expanding the exemption to the Chugach National Forest, where regulatory relief can be similarly beneficial to electric consumers.

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. APA supports the Administration's 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.

Support for programs that lower or stabilize the cost of energy in Alaska

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. The funds are dispersed via a national competitive process.

The Denali Commission has played an important role in power supply facilities and bulk fuel tank farms in numerous rural Alaskan communities. However, tens of thousands of Alaskans are still without necessary infrastructure. Alaska residents, like those in other states, must be assured reliable and affordable electric service.

Congress and the Administration should continue funding to the Lower Income Home Energy Assistance Program (LIHEAP) in the FY21 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 in Alaska. Congress should at least maintain the current funding level of \$3.39 billion.