

# Alaska Energy Policy Task Force

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

Headquartered at AIDEA/AEA  
907-269-3000 Fax: 269-3044  
In State Only: 1-888-300-8534

813 W. Northern Lights  
Anchorage, AK 99503  
[www.aidea.org/EnergyTaskForce.htm](http://www.aidea.org/EnergyTaskForce.htm)

## **(Approved) Minutes of the November 4, 2003 Meeting of the Alaska Energy Policy Task Force (EPTF) AIDEA/AEA Board Room, Third Floor**

**Call to Order:** Chair Barry called the meeting to order at 10:00 a.m.

**Roll Call:** Members present - Mike Barry, Red Boucher, Dave Carlson, Robert Wilkinson, Wayne Carmony, Rick Eckert, Steve Haagenon, Meera Kohler. Tom Boutin on teleconference. **Staff:** Becky Gay and Bernie Smith (EPTF.)

**Others attending:** Jerry Burton of the Regulatory Commission of Alaska (RCA), Tuckerman Babcock, Don Zoerb and Mike Pauley of Matanuska Electric Association (MEA), Harold Heinze of the Alaskan Natural Gas Development Authority (ANGDA), Joe Griffith, Lee Thibert, Mark Fouts, Brian Hickey and John Cooley of Chugach Electric Association (CEA), Chris Rose of Alaska Conservation Foundation (ACF) and Ed Ruebling of Municipal Light and Power (ML&P.)

**Approval of minutes of October 21 meeting:** After a question about the cost per kWh in the prior power pooling presentation, Carmony verified the 1.2 cent surcharge cited. He went on to say that it could increase by 1 or 2 mills if HCCP was added, noting that was a small increase for the social benefit. Motion by Boucher to approve the minutes as presented passed, no objection.

**Reliability Presentation:** John Cooley, Manager of Power Control at Chugach Electric, gave a power point presentation on the reliability of the Railbelt grid, noting that voluntary utility cooperation has been mostly successful. After listing significant events since 1986, Cooley explained the formation of the Alaska Intertie Agreement, the Intertie Operating Committee (IOC) and the Alaska Systems Coordinating Council (ASCC). Cooley listed the biggest future reliability concern as “installation of generation by a non-generating utility or a non-utility generator, which fails to follow the current Railbelt reliability practices leading to degraded levels of reliability for everyone.” Cooley presented an outline of a “reliability solution,” consisting of a legislatively designed organization, mandating membership to all who connect to the grid and able to enforce standards among members. Gay asked why the largest problem perceived was with new generation rather than redundancy? Cooley explained that if new generators were not signed on to the Alaska Intertie Agreement, they might not be able to enforce standards or protocols on them. The example of Ship Creek was used, with the question being whether or not that generator could be made to fulfill the same spinning reserves requirements that the others do. Carmony noted that power-pooling protocols have

mechanisms for both. Barry asked who were the non-signatories, to which Cooley replied MEA and HEA. Haagenson stated the IOC could update the agreement for NUGs by going back to the Board with spin reserve, reliability and other interconnection agreements or standards, getting down to an operation level. In conclusion, Barry asked if Cooley would go back to the IOC and ask them whether or not the Alaska Intertie Agreement would apply to non-signatories, i.e., new generators. See the website for the full presentation of slides:

<http://www.aidea.org/EnergyPolicyTaskForce/RailbeltReliabilityPresentation.pdf>

**Staff reports:** Gay noted two related meetings that had recently occurred, with summary information included in the packet. A Power Pooling Summary from MEA for the RCA meeting of October 24 was included. The agenda from the legislative Economic Development Task Force of October 28 and a press release both noted the efforts of the Energy Policy Task Force (EPTF). An email from Rep. Norm Rokeberg, Chair of Rules, noted the meetings of the EPTF for his constituency, which shows legislative interest, Gay said.

**Public comments:** Harold Heinze of ANGDA spoke, noting he had to leave early but was interested in the Task Force and would like to have the gas authority on the early December agenda to speak to Railbelt energy issues regarding gas. Heinze went on to speak as a citizen, saying the discussion of reliability is not global, but local, citing a personal loss of a home due to a utility outage in Upper Susitna Valley as example.

**Set meeting schedules and deadlines:** Next meeting will be on **Tuesday, November 18, at the AIDEA/AEA 3<sup>rd</sup> Floor Board Room from 1:30 p.m. – 5:00 p.m.**, with a teleconference available through the Legislative bridge number. To accommodate planning, meetings were scheduled additionally for Tuesday, December 2 and Thursday, December 18, from 1:30 - 5 p.m.

**Workshop on development of the preliminary Task Force Report:** After a short break, the workshop began, with staff transcribing discussion items on large sheets of paper at the front of the room, grouped by the objectives tasked by the Legislature. Chair Barry noted he had invited Joe Griffith of Chugach and Jim Posey of ML&P to the table during the workshop, with Griffith attending. Carmony requested that Chris Rose of the ACF also be invited to the table. Explaining that he had invited the utility representatives due to their large role in the Railbelt generation and transmission, Barry did invite Rose to the table. Posey was unable to attend. The workshop atmosphere morphed along, with most comments being offered towards Objective I and IV. Transmission was the only major item of importance listed under Objective III at this time. A summary follows.

In Objective I, it was agreed to move the Railbelt Projects' list, both Current and Under Consideration, to an Appendix, and include more descriptions for each. After a suggestion by Barry to define a 50-year future, it was agreed by consensus to define long-term as 20 years or more. There ensued a discussion of layout, with repeated reference to the upcoming Integrated Resource Plan as being able to provide much of this detail soon. Items were to be edited as follows: Load: describe by individual utility service areas instead of grouping in three major load centers, add military and remove Aurora from load description; Generation: add Bradley and HCCP and break out capacity by fuel source; Transmission: organize by utility, the number of lines and miles, capacity by voltage, articulate limitations and use a map or diagram. Haagenson noted the 70MW

peak transfer capability as a caveat. In discussion, Rose asked what was the definition of needs and where was a place for renewables and efficiency? Carmony stated the document could involve goals if agreed upon. Carlson made a pitch for making the document user-friendly, perhaps deleting acronyms and removing details of MW, kWh, etc. instead of adding more of such. Ruebling of ML&P expressed concerns about fuel source being the most important element.

Moving to Objective IV, Kohler advanced a vision statement and “roadmap” approach similar to the West Virginia energy policy document. The Task Force discussed that approach, and endorsed it. A modified Vision Statement was adopted, stating, “Energy is recognized as a significant national and international priority and Alaska assumes a leadership role in energy supply, delivery, and use solutions” and adding language concerning environmental, reliable, economic, sustainable and secure power supplies for its residents. A Mission Statement was adopted, along with points of conduct to achieve that mission. Nine goal statements were crafted in strong agreement with the W. VA model approach. Action items remain to be addressed. Lunch was brought in, with members, staff and the invited public eating together while discussing issues informally, staying on task.

After lunch, Carmony volunteered to outline a concept of how to move power around the system, which focused on following the existing road system and on economic development, not the price of electricity at some point in time, intertwined with the concept of pooling. Carlson agreed, saying there is a plethora of generation potential, that transmitting is the key. Kohler mentioned a public policy statement on infrastructure. Carmony went on to describe his concept, noting that the grid he outlined (the “Ramona Barnes” plan) lies outside most certificated service areas and within 20-years includes a grid loop through Copper Valley. In conclusion, Carmony believed overall there would need to be continuous oversight by RCA, the concept would create no change on the retail side, but required a change in operations on the wholesale side to a single entity like a power pool or statewide G&T, creating no winners and losers. The major hurdle was legislation directing the pool.

Barry re-capped briefly, listing significant items as a road-based transmission grid, a “unified operation” of some sort, no stranded investments, a reasonable margin and no structural changes that would create winners and losers. Barry then went around the table for comments.

Griffith stated under the going concept there would be big winners and losers, stranded investment for reliability, an increased workload for RCA, and fuel contract hurdles. Another concern was addressing variable costs and the fact that municipalities can’t sell into a pool due to IRS requirements on bonded indebtedness. Griffith also disapproved of the notion of postage stamp rates, preferring cost causer and cost payer to be more related. In closing, he mentioned transition issues, G&T problems and lawsuits, and stated a preference for incentives, rather than mandates. Haagenon liked the idea of unified operations, citing concerns with pooling as its inability to finance debt, the need to “unwind” fuel contracts as ugly and the “Alaska curse” of long distances and small loads. The need to accept federal and state grants, to figure out resources in “your own backyard,” a direct relationship between cost causer and cost payer and a cost/benefit ratio that works are all components to any unified system operations, according to Haagenon. Carlson expressed support for all transmission improvements, a loop system with appropriate transmission sizing and believes in a unified system something like the Four Dam Pool which at least speaks with one voice to help its legislative profile and funding requests be more successful. Wilkinson supported any opportunity to

consolidate, stating that unity in the Four Dam Pool really helps policymakers. Wilkinson stated that making intrusions into the customer base would be less of a problem with intelligent expansion of the grid, but it needs economies of scale to make it work. Eckert spoke to the long-range view, stating that HEA should not pay more in the transition to a unified system, unless in the long run there was net savings. Boucher spoke briefly as a former legislator and policymaker, saying if any legislation was needed, it should be introduced the first two weeks of session and have no more than two committees of referral. Barry spoke as a former banker, talking aspects of finance, addressing ownership issues and concluding that to be most appropriate, utilities must accumulate assets on their own balance sheets, not AIDEA's or AEA's. Haagenson warned of "disruptive technology" as it related to obviating the need to close the transmission loop and reiterated his support for a unified operation in the Railbelt. Boucher brought up the changes between wire and wireless futures, touching on the subject of power line data transmission. Griffith spoke to technology futures, fuel sources and workforce development, noting that the average lineman at Chugach is 56 years old. He expressed support for a unified operation, stating that they almost have a pool now with economic dispatch, but fewer utilities are better.

Barry concluded the meeting by directing staff to prepare another draft, integrating the workshop comments and getting it out in a week to Task Force members for additional review before the next meeting. No additional board member comments were made, but Barry encouraged written comments to be given to staff at any time.

**Meeting adjourned at 3:15 p.m.**