



Alaska Power Association Legislative Session Wrap-up Second Session of the 33rd Alaska Legislature

Lawmakers in Juneau adjourned sine die on May 15, ending the second session of the 33rd Alaska legislature amid a flurry of activity to secure language in bills before the constitutional deadline hit. The Senate adjourned before the 11:59 p.m. deadline, but the House kept going until 1:21 a.m., calling into question if the bills passed after midnight are constitutional. That will be sorted out later, but for now the halls of the capitol will grow quieter as tourists gradually replace lawmakers and staffers as the main occupants of the building.

Since this was the second session, any legislation that did not pass before adjournment is now “dead.” This means those bills, if they are re-filed, will have to start the process anew when the legislature gavels in next January. There will also be an election between now and then, so it’s anyone’s guess what the legislature will look like next year and what its priorities will be.

But that’s all in the future. This wrap-up looks at the recent past. Like every session, it was a mixed bag in Juneau this year. The success of each legislature is largely subjective. Whether or not it was a good or bad session depends on what an individual wanted to see passed and not passed. Alaska Power Association spent the session working on several issues and continuing our efforts to educate lawmakers on our industry. We also tracked numerous bills to keep our membership informed as developments happened in Juneau. Our electric utility members also took part in advocacy efforts, making this one of the most energy-centric sessions of the past few years.

Even though the session is over, that doesn’t mean advocacy ends. APA will keep in touch with lawmakers and their staff members throughout the interim, interact with candidates through our political action committee, and be ready to do it all again next year when the gavel falls in Juneau.

Keep reading for a review of where legislation that APA was tracking or involved with ended up and what was included in the Fiscal Year 2025 budgets that may impact electric utilities:

- [Senate Bill 196 \(passed\)](#) – This bill was one of APA’s priorities this session. It was filed at the request of APA, and it passed the legislature unanimously. The bill adds oral fluid, or saliva, testing to an existing statute that governs employee drug and alcohol testing. The existing statute provides liability protection for employers who drug test their employees if the employer follows the standards set out in law. The statute, however, was written before oral fluid testing became a viable option, so that method is not currently protected by the statute. Once SB 196 becomes law, employers will be able to utilize oral fluid testing with the protections of the statute. APA expects many of our electric utility members to take advantage of this method

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of testing, along with many other industries that supported SB 196 as it went through the process.

- [House Bill 227 \(did not pass\)](#) – Another of APA’s priority legislation, this bill was written to clarify in statute that electric utilities are not liable for damage, personal injury, or death if vegetation from outside the right-of-way contacts electric infrastructure. The bill further clarified that electric utilities are not liable for cutting or removing vegetation inside the right-of-way even if the vegetation originates outside the right-of-way. The bill ran into difficulty during committee hearings over vegetation management practices and questions over when liability should and should not apply. APA maintains that vegetation outside the right-of-way is not owned nor under the control of an electric utility and therefore liability should not fall to the electric utility. We learned some lessons from this bill experience and will use those in the future.
- [House Bill 307 \(passed\)](#) – this bill was filed by the governor at the beginning of session to address wheeling charges in the Railbelt and to require the Regulatory Commission of Alaska (RCA) to develop a cost recovery mechanism for transmission costs. The bill that passed, however, is much broader than that and incorporates language from other bills that had not made it to the House or Senate floor yet. HB 307 could reasonably be called an omnibus energy bill. Some items in the bill are: changes to qualifications of RCA commissioners and an increase to commissioner salaries, the creation of a separate board of directors for the Alaska Energy Authority (AEA), local and state tax exemption for new power generation and storage facilities, the creation of a Railbelt Transmission Organization (RTO) under the authority of AEA, and an increase to the regulatory cost charge, among other items. For a full summary of what HB 307 does, [click here to access a sectional analysis](#).
- [House Bill 273 \(passed\)](#) – this bill is not one that APA was tracking, however language from another bill the association was tracking was added at the end of session. HB 273 addresses several aspects related to the powers of the Alaska Housing Finance Corporation (AHFC). Language was added from another bill that allows AHFC to create a subsidiary corporation for sustainable energy development – essentially a green bank. The green bank bill had become a priority for the governor and for many lawmakers as session neared its end. As often happens, the green bank language was added to a bill with a better chance of passing.
- [House Bill 50 \(passed\)](#) - this bill began its life as a carbon storage bill but blossomed to a 49-page omnibus style bill by the end of session. HB 50 now includes language allowing the state to regulate natural gas storage, rules for underground carbon storage in Alaska, along with several provisions relating to the Cook Inlet natural gas situation. These include the release of seismic and geophysical data and the establishment of the Cook Inlet Reserve-Based Lending Account, which allows the Alaska Industrial Development and Export Authority to make reserve-based loans to

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fund oil and gas development projects to increase oil and gas production from Cook Inlet. HB 50 also includes language related to geothermal resources and their permitting from another bill.

- [Senate Bill 152](#) (**passed**) – this bill requires Railbelt electric utilities to make a community energy program available to a subscriber organization that requests interconnection. The bill was changed drastically from its original form, and it includes language addressing interconnection standards and other protocols to protect reliability and costs. The impetus for the bill was community solar projects.

Other bills that did not pass –

As with every session, there were far more bills not passed than passed. Below is a brief, non-exhaustive list of bills APA was tracking that did not pass.

- [House Bill 390](#) – this bill would have allowed AIDEA and AEA to enter into power purchase agreements.
- [House Bill 365](#) – this bill would have added schools as eligible PCE recipients under the 750 kWh monthly limit that PCE-eligible residents live under.
- [Senate Bill 101](#)/[House Bill 121](#) – these companion bills would have established a renewable portfolio standard in the Railbelt with an ultimate requirement of 80 percent renewable generation by 2040. (HB 121 was withdrawn by its sponsor, Rep. Jesse Sumner, R-Wasilla, on May 10, 2024)
- [House Bill 349](#) – this bill would have set the standards for leasing state land to renewable energy projects and would have required that the lease holder show progress toward development of their project for the lease to remain valid, among other provisions.
- [House Bill 368](#) – this bill would have established a clean energy standard in the Railbelt with an ultimate requirement of 60 percent clean energy generation in the Railbelt by 2051. The bill defined clean energy generation as not releasing carbon dioxide, or generated from renewable sources, nuclear energy, or coal with a sulfur content of one percent or less by weight.
- [House Bill 256](#) – this bill would have required electric utilities that want to close a plant or facility constructed in whole or in part with state funds to offer to sell the plant or facility and get the legislature’s approval to close the plant.

Budget Items:

The only bill that must pass the legislature each year is the following fiscal year’s operating budget. This is because the operating budget funds the government for another year and without it the state government would cease to operate in most cases. Along with the operating budget, the legislature passes a capital budget with appropriations for a variety of projects around the state. The capital budget also often includes required matching funds for federal grants to the state.

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There is funding for the FY25 required state match for the federal Grid Resilience and Innovation Partnerships (GRIP) grant that the state received to upgrade the Railbelt transmission system. To the best of APA's knowledge, there is a combination of appropriations and existing funding going toward that match. This report does not list the breakout since it focuses solely on budget bill appropriations.

Below is a summary of budget items that may be of interest to APA's members (any omissions are unintentional):

Operating Budget –

- Alaska Energy Authority –
 - Power Cost Equalization Program - \$48,049,800 (full funding)
 - \$30 million from excess PCE Endowment earnings to community assistance fund.

Capital Budget –

- Alaska Energy Authority Appropriations –
 - Bulk Fuel Upgrades - \$13 million
 - Electrical Emergencies Program - \$200,000
 - Energy Efficiency Revolving Loan Fund Capitalization Program - \$252,700
 - Green House Gas Reduction Fund – Solar for All (federal grant) - \$20 million
 - Grid Resilience and Innovation Partnership Grant - \$3,453,900
 - Port Electrification - \$10 million
 - Round 16 Renewable Energy Fund Project Grants - \$14,310,158
 - Rural Power Systems Upgrades - \$27.5 million
 - State Based Energy Efficiency Contractor - \$1.2 million
 - Statewide Grid Resilience and Reliability IJA Formula Grant - \$19.4 million
- Department of Transportation
 - National Electric Vehicle Infrastructure Program - \$11.4 million
 - Off-System Alternative Fuel and Electric Vehicle Charging Infrastructure Program - \$1.3 million

What's Next:

The governor holds the fate of passed legislation and budget bills at the tip of his veto pen. The governor has 20 days, excluding Sundays, to act on bills delivered to him after session ends.

For budget bills, the governor can take three courses of action – he can veto the bills completely, reduce individual line items, or completely remove individual line items. The governor cannot add additional funds to the budgets.

For non-budget bills, the governor can veto a bill, sign it or let the 20 days expire with no signature and the bill still becomes law. It's very likely that a few of the bills above could be signed during the Alaska Sustainable Energy Conference in Anchorage next week.

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In the weeks leading up to session adjournment, there was some loose talk about a special session for energy and education. That talk seems to have died out with the passage of the energy bills above and some action on education. While there still could be a special session for any reason, it seems increasingly less likely. Legislators who have registered to run for reelection will most likely turn their attention to their races ahead of the November election.

Even though session is over, and no more action can be taken on bills, interim meetings can go far to moving the needle on issues important to the APA membership.

As the unified voice of Alaska's electric utilities, APA will continue to advocate for our members and support their mission of providing safe, reliable, and affordable power to Alaskans.

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