

# Alaska Energy Policy Task Force

*Created by the 23<sup>rd</sup> Alaska Legislature*

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## Approved Minutes of the Alaska Energy Policy Task Force Meeting

October 21, 2003

AIDEA/AEA Board Room, Third Floor

**Call to Order:** Chair Barry called the meeting to order at 1:05 p.m.

**Roll Call:** Members present - Mike Barry, Red Boucher, Dave Carlson, Wayne Carmony, Rick Eckert, Steve Haagenson, Meera Kohler. Tom Boutin on teleconference.

**Others attending:** Jerry Burton, Don Edwards and Jim Strandberg of the RCA, Tuckerman Babcock, Don Zoerb and Mike Pauley of MEA, Lee Thibert, Mark Fouts, Brian Hechey and John Cooley of CEA, Chris Rose of ACF/RAP, and Becky Gay and Bernie Smith, Task Force staff.

**Approval of minutes of October 7 meeting:** Motion by Kohler to approve the minutes as presented passed, no objection. A correction to the minutes of Sept. 23 offered by Carlson was also approved under the motion.

**Power Pooling Presentation:** Don Zoerb, Chief Financial Officer of Matanuska Electric Association (MEA), assisted by Mike Pauley, Manager of Corporate Communications and Tuckerman Babcock, Manager of Government and Community Relations of MEA, gave a power point presentation on power pooling in the Railbelt. First noting that all the utilities were nonprofit associations or municipals, Zoerb outlined utility benefits from power pooling, including stopping dysfunctional behavior of these vertically-integrated entities, the “blending” of HCCP, Bradley and other subsidies/costs/benefits across the Railbelt, encouraging new power producers like Emma Creek, assuming a Railbelt system operator (RSO) like GVEA or Chugach (not MEA) and estimated at least a \$25 million savings from such an arrangement. Haagenson argued the North-South benefit flow, “socializing HCCP,” and what is firm v non-firm in price and reality. After briefly rebutting, Zoerb went on to describe the future of a power pool, including grandfathering in existing debt and contracts, pledging assets to the benefit of the pool, a deadline on pooling subsidies with future new generation being open entry, no subsidy, where generators compete/bid for sales on total generation costs. Zoerb projected a maximum 1.2 cents per kWh surcharge to accomplish these benefits, noting a spreadsheet included in the packet for computations. Zoerb referenced the Black and Veatch study on power pooling and a subsequent CH2M Hill study with recommendations that MEA urges the Energy Policy Task Force (EPTF) to endorse. Their presentation will be posted on the EPTF website. See also: [www.matanuska.com](http://www.matanuska.com)

**Security and Reliability:** Boucher distributed two handouts, noting that he had run for the Chugach Board originally due to his concerns on its response to the Y2K rollover.” Boucher asked that Reliability presentation be postponed to next meeting. He briefly noted the idea of power line delivery, or delivering data over the power lines, is a real option. Boucher then outlined “the 10 questions that need to be answered at the utility board level” for security purposes as: Accountability, Awareness, Ethics (internal), Multi-disciplinary considerations, Proportionality (risk assessment), Integration, Timeliness, Assessment, Equity (describing an “attack back” program as illegal) and Information Sharing. Boucher then asked the group who has the oldest SCADA? Boucher’s presentation is on the EPTF website at [www.AIDEA.org](http://www.AIDEA.org)

**Task Force Report - Preliminary format discussion:** Staff distributed drafts prepared for the Task Force, and other comments from Task Force members and the interested public. Barry asks how long of a meeting should be devoted to the process, with the response being all day. Kohler suggested a facilitator. Barry noted that facilitators were generally used when a conflict was perceived, asking Kohler if she perceived a conflict arising and she said yes. Eckert thought a facilitator might be premature. Haagenson asked what is the state policy and what are the challenges? Boucher reiterated that reliability and security could be added to the mix. Barry pointed out the four legislative objectives are to be included at a minimum, although the report can be larger. Carmony objected to too many topics, wanted a narrower focus. Boucher asked about non-Railbelt, with Kohler responding that she imagined two or three reports, with non-Railbelt being next. Boutin did not believe the group needed a facilitator. Carlson agreed, suggesting that staff do any writing at the workshop. Gay spoke to the two staff outlines in the discussion packet, suggesting that the report be formatted with the Legislative directives/objectives being the headings under which the responses are grouped. Discussion was postponed for next all day session. Chair Barry emphasized a week’s deadline to advance everything to staff for compilation into a working document.

**Staff administrative items:** Gay explained a legislative legal opinion, which addressed a member’s question on whether or not legislative ethics rule applied to the Task Force, determining it does not apply to the public members. Gay distributed a notice for the House Special Committee on Economic Development, chaired by Rep. Cheryll Heinze, noting its mention of the Energy Policy Task Force and the subject of Railbelt Utility Security issues. A notice for a RCA meeting with presentations by Chugach Electric and Matanuska Electric was circulated for potential interest of attending. Staff described recent press in the packet and asked that members advance such items for inclusion in ongoing packets.

**Set meeting schedules and deadlines:** Next meeting will be an all-day meeting to work on the draft report, on **Tuesday, November 4, at the AIDEA/AEA 3<sup>rd</sup> Floor Board Room from 10:00 a.m. – 5:00 p.m.**, with a teleconference available through the Legislative bridge number. To accommodate travel planning, another meeting was scheduled for November 18, 1-5 p.m.

**Public comments:** Steve Denton of Usibelli Coal Mine submitted written comments on the deliberations facing the Task Force, agreeing with the direction of looking at the big picture, long-term issues and not individual project details. His suggested topics included

defining government's role in policy implementation, transmission upgrades and additions, cost effective solutions to replacing aging generation, independent power production, co-generation, and consolidation of the Railbelt utilities.

Chris Rose of the Alaska Conservation Foundation spoke to the final report, liking the Iowa report format for Alaska, thought wind should be "pulled out of the mix" of Alaska renewables since it is ahead in economic viability, thought the security presentation was interesting and led into the idea of distributed generation (noting that transmission opens up security issues.) Chair Barry thanked the commenters and noted written comments are much appreciated.

**Task Force Member comments:** Haagenson explained his outline and the "Four Futures" approach to determining a robust plan, giving an example of a 50 year future scenario with a vision statement stating all renewable energy as goal, measured against the technology future, the world in chaos future, status-quo and the green future. He also provided a linear chart to delineate tasks and deadlines, should that be useful to the group. Carmony thanked the staff for their "back to basics" outline provided, which narrowed the tasks to manageable and specific objectives, making him more optimistic that the group can actually accomplish its mission. Eckert agreed with Carmony, also prefers the back to basics staff approach. Boucher re-emphasized that Security/Reliability issues will generate lots of legislative questions. Barry asked each Task Force member to give a definition of "long-term" to staff before the next meeting.

**Meeting adjourned at 3:45 p.m.**