

Alaska Energy Policy Task Force

Created by the 23rd Alaska Legislature

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**(Approved) Minutes of the December 18, 2003
Meeting of the
Alaska Energy Policy Task Force (EPTF)
at the Alaska Power Association Board Room
Tudor Road, Anchorage**

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

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

Others attending: Eric Yould of Alaska Power Association (APA), Patty Ginsberg of Anchorage Municipal Light and Power (ML&P), Don Zoerb and Tuckerman Babcock of Matanuska Electric Association (MEA), Joe Griffith, Jeff Lipscomb and Phil Steyer of Chugach Electric Association (CEA), Chris Rose of Alaska Conservation Foundation (ACF), Jerry Burton of the Regulatory Commission of Alaska (RCA), Robert Chaney of the DOE-Arctic Energy Office, James Armstrong of Rep. Bill Williams' office and Senator Fred Dyson.

Approval of minutes of December 2 meeting: Minutes were approved as presented.

Denali Commission presentation: Al Ewing, Deputy Director of the Denali Commission, gave a power point presentation describing the makeup and mission of the commission. Ewing gave progress reports on the various energy projects around Alaska, noting that since 1999, 60%, or \$174 million of Denali Commission money has been spent on energy, with a \$110 million match from other sources. Ewing touched on projected needs of \$1.5 Billion for interties, bulk fuel and power system upgrades, and recognized that "from a life cycle cost and reliability perspective, diesel energy is the benchmark by which other energy is measured." Ewing discussed funding in the draft Energy bill in Congress, as well as the appropriations. Ending with a policy question, "when does it make sense to build an intertie versus use of distributed power?," Ewing answered questions from the group.

Chugach Electric Association (CEA) presentation: Jeff Lipscomb, Treasurer of the CEA Board, gave a brief presentation on CEA's perspective of the financial health of the Railbelt utilities, noting Fitch creditworthiness downgrade of Chugach, as well as margins as a percentage of revenue as an indicator of inability of utilities to pay down debt. Where will the future funding of infrastructure come from is the real question. Regarding power pooling, Lipscomb noted that the four Railbelt generators already do economic dispatch with great success and believed government management or operation of private assets is a "very scary concept." Boucher asked if Healy Clean Coal project (HCCP) was in the power pool? Carmony explained that HCCP was not

originally in the power pool proposal, but he had addressed it to demonstrate how the tariff would be affected if it were included. Haagenon questioned the cooperative members equity, citing FAS 150 regarding fair reporting of liabilities and a coop exemption. Zoerb rebutted, noting FAS 150 only applies to Chugach, which issues debt requiring SEC reporting. Barry agreed that government ownership of energy assets is scary.

Public comments: Senator Dyson thanked Ewing for his business perspective at the Denali Commission and expressed continuing interest in the work of the EPTF due to his interstate involvement in statewide energy policy considerations.

Review draft of preliminary Task Force Report: Chair Barry went through the various drafts, numbering them in order to make the comparison discussion easier. With an overhead projection of the work document, the group worked through the mark-up draft line by line. There was a question about including netback pricing and staff was directed to get a definition and example for the group. Staff was instructed to clean up language that came in from other documents, and cut out editorializing as much as possible. Barry pointed out that he was working for consensus, so no single vote could veto the group effort, but if anything needed to be brought to a vote, he was more than willing to do that. No votes became necessary. After a break for lunch, the mark-up work continued. At the conclusion of the work, Barry asked staff to get a new draft circulated to the Task Force before the next meeting.

Set meeting schedules and deadlines: December 30, 10 a.m. – 4 p.m., at the AIDEA/AEA Third Floor, Board Room, 813 W. Northern Lights, Anchorage

Public comments: Chris Rose, Alaska Conservation Foundation, spoke from a handout requesting consideration of his comments, noting that wind energy meets all four criteria listed in the draft's vision statement: reliable, economic, sustainable and secure. Rose also recommended action items for renewable energy and energy efficiency sections, eliminating coal bed methane from the list of future projects, placing less emphasis on transmitting power and more emphasis on distributed generation.

Task Force member comments: Boucher introduced the export of hydrogen via wind farms in Western Alaska as a topic for the future. Haagenon requested that everyone try to work from one document for the next meeting. Carmony complimented the Chair and staff on getting so much done and thanked the Task Force for its efforts. Carlson reiterated that hydro is renewable and reliable in Southeast Alaska and has been so for 100 years. He also thanked everyone for their efforts, especially Chair Barry and staff for their work, wishing all Happy Holidays. Barry thanked everyone, realizing the job isn't done, but wished everyone a great holiday. Barry announced that Becky Gay has taken a job at AIDEA/AEA, but will continue to staff the EPTF with the Legislature's blessing. Boutin commented that was great news about Becky and wished Happy Holidays to all. Wilkinson asked if there could be a brainstorming session at the next meeting. Kohler noted she would not be at the Dec. 30th meeting, but wanted to be included in the brainstorming. Barry requested brainstorming be moved to the following meeting so that Kohler could be accommodated. Boucher said he like the computer markup on the projection, that it got further along than he had imagined it could, and congratulated both Gay and the Chair for his abilities, leaving everyone with a Happy Holidays wish.

Meeting adjourned at 4:15 p.m.