Alaska Energy Security Task Force
MEETING MINUTES
Tuesday, June 27, 2023
Anchorage, Alaska

1. **Welcome and Introductions**

Vice-Chair Curtis Thayer called the meeting of the Alaska Energy Security Task Force to order on June 27, 2023, at 2:00 pm. Vice-Chair Thayer indicated that he is serving as Chair today, as Chair Lieutenant Governor Nancy Dahlstrom will not be in attendance. Vice-Chair Thayer identified recent Task Force member changes. He welcomed University of Alaska Fairbanks' Chancellor Daniel White. Vice-Chair Thayer discussed Gwen Holdmann will work with the Task Force through Alaska Center for Energy and Power (ACEP). He introduced Clay Koplin as the new Vice-Chair and discussed his extensive professional background. Vice-Chair Thayer noted that John Espindola, representative of the Governor's Office, was appointed to the Regulatory Commission of Alaska (RCA). His successor is Andrew Jensen, Special Assistant to the Governor.

2. **Roll Call**

Members present: Vice-Chair Curtis Thayer; Vice-Chair Clay Koplin; John Boyle (Commissioner); Jason Brune (Commissioner); Nils Andreassen; Andrew Guy; Karl Hanneman; Tony Izzo; Duff Mitchell; John Sims; Robert Venables; Daniel White; Senator Click Bishop (Ex Officio); Garrett Boyle (Ex Officio); Keither Kurber (Commissioner, Ex Officio); Representative George Rauscher (Ex Officio); and Erin Whitney (Ex Officio).

3. **Prior Meeting Minutes – May 9, 2023**

MOTION: Mr. Sims made a motion to approve the Minutes of May 9, 2023, as presented. Motion seconded by Mr. Garrett Boyle.

A roll call vote was taken, and the motion to approve the Minutes of May 9, 2023 passed without objection.

4. **Presentations**

   a. **Alaska Energy Authority IIJA and IRA Opportunities**

Vice-Chair Thayer requested Karen Bell, Manager of Planning at Alaska Energy Authority (AEA), to give the presentation on the Infrastructure Investment and Jobs Act (IIJA) and Inflation Reduction Act (IRA) opportunities that are either within the application phase, have received federal receipt authority, or have been awarded. Ms. Bell showed a graphic of a list of common acronyms that will be used during the presentation. She discussed that through the IRA, Alaska's Home Energy and High Efficiency Rebate programs have been allocated approximately $74 million. AEA is the funding recipient and Alaska Housing Finance Corporation (AHFC) will manage and administer the program. The funding is expected by the end of the year.

Ms. Bell discussed that over five years, the State has been allocated approximately $60 million for the Grid Resilience and Reliability IIJA Formula Grant Program, also referred to as 40101(d). AEA has submitted the application to the Department of Energy for the first two years' of funding, totaling approximately $22.2 million. The funds are expected to be received within the next few months. The formula funding requires a 15% state match and a 33% small utility match. Ms. Bell reviewed that the State anticipates the receipt of $52 million over the next five years for the National Electric Vehicle Infrastructure (NEVI) program to expand electric vehicle (EV) charging infrastructure. The first two years' of funding, $19 million, is available. AEA and Department of Transportation & Public Facilities (DOT&PF) are administering the program together. AEA is seeking public comments through July 17, 2023, on the update to the NEVI plan.

Ms. Bell discussed that AEA partnered with Golden Valley Electric (GVEA) to receive an award of $12.7 million to extend the transmission line 34 miles along the Richardson Highway to Black Rapids Training Site (BRTS). AEA has federal receipt authority and there is no state match required. There is a match by GVEA of approximately $250,000. Ms. Bell reviewed that the State of Alaska has been allocated $4.5 million in formula funding to capitalize an Energy Efficiency Revolving Loan Fund program (EERLF). AEA will receive the funding and it will be administered by AFHC. Ms. Bell informed that the State of Alaska was awarded $2.9 million for the State Energy Program (SEP). The funding has been received. AEA and AHFC are working together to administer the funds. AEA is developing activities for deployment that include a statewide energy plan, a state energy security plan, Renewable Energy Fund (REF) and Village Energy Efficiency Program (VEEP) projects, required grid planning, and training and workforce development. AFHC is developing activities for deployment that include updating the AkWarm Energy Modeling software and modernizing the Alaska Retrofit Information Systems database.

Ms. Bell stated that AEA was recently awarded a $1.7 million competitive grant to deploy EV charging infrastructure in underserved communities. AEA is working with project partners to administer the funding. Ms. Bell gave an overview of the programs that AEA is applying for or will apply for. They include the Energy Efficiency Conservation Block Grant, four Grid Resilience and Innovation Partnership (GRIP) program grants that will be discussed in the following two agenda items, and the Energy Improvements in Rural and Remote Areas (ERA) Fixed Grant Award Program.

Senator Bishop asked if the ERA was a one-time only program. Ms. Bell indicated the program is currently one-time only. The Department of Energy (DOE) has additional funding for the program; however, it is unknown how it will be applied.

Ms. Bell continued the presentation and gave a general overview of some of the provisions of the Inflation Reduction Act (IRA). AEA is tracking opportunities and sharing information. AEA has not applied to many of the programs. Ms. Bell noted the two largest national funding program amounts included in the Clean Energy National Funding opportunities were the Energy Tax Credits and the Greenhouse Gas Reduction Fund. Ms. Bell discussed the PACE program and the

New ERA program that are new programs within United States Department of Agriculture (USDA) and will serve predominantly rural areas. Ms. Bell highlighted other potential clean energy opportunities for the state that have been set aside, but are not yet open. They include Assistance for Latest & Zero Building Energy Code Adoption, Greenhouse Gas Reduction Fund, Clean Heavy Duty Vehicles, Clean Ports, and the Climate Pollution Reduction Fund.

Ms. Bell highlighted the Clean Energy Tax Incentives listed in the presentation. She noted that she is not a tax expert, and the review does not include tax advice. Ms. Bell discussed that financial incentives could assist projects that were not financially feasible in becoming financially feasible. AEA's website provides detailed information on the tax incentives. Ms. Bell reviewed that bonus tax credits available through IRA could increase the incentives to approximately 60% of the project cost, thus benefiting and impacting the financial and economic feasibility of projects. Additionally, it will be the first time that some of the incentives are allowed to be received by tax exempt organizations through the elective pay provision. Ms. Bell gave a high level review of the elective pay framework.

Mr. Venables inquired if there are any programs pertaining to loan forgiveness for utility construction debt. Ms. Bell responded that the available programs are specific to new or recent construction since the IRA was signed in August of 2022. The loan forgiveness varies between 20% and 60%. In the New ERA program, there is a loan modification structure for stranded assets to refinance their loans to receive a 0% interest rate.

Dr. Whitney expressed appreciation for AEA's summary. She asked if there are clear procedures for the programs for Alaska stakeholders and if there are any programs that need particular attention regarding accessibility. Vice-Chair Thayer commented on a common struggle that AEA and other entities encounter, who are dependent upon DOE or Internal Revenue Service (IRS) or other federal agencies to provide guidance, which is not necessarily released in an orderly fashion. Often times, application deadlines are moved up and the time for the federal government to respond is moved out. Vice-Chair Thayer noted that staff has expressed these concerns with the congressional delegation. He noted that the DOE has been forthcoming, and the person assigned to Alaska has assisted in the dialog. The standard response from the IRS regarding tax credits is for the entity to talk with their tax accountant to see how it specifically applies to the entity. Vice-Chair Thayer believes that the procedures are a work-in-progress and the federal government is improving, but the format is not compiled in a way that is easy to follow. There were no other questions.

b. Railbelt IIJA GRIP Opportunities

Vice-Chair Thayer introduced Brian Hickey, Railbelt Regional Coordination, to review the presentation on the Railbelt IIJA GRIP Opportunities. Mr. Hickey discussed his current position and professional background. The focus of his efforts is in obtaining federal funding to build out the Grid Modernization and Resiliency Plan (GMRP), which is a way to move large amounts of power from one end of the Railbelt to the other. Mr. Hickey discussed that the Railbelt grid serves approximately 75% of the state's population and is about 700 miles long. He noted that the last federal project in the Railbelt area was the Eklutna Hydroelectric Project in 1956, which was sold in 1992 to the local utilities.

Mr. Hickey emphasized that currently, there is unprecedented alignment between the Railbelt utilities, AEA, and Regulatory Commission of Alaska (RCA). The Railbelt alignment will seek both State and federal funding to accomplish the upgrades. The GMRP will include complete participation from all the Railbelt utilities and will eliminate bottlenecks and utility isolation. In 2022, the Governor tasked the Railbelt Regional Coordination to articulate a vision to decongest and build out the Railbelt for a clean and fuel-diverse future. Mr. Hickey discussed that the member engineers developed a plan and a cost estimate of approximately $2.87 billion. He believes that the project should be a State plan and that it is conducted in a phased manner.

A member inquired if microgrids could assist in eliminating utility isolation. Mr. Hickey discussed the importance of scaling the projects to a sufficient size in order to make them cost effective. This requires transmission. He believes the microgrid funding is directed toward smaller grids that are within a geographically contained area.

Senator Bishop noted that he and Commissioner John Boyle were recently in Washington, D.C. attending an energy conference. He asked if Alaska's transmission is AC or DC. Mr. Hickey explained that Alaska's transmission line is AC. The Railbelt grid is a model system and could be used to demonstrate to other larger grids how to decarbonize.

Mr. Hickey discussed that the upgrades would provide significant gains in reliability and resiliency for the Railbelt and would prepare the Railbelt for a low-carbon, fuel diverse future. It would also provide the ability to integrate variable generation systems, including wind and solar. Mr. Hickey highlighted the importance of lowering the cost of energy in the Railbelt and its resultant benefit to the Power Cost Equalization (PCE) rural utilities. Based on studies, lowering the cost of energy by one cent per kilowatt hour in the Railbelt translates to approximately $1.7 million in additional PCE subsidies to the 193 rural villages. Mr. Hickey noted that 39.8% of the people on the Railbelt live in a Native Tribal statistical area or in disadvantaged communities, which works well for the community benefit plan.

Mr. Izzo discussed that there is a material cost impact on the communities and consumers of after-tax dollars for outages, including the outage that is planned next summer for grid upgrades. The disconnection from Bradley Lake for three months due to the Swan Lake fire cost $12 million more in fuel. Mr. Izzo commented that the cost impact will increase as the cost of energy increases. Mr. Hickey added that hydro power should probably be utilized, rather than the precious Cook Inlet natural gas, but there is no way currently to get to the hydro power.

Mr. Guy responded to a previous comment regarding PCE. He noted for the record that PCE only applies to households and even with PCE, the cost is three to four times more than the cost on the Railbelt. The commercial entities, including the Alaska Native Corporations (ANC) do not receive any benefit from PCE.

Dr. Whitney expressed appreciation for the presentation. She discussed that the mission is to decrease the cost of power. She asked if Mr. Hickey has quantitative projections for how these improvements will decrease the cost of power on the Railbelt. Mr. Hickey discussed that the projection included in the applications to DOE reflect that real-time control of both battery energy storage and HVDC and the transmission lines to make those possible would reduce the cost of fuel and purchased power by roughly 10% to 15%. However, the cost of fuel and purchased power comprises 40% of the rates, and not necessarily the base rates. The caveat is that further in-depth cost modeling needs to be performed. Dr. Whitney asked for the timeline to complete all of the upgrades in order to realize the decrease discussed. Mr. Hickey explained that the total completion of the entire GMRP is 12 years to 15 years. The DOE requires that the funding from the GRIP Funding Opportunity Announcements (FOA) are completed in eight years. Permitting will be the driver of completion time, including the National Environmental Policy Act (NEPA) process. Dr. Whitney commented on the importance of understanding how much the base rates would decrease upon completion of the upgrades, as well as the consideration of the timeframe and the current natural gas situation.

Mr. Hickey reviewed the national importance for the federal government to assist the State in upgrading the Alaska grid. He explained the graphic showing the map and legend of the GMRP. The second transmission line is yellow and would run from Nikiski near Bernice Lake to Healy. This line is Topic 3 Railbelt Innovative Resiliency project (RIR) of the FOA. A high voltage DC submarine cable would go from Nikiski to Beluga under Cook Inlet. One of the three Battery Energy Storage Systems (BESS) is installed in the southern region. The other two BESS would be installed in the central region and in the northern region within Topic 3 of the FOA. The existing transmission line is rust-colored and would be rebuilt to 230 kV, under Topic 1 Railbelt Backbone Reconstruction (RBR) of the FOA. An additional transmission line, also Topic 3 and in yellow, is the roadbelt intertie and would run from O'Neil Tap to Glennallen to Fort Greely. A potential project off of that line is about 45 miles north of Valdez and is approximately the size of the Bradley Lake project. Topic 2 is the Smart Grid, which controls the BESS/HVDC system to minimize fuel burn and maximize economic dispatch.

Mr. Hickey informed that the concept papers on all three topics were submitted in December and January. Matanuska Electric Association (MEA) filed on behalf of the team for Topics 1 and 2. The State was the eligible entity for Topic 3. All three concept papers were requested to submit full applications for these competitive grants. Mr. Hickey reviewed the requested amounts and required match amounts. He reiterated that the GMRP must be the State's plan and priority. Mr. Hickey explained that access to federal funding is contingent on catalyzation and deployment of additional capital.

Mr. Hickey emphasized that the GRIP program is very competitive and there is no certainty that funding will be received. The State is investigating the USDA's Powering Affordable Clean Energy (PACE) funding and Next ERA funding, as well as the US Treasury's ITC and PTC direct pay. The regulations are due to for release on August 14, 2023.

Mr. Hanneman asked if Topic 3 could be completed partially if the funding was not available for the entire completion. Mr. Hickey noted that slide 13 shows the current funding cycle for Topic 3, which only includes the transmission line from Soldotna to Healy. The transmission line from Sutton to Fort Greely would be requested and applied for in a later Topic 3 funding cycle.

Mr. Hickey noted that information is included in the presentation regarding the Community Benefit Plan and the Justice 40 Initiative. He reviewed the projected timeline for the GRIP selection process, as shown in the presentation.

Mr. Mitchell emphasized that the Railbelt is a cornerstone of Alaska. In order to move forward with energy strategies, including solar and wind, the Railbelt transmission issues must be remedied. Mr. Mitchell congratulated Vice-Chair Thayer for submitting comments to the National Transmission Needs Study. Alaska had been left out. Mr. Mitchell informed that Alaska has 1,697 miles of high and medium voltage line and needs to have the federal funding investment. He noted that Puerto Rico has 2,600 miles of lines and received an allocation to rebuild their lines after a hurricane.

Mr. Mitchell encouraged Mr. Hickey to work with tribal areas under the Substantially Underserved Tribal Areas (SUTA). He asked if Copper Valley is in the plan to be combined with the Railbelt. Mr. Hickey explained that Topic 3 would interconnect Copper Valley to the Railbelt grid, as well as allowing potential access to other river projects. Mr. Mitchell asked if Topic 3 will be completed within a roaded system or if any of the upgrades will be on RS2477 roads, both of which have State primacy regarding permitting. Mr. Hickey noted that the current plan for the line from Soldotna to Healy would follow the existing AK LNG right-of-way. He gave examples of the reasons to support that decision. The roadbelt intertie would follow the DOT right-of-way in some places from Sutton to Fort Greely.

Mr. Mitchell requested follow-up on quantifying the cost savings. He suggested creating a spreadsheet to show those savings. Mr. Mitchell believes that Department of Defense (DOD) is an important component in this process with the five military installations in Alaska. He recommended that DOD decision-makers are brought into the group to assist in requesting funds from Congress. Mr. Mitchell asked if there is a Plan B to go to Congress if none of the competitive funding is granted.

Representative Rauscher commented that he has been attending meetings with the representative for the Intertie and with Senator Sullivan for the last four years and there has been little interest from DOD to allocate funding for the Intertie.

Vice-Chair Thayer requested Mr. Hickey respond to Mr. Mitchell’s comments. Mr. Hickey explained that the plan is to proceed in sequence with the four GRIP funding cycles, as well as working with the New ERA to fund transmission. Additionally, there is $14 million in grant funding. This plan to create a fuel divers Railbelt must be a State plan. Mr. Mitchell expressed appreciation for the efforts and noted he is an outsider looking in. He suggested that the full names of the projects are listed, rather than the acronyms of RBR and RIR. He looks forward to continued progress.

Mr. Simms commented on the comparison between Puerto Rico and Alaska is the important component is that Puerto Rico has a population of approximately 3.2 million. One of the challenges of Alaska is the low population and low demand.

Dr. Whitney commented that she is the DOE representative in Alaska. Her simplified calculation of savings, based on Mr. Hickey's comments of a 10% to 15% cost reduction to 40% of the Railbelt rate structure, would equate to a savings of 4% to 6% to the total rate. Based on a Railbelt rate of .20 cents per kWh, the savings are less than .02 cents per kWh. She understands the additional reasons to move forward and requests that a detailed cost reduction calculation is provided for the benefit of the group. Dr. Whitney expressed appreciation to Vice-Chair Thayer for his contributions to the National Transmission Needs Study. She applauded the University and ACEP for their contributions to the National Transmission Needs Study report, as well.

Commissioner Kurber asked if the project to expand Bradley Lake is integrated into this transmission build-out. Vice-Chair Thayer agreed. He explained that AEA received funding from the Legislature and the Governor to begin the studies on the Dixon Diversion project to see if the 50% expansion of Bradley Lake power is possible. The required project work for transmission line upgrades off the Kenai Peninsula to Southcentral Alaska are needed if the expansion of Bradley Lake occurred. AEA and the utilities have $166 million in bonded funds for that required project work. Vice-Chair Thayer commented that Bryan Carey, AEA, is instrumental with the Dixon Diversion project and can provide additional information to the Task Force.

Mr. Izzo expressed appreciation to Mr. Hickey and the team for focusing efforts on these issues. He commented on the urgency of resolving the issues. Mr. Izzo noted that professionally, he is held accountable for meeting the conditions of the Certificate of Public Convenience and Necessity (CPCN) to provide the essential service of uninterrupted power to approximately 20% of Alaska's population. While cost is critical, the transmission lines are linked to much more than the ability to reduce cost. Mr. Izzo discussed that GVEA has a strategic generation plan and is looking to shut down Healy 2. However, GVEA cannot replace that generation or any generation without a second line going north. He emphasized that MEA's gas contract ends April 1, 2028. The serious concern is that he is unable to say that MEA can provide reliable, affordable, safe power in five years.

Mr. Izzo discussed the uncertainty of the natural gas supply according to Hilcorp. MEA needs the highway to move power into the region and to consider cost effective and scalable power generation, like the two large wind projects that are under current evaluation. Mr. Izzo noted that he is beyond viewing the transmission upgrades as a cost-value proposition. It is an absolute necessity. He explained that Alaska is a N-1 state and does not have a first world power system like the Lower 48. N-1 means that the system can handle one contingency and still maintain power. A second problem would cause disruptions.

Mr. Koplin commented that his understanding is the strategic transmission upgrades will provide cost savings, efficiency, and will open access to other renewable energy sources, which will be needed in the future.

Mr. White requested clarification regarding the transmission line from Sutton to Glennallen that it is not included in Topic 3, but is subject to a future Topic 3 proposal. Mr. Hickey agreed. Mr. White asked for a specific timeline for the transmission line from Sutton to Glennallen. He commented that heat is also a factor in the conversation of heat and power and air quality. Mr. Hickey explained that the Railbelt Intertie is considered under Topic 3, but not in the current funding cycle. There are four funding cycles in Topic 3. The application for the line from Soldotna to Healy is within the current funding cycle. It is anticipated that the Railbelt interconnection would be applied for the third funding cycle of 2026.

Mr. Hanneman expressed appreciation for the efforts in the Railbelt and the comments regarding the long-term importance of the Intertie for Alaska. He discussed that the Governor's specific charge and primary focus for the Task Force was to provide recommendations to get to 10-cent power. Mr. Hanneman stated that the Task Force should either consciously set aside the cost objective of the Governor's charge or the Task Force needs to move forward to provide recommendations to get to 10-cent power. Both cannot be done.

Vice-Chair Thayer believes that the Governor is looking for all options to be on the table, including the identification of the roadblocks to get to 10-cent power and how to work around the roadblocks. He believes it is key for the Task Force to consider redundancy and the reliability of the power. He noted that if 10-cent power is achievable, but there are no transmission lines to deliver the power, it is not meaningful to communities.

Mr. Guy expressed support for Mr. Hanneman's comments and noted the goal of 10-cent power for all of Alaska. Mr. Guy reiterated his request for full-day meetings for the Task Force. He does not believe the two-hour meetings will be effective in achieving the goal. He does not believe the subcommittee structure will be effective in achieving the goal. Mr. Guy informed that he submitted a plan to the previous Governor's Assistant, Mr. Espindola, and requested that it be disseminated to members. If any member has not received it, he will provide it. Vice-Chair Thayer indicated that he has not seen it. He noted that if Mr. Guy provides it to him, it will be shared with the Task Force members.

Mr. Guy reiterated the focus of the Task Force in getting to 10-cent power for all Alaska. The previous comments have underscored the fact that Alaska has many potential power sources throughout the state that can be utilized. He gave the example of a hydro power project that the State Legislature stopped. He emphasized that rural power systems can help development throughout the state and within rural Alaska. Mr. Guy commented that because of the cost of living advantages in the urban areas, people are moving from rural Alaska to the urban areas.

Commissioner Brune acknowledged Mr. Hanneman's and Mr. Guy's comments regarding the Governor's charge to focus on 10-cent power. He believes it is imperative that the Task Force focus on the Governor's original charge. He discussed the importance of decreasing costs and timelines from a regulatory perspective. Commissioner Brune expressed excitement regarding the efforts for primacy and the Supreme Court's decision whereby significant portions of Alaska are no longer under jurisdictional wetlands, allowing development to occur without the oversight of the Corps of Engineers or the EPA. Commissioner Brune noted Mr. Izzo's earlier comment regarding the air quality issues in the Interior. He believes that it is important for the Task Force members to understand that 85% to 95% of the cause of the air quality problems in Fairbanks is due to wood smoke. Commissioner Brune clarified for the record that the $200 million to $300 million in upgrades for the utilities in Fairbanks that may be required by the EPA will only provide a miniscule impact on the air quality in Fairbanks. He reiterated the importance that the Task Force focus on the Governor's charge.

Mr. Izzo agreed with Commissioner Brune regarding the primary cause of air quality problems in Fairbanks. Mr. Izzo explained that he was discussing the entire landscape of the ongoing issues and did not mean to connect the two issues. Mr. Izzo agreed with the comments of Mr. Guy and that the Task Force should stay focused on the Governor's charge to reduce power statewide. Mr. Izzo believes the 10-cent power goal is achievable, and the questions that need to be answered are when and how. He commented on the importance of triaging the immediate needs of the system, while focusing on achieving the 10-cent power goal. There were no other comments or questions.

c. Rural Alaska Microgrid Transformation IIJA GRIP Opportunity

Vice-Chair Thayer introduced Rebecca Garrett, AEA Rural Programs Manager, who spearheaded the IIJA GRIP effort that was submitted to DOE. Ms. Garrett described the application under GRIP 3 for the Rural Alaska Microgrid Transformation program. She discussed AEA's mission statement guides her daily work and guided the application process. The program will open to requests for applications (RFA) for transformative projects in rural communities for replacing diesel generator microgrids. The goal includes lowering the cost of energy in disadvantaged communities while reducing carbon emissions. Local wind, solar, and hydro microgrid projects with battery storage systems will hopefully apply and will decrease the communities' reliance on diesel fuels.

Ms. Garrett reviewed a map in the presentation that shows the different potential of alternative projects in Alaska. Large funding sources are needed to reach Alaska's potential and make it affordable to implement the projects. AEA utilized its different teams and sections to develop the program, as well as partnering with ACEP, Alaska Municipal League, and Alaska Native Tribal Health Consortium (ANTHC). The program is slated for 96 months. The first year would be dedicated to planning and initiating the RFA. The next six years would be for project development and implementation, and the final year would review project results.

Ms. Garrett showed an initial list of potentially viable projects. The list does not include project names because an RFA has not yet been issued. If all the projects shown were implemented, approximately 6.8 million gallons of diesel annually would be displaced. If the program is successful, the award will be announced in the fall of 2023, and funds would subsequently be received in 2024. The full request is $250 million and requires a 100% match. The Governor has provided a letter of support. AEA would also seek other ways to provide the match, including the REF.

Mr. Guy asked if the plan would allow for major developments to occur in rural Alaska, including a data center. Ms. Garrett indicated that the applications for the plan require that renewable power is utilized for the power generation in rural Alaska. Mr. Guy commented on a potential major project in the region that has been in the works for over 25 years. The cost of power is the biggest reason the project has not moved forward because there is no available power to support the project. Ms. Garrett believes that project could be a potential contender to utilize the program, as long as renewable energy was utilized as a power source.

Mr. Koplin commented that the Power Project Loan Fund contains many hydro projects. He believes that it is important to spread the cost of longer periods of time, such as 30-year terms, for hydro projects. Additionally, with interest rates rising, it is important to have a lower interest rate to help the project's up front costs.

Senator Bishop commented that many members have been in his office and have seen the State Energy Plan. He suggested that going forward, the Task Force could break out and begin analytical discussions, especially relating to Mr. Guy's comments on rural energy. The Governor's renewable energy bill includes funding streams for the more than 180 microgrids in rural Alaska.

Mr. Hanneman reiterated his previous request for a list of the rural power generation sources, including the 180 microgrids, their total generation amounts, their approximate costs, and if they are subsidized by PCE. He noted this information would be helpful to understand ways that renewables energy source could be utilized. Vice-Chair Thayer indicated that PCE annual fiscal report is delineated by community. He noted that information is on the website, and he will email the link to all of the Task Force members. There were no additional comments or questions.

d. Regulatory Commission of Alaska / Alaska Energy Authority Power Cost Equalization (PCE)

Vice-Chair Thayer asked the Task Force members for feedback on whether the next presentation is given or for the sake of time, forego the next presentation and move on.

Mr. Guy restated that he appreciates the reports, but he would much rather focus the efforts on the work to achieve the goal. He reiterated that PCE is not a solution for rural Alaska and will never be a solution for rural Alaska. Mr. Guy requested that Task Force members and State workers take note that PCE is not a solution. He requested that PCE is not extended. He discussed that rural businesses cannot use PCE and are faced with high costs to do business, which is preventing growth and job creation. The cost of power is prohibitive.

Vice-Chair Thayer mentioned that PCE is a legislative program that began in 1980. It provided $48 million this year. The first 750 kW of residential power is based on the weighted average cost of power on the Railbelt. Mr. Guy commented that PCE was intended to equalize the projects that were built for urban Alaska and the Railbelt, but PCE has never been equal. Vice-Chair Thayer gave a brief explanation of the PCE program that was established by the Legislature. He noted that the RCA follows statutes and regulations. He believes it is important to consult with the RCA to possibly identify statutes and regulations that could be changed to help lower the cost of energy.

Commissioner Kurber, Chairman of RCA, expressed appreciation to Mr. Guy for his educational comments and explanations. Commissioner Kurber reviewed his presentation beginning with an overview and brief history of the RCA from its beginnings as the Alaska Public Service Commission until it changed to RCA in 1999. He discussed the organizational structure of the RCA and described the responsibilities of the three different sections within the organization. Commissioner Kurber explained that the five Commissioners are appointed by the Governor, confirmed by the Legislature, and serve for six-year terms. He noted that Commissioner Janis Wilson is a three-time appointee and has served for 18 years. Additionally, Commissioner Robert Picket is a three-time appointee and has served for 16 years.

Commissioner Kurberg highlighted the importance of RCA's mission statement that safe, efficient and reliable utility and pipeline services are provided to the public at just and reasonable rates, thereby protecting consumer interests and promoting economic development. He noted that implicit to the public receiving just and reasonable rates, is the survival of the utility. Absent the utility, there is an existential threat of no service.

The question was asked regarding the rate increases in the Village of Aniak. Commissioner Kurberg explained that Aniak Light and Power were behind on their RCA filings and once the filings became up to date, it was revealed that Aniak was under-recovering their rates. This has created a short-term and very painful situation. The high cost of diesel fuel has also contributed to the high rates. The balancing account grew in size and needs to be reduced. The primary issues that have created the situation are accounting and untimely filings. The RCA has requested Aniak to file more frequently in order to expedite the downward turn of the rates. Commissioner Kurberg acknowledged that the pricing situation is a big issue. In accordance with their tariffs and their COPA filing, the math is revealing, and the hope is that it will be a very short-term surge.

A comment was made for the record that Aniak is not the only village where price surges are occurring and there may be additional villages that do not have the wherewithal anymore to run their power systems. He suggested that the issue is discussed in depth at a later time and that possibilities are considered for villages to be under a larger umbrella to address these sorts of issues.

Commissioner Kurberg reviewed that the ex parte rule is a considerable issue when people wondering why the RCA will not talk. If the RCA has a filing that requires adjudication, the RCA walls off the matter so that it does not appear that undue influence is used for a decision. This is directed by statute. Commissioner Kurberg gave a simplified explanation of PCE. He agreed that PCE is not a long-term solution because it only applies to residential customers, and it does not support small businesses.

Commissioner Kurberg discussed the work ongoing with telecommunications issues regarding the Alaska Universal Service Fund (AUSF). He noted RCA is within the public notice period and so he cannot provide much information. There is a fact sheet on the website regarding the AUSF. The program was permissive and not directed. It was established years ago to help ensure long distance telephone service in the state. The controversial question for Commissioner Kurberg is, "What is a telephone?" Commissioner Kurberg discussed another issue regards Senate Bill 83, which passed before he became a Commissioner. He noted that RCA sent a regulation and rates review packet to the Department of Law (DOL) in November of 2021, and a finding has not yet been sent back to the RCA. He noted that RCA does not set DOL priorities.

Commissioner Kurberg stated that the Electric Reliability Organization (ERO) has been certificated as of the end of 2022. An initial budget was set to allow for key members to establish the organization. Hearings are upcoming and he is looking forward to the developments. Commissioner Kurberg commented on the issue of struggling utilities and the compounding issue of aging infrastructure. He highlighted the excellent performance of Alaska Village Electric Cooperative (AVEC) in assuming responsibility for rural power utilities and increasing their functionality. Commissioner Kurberg informed that AVEC has its limitations and cannot get into all of the villages. He emphasized that the Task Force must understand and consider that rural issues and struggles are very different from urban issues and struggles when discussing how to reach the goal of 10-cent power.

Commissioner Kurberg discussed the Renewable Portfolio Standard (RPS) brought by the Governor in the last legislative session did not pass. He wanted to make the Task Force aware that there are currently two RPS in the House and the Senate, which can have impacts on rate schemes or structures. Commissioner Kurberg repeated the known concerns regarding the issues with the Cook Inlet gas supply. He discussed RCA staffing issues and statutory cap. RCA is unique in that it does not receive any general fund appropriations. Commissioner Kurberg explained that the RCA is funded through Regulatory Cost Charges (RCC). He gave an anecdotal example of his recent payment of about .70 cents for RCC on his last month's GVEA bill of approximately $200. Commissioner Kurber informed that in order for RCA to be able to hire at full capacity, a legislative proposal is underway with Department of Commerce, Community and Economic Development (DCCED).

Commissioner Kurberg emphasized that the RCA regulates the utilities, but does not run the utilities. One of the underpinnings of regulatory law requires that the utility is provided an opportunity to earn a profit. It is a little different for co-ops because they have a different way of measuring. Commissioner Kurberg wants the Task Force to consider the RCA's mission during the process in achieving the goal of 10-cent power. He believes hydro projects can potentially help in achieving the goal. He noted that personally, not speaking for the Commission, that he is intrigued by the possible capabilities of advanced nuclear and the impact it could have on reaching the 10-cent power goal. There were no additional comments or questions.

e. Renewable Energy Fund – Round 16 Kickoff

Vice-Chair Thayer indicated that the REF presentation is available online for review. He noted that Round 16 will open tomorrow. The Legislature funded $17 million of projects this year and over 80% of those are going to rural Alaska.

Senator Bishop commented that 12 years ago, he, Senator Hoffman, Senator Dunleavy, and Senator Olson amended the gas line bill to direct 20% of the revenue generated from the gas line to the Alaska Energy Fund goes to rural Alaska. He noted that the same verbiage was included for 20% of the revenue generated from the carbon offset program is set aside to go to the REF for rural projects.

f. Cook Inlet Gas - Enstar

Vice-Chair Thayer requested Mr. Simms provide the update on the Phase 1 Study. Mr. Simms discussed that the update is for the awareness of the Task Force members. He reiterated that in April of 2022, Hilcorp informed the utilities that they no longer have line of sight into gas supplies for the future and cannot extend current contracts. Most of the Railbelt electric utilities' contracts expire April 1, of 2028. He noted that Enstar's contract expires April 1, 2033. HEA's contract expires in 2024. Mr. Simms explained that the utilities have been working collaboratively and have hired a third-party consultant for the Phase 1 Study to review the available options for gas supply in the future. The study with the top three options will be presented tomorrow at RCA's public meeting. Mr. Simms noted the information will be available on the website and a press release will be issued. He discussed that the cost perspective of the options matter and the utilities continue to make sure they can provide reliable service to all of the customers.

Vice-Chair Thayer indicated that the Phase 1 Study will be provided to the Task Force members and will be posted on the website. There were no questions or comments.

5. July – September Meeting Schedule

Vice-Chair Thayer noted that the proposed work schedule calls for a Task Force meeting every three weeks on Tuesdays. This is in conjunction with a subcommittee process and public comment periods. He understands there is a desire to conduct full-day meetings. Vice-Chair Thayer requested feedback from the Task Force regarding the proposed schedule, and to indicate specific days that can be assigned as full-day meetings. Vice-Chair Thayer noted that discussion can occur now, or members can review and provide feedback later.

Mr. Simms recommended that the Task Force meeting schedule is set in advance and members could adjust their calendars accordingly as agreed when the commitment was made to be part of the Task Force.

A member agreed, and suggested that during a meeting in the middle of the timeframe, focus can be allocated to take stock of the progress and set the path for completion.

Mr. Hanneman concurred with the previous comments to set the schedule. He expressed concern regarding premature initiation of subcommittee groups before background information and strategic discussions occur.

Mr. Venables concurred with the previous comments to set the schedule. He suggested that a longer meeting could take place every two or three meetings. There were no additional comments.

6. Support

a. Black & Veatch

Vice-Chair Thayer noted that Black & Veatch are consultants under contract with the Governor's Office. They were requested to attend the meeting today. However, no representative responded when called upon. Vice-Chair Thayer asked Mr. Jensen to provide back information. Mr. Jensen indicated that Black & Veatch has a contract with the Governor's Office for support for the Office of Energy Innovation that does include support for the Task Force. A representative is expected to call in soon. Black & Veatch will help facilitate the subcommittee meetings, as well as provide technical, expert analysis and evaluation regarding different energy source scenarios. Vice-Chair Thayer indicated that the meeting could return to this agenda item once the representative is on the line.

b. Michael Baker International

Vice-Chair Thayer requested Jeff Baker, of Michael Baker International (Michael Baker), to introduce himself and provide an overview of their services. Mr. Baker indicated that he is not related to Michael Baker, and it is a coincidence that he is the Senior Executive in Alaska. He discussed that Michael Baker is a national engineering company that provides multi-discipline consulting services. They have been supporting AEA on a number of projects over the last few years and were requested by AEA to help assist and facilitate this work. Michael Baker has offices both in Anchorage and in Fairbanks with approximately 60 employees based in Alaska.

Mr. Baker discussed that their capabilities include highways and aviation, oil and gas, water resources, technology and GIS, environmental, and public involvement. Clients in Alaska include DOT, Alaska Railroad, Port of Anchorage, and North Slope suppliers of oil and gas. Michael Baker's planning and resilience group consists of approximately 300 employees nationwide. Mr. Baker noted that the group will support the Task Force meetings and subcommittee meetings to develop a roadmap to produce the deliverables, to assist with the public involvement and outreach, and to assist with the meeting coordination. Primary work will be focused on the regulatory and statutes subcommittee, regional generation subcommittee, and the coastal generation subcommittee. Mr. Baker introduced members of his team who were present.

Mr. Guy expressed appreciation for the information on the scope of the consultant's work and experience. He suggested that representatives from roads, highways, and broadband should be included in the conversations. He commented on the discussions that occurred at the Governor's Energy Conference regarding prospective tidal energy capabilities. Mr. Guy believes that the consultant's breadth of experience could benefit the Task Force by focusing attention on utilizing tidal energy. There were no additional comments.

7. **Subcommittee Formation**

    a. **Assignments of Chairs and Co-Chairs**
    b. **Tasking / scope of work**
    c. **Support**

Vice-Chair Thayer noted previous comments regarding the formation of subcommittees. He requested that Vice-Chair Koplin lead the discussion regarding the thought processes behind the subcommittees. Vice-Chair Koplin stated that he wants to be sensitive to Mr. Hanneman's comments. He explained that the goal of 10-cent power is a goal that almost no one has achieved. Alaska will have to do many things, including solving problems that have not been solved previously. He sees value in utilizing the diversity of professional backgrounds, expertise, and insights within a subcommittee structure to examine the particular areas to reach the goal of 10-cent power.

Vice-Chair Koplin suggested that each subcommittee task themselves with reviewing the big picture of the problems and solutions. This includes identifying actions that have not worked in the past and offering possible remedies for the future. He believes the subcommittee structure can be successful, particularly if the members in each subcommittee stay on task and focus on the goal of 10-cent power by identifying the issues that need to be solved and the opportunities available.

Vice-Chair Koplin indicated that the structure is mapped out on page six of the packet. He suggested moving forward with the subcommittees as structured. The intent is that the Chairs and Co-Chairs will bring in other subject matter experts or recommend other Committee members to work on the subcommittee tasks. The Chairs and Co-Chairs will bring their subcommittee elements before the Task Force and continue to make progress.

A member asked if the Incentives and Subsidies Subcommittee focuses on money. Vice-Chair Thayer agreed. The member added that State participation must be included. He believes it should be Financing, Incentives, and Subsidies Subcommittee. He noted that he is an ex officio member, but he becomes a voting member regarding financing. The member requested the Chairs of the subcommittee bring in financial experts. He believes that ultimately, money will drive the plan.

Vice-Chair Thayer discussed that assignment of subcommittees focused on identifying the Co-Chairs. Members can serve on any subcommittee. Additionally, subcommittee members can be subject matter experts recommended by ACEP, by the Governor's Office, and individuals who had expressed interest in serving on the Task Force. The subcommittee will bring their information before the Task Force and the Task Force will discuss and make the final decisions regarding the draft of how to reach the primary goal.

Mr. Guy declared again that he is not happy with the subcommittee structure as presented because of the regional focus. He believes the overarching goal is to connect the entire state with one grid.

Vice-Chair Thayer suggested that members review the subcommittee structure and provide feedback to the subject matter expert facilitators of the subcommittees, Michael Baker and Black & Veatch.

Mr. Izzo indicated that support from Michael Baker is not listed under the Railbelt Subcommittee, and he assumes that information was cut off. Vice-Chair Thayer agreed that Michael Baker was inadvertently left off and would be included as support.

Vice-Chair Thayer explained that when AEA or ACEP is included as an observer, the representative will be available to help answer specific questions and to gather information in addition to the contractors. He noted that AEA included the management team within the subcommittees. For instance, if the subcommittee has questions regarding IIJA, it is important for Ms. Bell to be in the room to answer the question or to return the answer quickly.

Mr. Boyle requested to join the Statutes and Regulations Reform Subcommittee, and he listed two other subcommittees that he would like to serve on.

Mr. Hanneman expressed appreciation to Vice-Chair Thayer for his explanation of the structure and the flexibility envisioned. He offered to also participate in the Railbelt Generation, Transmission, and Storage Subcommittee.

Mr. Mitchell indicated that he would also like to serve on the Subsidies Subcommittee. He asked for clarification regarding the meeting expectations and support mechanisms of the contractor Michael Baker. Vice-Chair Thayer explained that the subcommittee meetings have to be publicly noticed and held in a public setting. The meetings can be hosted at AEA and conducted through Teams and in-person. The meetings will be recorded, and the recording will be available to the public. The full Task Force meetings have minutes and the recording publicly available.
Vice-Chair Thayer asked Mr. Baker to give an overview of their expected support. Mr. Baker noted that their efforts will be split into two categories. One will focus on working with the subcommittees on the deliverables, and the other is the public outreach portion.

Vice-Chair Thayer asked if the representative from Black & Veatch is available. The representative introduced herself and gave her professional background. She highlighted the energy related support provided to the State over the years. She indicated that Black & Veatch is an Engineering, Procurement, Consulting (EPC) company and can support any technical needs of the committee. They have expertise related to understanding the costs and operational practices of various energy solutions.

Dr. Whitney suggested that it may be more expeditious if after this meeting, members email Vice-Chair Thayer and indicate their subcommittee interests. Vice-Chair Thayer agreed.

Mr. Jensen reminded all members to use the info@akenergysecuritytaskforce.com when communicating with the Task Force to preserve the records.

8. Discussion – Webinar Topics

Vice-Chair Thayer discussed the findings from the member survey regarding the interest and topics that could be covered in webinar format. He noted that the survey also reflected the desire to conduct longer meetings during the work week. Vice-Chair Thayer discussed the proposed energy symposium informational sessions on identified topics would be supported by ACEP and recorded for members and for the public. The informational sessions are not a requirement of the committee

9. Subcommittee formation

A member explained his understanding that the listed subcommittee formation has been provided. Members can email to join other subcommittees, and the subcommittees can begin work immediately. Vice-Chair Thayer agreed. The member suggested that a template meeting document agenda is used. The Chairs and Co-Chairs will utilize Black & Veatch and Michael Baker to support the topics that are listed for each subcommittee. The contractors will be tasked with meeting the goals of each subcommittee. He reviewed that the subcommittees would have the flexibility to address the issues and then bring the problems, solutions, and contributions to the Task Force. Vice-Chair Thayer agreed.

Commissioner Kurber requested clarification regarding the time commitment. He asked if the meetings on the schedule include breakout times or will the Chairs of the subcommittees need to set up separate meetings. Vice-Chair Thayer envisioned that during the scheduled meetings of the whole, there will be break-out sessions for the different subcommittees and then the whole would regroup in the afternoon to discuss the outstanding issue. Vice-Chair Thayer informed that some of the subcommittees will want to meet independently outside of the listed schedule of Task Force meetings. The subcommittee Chair and members would decide those meeting dates and times.

Mr. Jensen suggested that members work with the Co-Chairs to determine which subcommittee or subcommittees they will serve on, and then the subcommittee utilize the services of Michael Baker to help with conforming with the Open Meetings Act and notice requirements of the subcommittee meetings, which could be weekly. Mr. Jensen discussed that the subcommittees could then report to the full Task Force at the meeting of the full every three weeks.

A member suggested that each of the subcommittees provide a succinct overview of each meeting containing four or five bullet points of the most pressing items to the Task Force as a whole.

Mr. Hanneman expressed his understanding of the need for subcommittees to begin grinding on the issues. However, he feels that the identified purpose and deliverables do not consider the big picture perspective to achieve the bold goal of 10-cent power, rather they fit into the category of supporting the status quo. Mr. Hanneman recommended that the Task Force allocate time at a meeting to brainstorm and inquire of each member what is art of possibilities from their perspective, and possibly recast the focus of the commission into a more creative way. Vice-Chair Thayer agreed and suggested that a brainstorming session could occur at the next meeting, July 18. A longer meeting could occur on August 8.

10. Adjourn

Vice-Chair Thayer requested a roundtable for closing comments. Members provided closing comments.

There being no further business of the Task Force, the Alaska Energy Security Task Force meeting adjourned at 4:26 pm.