



## Alaska Power Association 2020 State Policy Positions

### **Support funding for the Renewable Energy Fund and for continued deployment of economically feasible renewable energy**

APA's member utilities have integrated numerous renewable generation sources into their energy portfolios and are constantly seeking other economically feasible renewables to continue that mission. The state legislature can support this work 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.

### **Support statutory clarity on wildfire liability**

Alaska's electric utilities work hard to maintain their rights-of-way for transmission and distribution lines but have no control over vegetation that grows outside their rights-of-way. This creates a scenario in which trees or other vegetation outside the right-of-way but tall enough to fall into the right-of-way can cause damage, such as a wildfire.

The Alaska legislature can protect electric ratepayers by making clear in statute that electric utilities can only be held liable for damage, death, or personal injury from contact between vegetation and the utility's facilities if the vegetation is located entirely within the boundaries of the utility's right-of-way. The state can help mitigate fire risk by providing funding for spruce beetle-killed trees, which are a significant problem in many parts of the state.

Alaskans already pay some of the highest costs for electricity in the country. Making Alaska utilities and ultimately their customers responsible for damages caused by vegetation will drive those costs even higher.

### **Support for preserving the Power Cost Equalization Endowment, using the Endowment only for its statutory purpose, and for funding the PCE program in FY 2021**

Alaska Power Association supports preserving and maintaining the Power Cost Equalization (PCE) 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 affordable electricity for streetlights, water and sewer facilities, and other essential infrastructure. The PCE Endowment should only be used for its statutory purpose.

Furthermore, Alaska Power Association urges the Legislature to fund the PCE program from PCE Endowment earnings at 100 percent for FY 2021.

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**

The state administration and the legislature should support 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, and studies performed to support licensing are at risk of being disqualified by permitting agencies if too much time passes after their completion and before a license is granted by FERC. 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 solidified. 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.

### **Support Railbelt electric utilities' continued cooperation for the benefit of consumers**

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. Substantial progress has been made on economic dispatch, system planning, efficient generation, and reliability standards. Within the present environment the Railbelt electric utilities can work together, independent of 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. Legislation giving the Regulatory Commission of Alaska (RCA) additional oversight authority should not mandate that electric utilities form or join organizations. Going forward, the Railbelt electric utilities should be allowed to continue their efforts voluntarily to maximize efficiency in the Railbelt in a self-directed manner.