

Alaska Energy Security Task Force
MEETING MINUTES
Tuesday, August 29, 2023
Matanuska Electric Association
163 E. Industrial Way
Palmer, Alaska 99645
and via Teams Meeting

1. Welcome and Introductions

Vice-Chair Curtis Thayer called the meeting of the Alaska Energy Security Task Force (AESTF) to order on August 29, 2023, at 10:03 a.m.. He thanked Tony Izzo and staff at MEA headquarters in Palmer for hosting the task force meeting today. Mr. Izzo provided a safety moment to meeting attendees.

2. Roll Call

Members present: Vice-Chair Curtis Thayer; Clay Koplin; Nils Andreassen (on Teams); Karl Hanneman (on Teams); Tony Izzo; Jenn Miller (on Teams); Duff Mitchell; John Sims (on Teams); Isaac Vanderburg; Robert Venables; Senator Click Bishop (Ex Officio--on Teams); Keith Kurber (Commissioner, Ex Officio--on Teams); Erin Whitney (Ex Officio).

Vice-Chair Thayer recognized Mr. Bill Kendig, who serves on the Alaska Energy Authority (AEA) Board of Directors in the audience. He thanked Mr. Kendig for his attendance and support of the task force. And while Commissioners from DEC and DNR are unable to participate today, we do have staff from those departments in attendance online through Teams.

3. Prior Meeting Minutes – August 8, 2023

MOTION: Duff Mitchell made a motion to approve the Minutes of August 8, 2023, as presented. Motion seconded by Tony Izzo.

A roll call vote was taken, and the motion to approve the Minutes of August 8, 2023, passed without objection.

4. State Energy Data Subcommittee Presentation

Vice-Chair Thayer stated that UAF recently hosted a two2-day technical work session for the Energy Data Subcommittee. Erin Whitney is representing the chair of the subcommittee, Chancellor Dan White, and has an update for us.

Ms. Whitney stated Brittney Smart from Alaska Center for Energy and Power (ACEP) put today's presentation together. Subcommittee member Conner Erickson is present in the room. While

Brittney isn't in attendance today, she is available to answer Task Force Member's questions as they come up later.

The purpose of the Energy Data Subcommittee is to support the Task Force in establishing a statewide energy plan. Today's presentation is meant to foster discussions and feedback from Task Force members. ACEP is leading the effort to establish a baseline energy portfolio for the State of Alaska through work to update the Alaska Energy statistics workbook and report. Currently, the Workbook has been released for peer review and a full report is expected in December. If you recall, at the last Task Force meeting, Gwen Holdmann gave a presentation on some of those products and outputs and some of the examples of the analyses that can be done with that.

The other purpose of the Energy Data Subcommittee is to develop and maintain a public database by identifying data resources, ownership, availability, and to look at various materials, systems, products, and platforms for the data equipment systems. One way the Task Force shares energy data is through its web site, which ACEP maintains.

The Energy Data Subcommittee's deliverable is to determine the energy data out there along with who owns it, is it available or not available and to inventory the whole data ecosystem, as in how we get the data, how we manage the data, how it's distributed, analyzed, supported, and where we need improvement. To assist the Subcommittee, a technical advisory group was formed of folks from the university, private stakeholders, federal and state agencies. Brittney Smart of ACEP is the chair of this technical working group. In mid-August, the technical working group held a two-day retreat to discuss strategies to provide input for the Subcommittee's deliverable.

For Day 1, the group decided that they needed to define energy data before delving into all things related to energy data. This is what they came up with.

Energy data is information about how electricity feeds and transportation fuels are sourced, generated, stored, distributed, used, and governed and the impacts on the built, natural, and socio-economic environments.

The technical working group then developed an analysis of data users and data needs through SWOT or Strength, Weakness, Opportunities and Threshold analysis, per below.

Strength - There is valuable energy data in the state that is needed for our decision making maneuvers. It already exists--especially for electrical energy.

Weakness - Data can be inconsistent. Inaccessible, hard to get, in strange formats; thermal heating, transportation data sets are sometimes missing.

Opportunities - increasing collaboration and data sharing so that we can have more seamless and transparent conversations and exchange of these products.

Thrust - includes security. Sometimes data is sensitive; access is limited, and data disappears, depending on who owns it.

Day 2 was spent on developing recommendations and the technical group came up with the following four prioritized recommendations:

Recommendation 1 - establish a data department within the Alaska Energy Authority, as the State's energy institution. To codify as a central repository authority on state energy data. This would be long-lasting, stable, and can be funded to be effective.

Recommendation 2 - establish an energy data governance committee. Governance means protocols on how data is collected, quality of data, how it's stored, how it's used, how it's accessed. Important to have some uniformity in these different categories of data production and usage so it's accessible when needed.

Recommendation 3 - fund data capacity. The capacity to collect data, store data, manage, the tools to analyze it. These all take investment in tools and a work force.

Recommendation 4 - to improve existing energy data and collect new and needed data. This refers to some of the gaps we have in currently available energy data.

The technical advisory group also concluded that there is a lack of sufficient funding and staffing to meet the needs of having a fully realized data ecosystem in the state. There was a lot of internal debate among group members about how strongly to word the need and how descriptive to make it. The Energy Subcommittee would like some feedback from the Task Force to develop a stronger statement regarding the importance of ongoing funding for all aspects of energy data.

Ms. Whitney concluded the presentation by stating that the presentation slides will be distributed to Task Force members. The Energy Subcommittee welcomes comments, questions, suggestions, and feedback from Task Force members.

Vice-Chair Thayer asked if there were any questions on the data report.

Mr. Mitchell stated great work. He asked about the timeline for the subcommittee to execute the recommendations. While this Task Force will expire in November, the requests for data will continue on. Has the subcommittee had a discussion concerning the timeline and do they have a recommendation. Also, who will be the master of this task and would prioritize the work product. Would it be the Governor, Governor's Office, the University, AEA or a private stakeholder.

Ms. Whitney responded that if we focus on the first recommendation to establish a data department--if it is a department within the AEA, for example, then we need the Task Force to write up strong language for a statute that would govern this data department, where it resides, and what funding the legislature will provide for staffing and tools, such as software or databases. Mr. Erickson added that if it's decided that AEA should be the lead agency on this data collection and storage, then from the interested parties, both public and private, a governing committee should be established to focus on the data needs across the state, the

data gaps, and security of our data. Other issues to address would be funding opportunities to start up this new data department and staffing.

Energy Subcommittee is looking for comments from the Task Force regarding who will be on the governance committee, who would chair, what the body looks like. All stakeholders would have a significant say in forming this committee. Ms. Whitney added that the Energy Statistic Workbook and Report is on track for release in December and will be a valuable trove of data for use by the Task Force and other interested members.

Mr. Andreassen stated he appreciated the report. He wanted to make the Energy Subcommittee and Task Force aware of a couple of things that are intersecting with this committee's efforts. The Department of Environmental Conservation (DEC) is conducting the State's gas emissions inventories over the next one to two years in response to the EPA's carbon emission reduction program. So this data component will be incredibly important to that work. Second, the Alaska Municipal League (AML) will be collecting project level data or information for what the needs are statewide.

Mr. Hanneman stated that he appreciated the report. He appreciates that the Subcommittee keeps the focus on thermal heat and transportation energy components as well as electricity. As we learned from development and compilation of the energy workbook, as staff attempt to quantify different data for heating, transportation, and electricity, there are big gaps in available data. We know electricity is pretty solid in terms of reporting data, heating may be a weakness. Can you identify how these gaps might be filled in terms of regulations or statutes. Or what guidance may be necessary to fill the data gaps. Ms. Whitney responded that data for heating and transportation is harder to collect because they are not metered. This is something that needs more attention. Mr. Hanneman stated that for transportation, there is a fuel tax, which provides data that is available through the State to feed into your broad studies. Heating has a big gap and maybe John Sims may have an idea of what is currently available, so we don't duplicate efforts.

Mr. Sims stated that our heating information is publicly filed with the Regulatory Commission of Alaska (RCA). So, it is easily accessible for Southcentral. In the past they worked closely with Alaska Housing Finance Corporation (AHFC) to track home use for the home energy program. We were successful in reducing the amount of energy and natural gas used for homes. Concerning statewide, it is more challenging to collect information because most homes aren't regulated for fuel or propane use. We've done some market research and we'd be happy to work with AEA or whomever to provide what information we have. We feel it is important to educate folks on the costs of heating and would definitely want to participate.

5. Subcommittee Report outs and updates. Review of current draft, subcommittee action recommendations.

Vice-Chair Thayer stated that this section are reports from the various subcommittees.

a. Railbelt Transmission, Generation and Storage - Tony Izzo

Mr. Izzo gave a shout out to the State Energy Data Subcommittee. They have set a high bar for the rest of us. Last meeting of the Railbelt Subcommittee was in July. The August meeting was postponed due to schedule conflicts. We will be meeting tomorrow and look to address and discuss our deliverables, multiple scenarios about future railbelt generation, transmission storage, the need to evaluate and compare scenario metrics--for example, cost, reliability, implementation timing, etc. as well as environmental impact. Second is evaluation of the renewable portfolio standards and clean energy standards.

Through AEA staff, we've been in touch with other co-chairs about putting together a work plan to address these things between now and the deadline due, so we are in alignment. Mr. Izzo stated that, based on the deliverable due date, he will advocate for a strategy session of this committee similar to what Erin Whitney described. It's necessary to discuss and to come up with recommended actions in the short-term, 0-5 years, and the long-term. Ms. Whitney noted that there are over ten recommendations for the railbelt transmission. How would these be prioritized. Mr. Izzo responded that this is why a strategy session would be good to have.

b. Coastal Generation, Distribution and Storage - Duff Mitchell and Robert Venables

Mr. Mitchell reported that their next meeting is on September 7th. He stated that while the one-hour meetings have been good for brainstorming and putting a good action plan on paper, in order to meet the Governor's deadline, like the other subcommittees, they need to hold a strategy session as well to crystalize, encapsulate, and bring out the essence of their deliverable.

A couple of meetings ago Sean Binkley from Ward's Cove attended their meeting to discuss dock electrification, the impact of the tour industry and how it's beneficial for their community. He brought out a unique point that building of the extra transmission substation and distribution for dock collector vacation helps solidify the grid and makes it more robust in those communities. So he used the benefits of the tourism industry to help lower the cost to power the community and to reduce the number of outages in winter.

We also had two gentlemen dial in from Juneau Commission on Sustainability and from Alaska Eat Smart. They talked about air source heat pumps primarily. There's a high demand for air pumps in Juneau. It's growing because of federal benefits and tax incentives. They're estimating the average resident in Juneau will save between \$1,500 to \$2,000 a month in energy costs, which is significant. Since the market is going in this direction, there was discussion on how we're working on this in the coastal communities.

Mr. Mitchell stated that he made a call to European Heat Pump Association, which is funded by European Union (EU), for data with conditions similar to Alaska. They provided data for Estonia, North of Russia, Sweden, Finland, Norway, Denmark and so on. Over 90% of heating loads are in heat pumps, which is interesting. The committee also discussed electric vehicles and

transportation. We have hydro power, which is beneficial for electrification. Going forward, we want to crystalize our ideas into action items. Mr. Robert Venables added that he is looking to other committees' suggestions that could be applied to our area and go forward from there.

Ms. Whitney asked which of their recommendations are the most hard hitting or have the most impact towards the overall goal of reducing the cost of energy.

Mr. Mitchell responded that he doesn't like to establish priorities because the sixth priority could suddenly become the first priority because there's funding available now. In his mind, the big ones are moving forward because of the market, such as heat pumps and electric vehicles. We need to follow what the railbelt has done with battery energy storage systems and stabilizing the grids. We have outages inter-island. So there's a role to play there, as battery energy storage systems tie in nicely with dock electrification and possibly ferry electrification. He doesn't want to say those are the priorities of the coastal committee. He's more likely to say they're all important in their own ways and their own interests. And they all affect the lowering of the cost of energy. He would be hard pressed to say there's one silver bullet, or these are the top five priorities.

Mr. Venables added beneficial electrification is the one thing that will move the needle for our coastal communities. So, the more we can get into heat pumps, and application of electrical vehicles on the water and transportation as well, those sort of things help spread the cost and lower cost of energy.

Mr. Mitchell added that we don't have the data of the trend line growth. To help you understand, each cruise ship is about 6,000 megawatts impact a year. You put four docks in Skagway, that's 24,000 megawatt hours. It's more than the whole community uses or close to it. We also are limited with the trend analysis and integrated resource planning of demand, supply. We do not have IRPs. There is some trend analysis going on that makes it pretty clear of where things are headed in the coastal communities, or at least in some of the larger ones in terms of energy consumption and demand. Do we need new generation and/or better transmission and distribution to get it to those needs.

Mr. Hanneman asked if anyone is thinking about scale and ability to select hydropower of generation facilities of coastal that could be scaled up to either export power to BC or integrate with the BC grid or central southern Alaska. Or even export power to railbelt. Is anyone thinking about those types of opportunities.

Mr. Venables responded that in Southeast we have exhaustively looked at this. It was determined that we have to focus on economic development before we can get to scale. We've looked at BC three different times over the last 15-20 years. We've done it twice from Skagway to the Yukon. So, yes, it's on our radar.

Mr. Koplin stated that Cordova Electric is both coastal and rural so he's going to grab another piece of this in the rural discussion. It's what's keeping us up at night--how to grow the

economy to scale. The economic scope of being able to deliver electricity both air source heat pumps and electric vehicles is an obvious opportunity. Selling more kilowatt hours is our single biggest rubber in my community to reduce our electric energy cost. We've also been looking and recognizing that in Prince William Sound there's probably in excess of 100 megawatts and many gigawatts hours of hydro capacity. Many of these projects have been studied at least once or twice. And there is an opportunity especially with emerging technologies, many high voltage DC transmissions and so forth to think about ultimate railbelt connections. And then I would extend that to Copper Valley and the hydro they have in their region.

So there are several ways to approach the economy of scale. On the rural side that competes with the high energy cost. So, there's a little different approach there where, if you can look for anchor tenants, especially in industry -- whether its mines or resource production, timber and so forth, fisheries, where you can have anchor tenants to grow those sales. More sales can feed into being able to amortize new projects. So, there's a chicken and egg problem. Many of our hydro resources are too big right now. But if we think ahead and think of adjacent communities, there's opportunities to develop larger projects that recognize that same rapid growth in air source heating--for example, the Douglas Docking. That tripled the resident load for us, and it could double the commercial load. That's a great opportunity and what we're thinking about.

Mr. Mitchell stated that one mine in Juneau consumes more power than all of the power combined in Skagway and Haines, British Columbia, north of Juneau, North of Skagway, there's a sliver of British Columbia and then there's the Yukon. I've had personal discussions with the energy minister of the Yukon and the Premier on connecting. It is not just for residential, but it's for industrial development. Our past studies have always looked at how are we going to help the resident. There's little or scant information on how we help industry. There's a refreshing view that needs to be looked at. When you're lowering the cost of energy, it's not just the residents, but it's how are you also helping the economy, the jobs, and the prosperity of our southeast communities. Even in the papers in Skagway over the last year, there has been discussions with Yukon Energy and the City of Skagway. Robert's right. There have been studies. It's a perennial discussion. It's also boiling underneath the surface. A couple of years ago, I got 25 letters of support from the cruise industry, mining association and Yukon supporting the transmission lines. So, there's a lot of moral support. Question is where's the financial support for these transmission lines. Yukon wants to build the line all the way to the Canadian border. It would be how to make it a lot more feasible.

If you can get the state or the feds to fund all the way to the Skagway border, we'll go to Ottawa and do our fishing expedition too. So, it's all about economics at some point. There is a coalition of the willing to answer your question. And with you coming from a mining background, you can appreciate how much energy one mine can provide and provide the economy to scale that Clay was mentioning for buying an output for hydro power project.

Mr. Sims added that there's a dangerous assumption out there. In most cases it's correct. The assumption if you increase demand, it's going to lower the cost for all the other utilities across

the board. There is a point in which infrastructure improvements are required with the increase in demand. We need to factor in those improvements to ensure the entire system stays alive. We've seen that in our system with gas. As we've expanded out to the Valley, the prices of the pipeline get lower and lower as we increase that demand, which require us to place infrastructure improvements in those area. So, it's generally a good assumption that increased demand is going to lower the cost. But be careful that you don't apply that across the board because there are instances where you have to improve on the infrastructure to improve reliability in those areas.

Mr. Hanneman stated that this is the most encouraging discussion as a group with respect to this hydropower. Think of transformative action, like what Iceland did. If there's 100 megawatt in Prince William Sound through Whittier or whatever, is that close to the railbelt. I understand transmission cost, but I also believe that a lot of the money flowing into energy projects now, doesn't necessarily pencil. I wish they all would. We really need to think about transformative behavior and long-term hydro power I think is a big thing for Alaska. I think we should be more aggressive on it.

Mr. Izzo stated that based on the discussion, and an answer Erin's question, he agrees with so much that's been stated. Specifically in the service territory where this meeting is being held today. We continue to see growth. Not necessarily a good story statewide because growth is not part of rising tide lifting all boats. It's people shifting around, builders tell us that 50% are coming from Anchorage. Another percentage is military, another percentage is from rural communities. In the last couple of years we've come to know that the Valley is the second largest population center. It is now larger than Fairbanks, which was the second largest. It's not because we have grown at an equal pace, it's because people are shifting form one location to another location.

The growth, we use heat maps, populate new growth on the system service area map and what we're seeing is it doesn't happen across the board. It happens in these localized areas like Meadow Lake. This area has really taken off to the point where we need two new substations in 20 miles of transmission, which is just a reinforcement of John Sims' point earlier. We're looking at things like EV growth and time of use rates and we're all about wanting beneficial electrification. But we're seeing that even at 15% of vehicles in service area were to be electric, we're going to do everything we can to push that demand into off peak periods. But around 15%, we start to see distribution system inadequate, transformers inadequate, and then it just cascades back to substation improvements that are going to be needed. So, while the growth is terrific, I've seen our capital budget double in just a few years. So, as a result, you have to look at capital costs associated with growth in the equation.

And to Erin's question earlier, this is not just an opportunity. I look at the three-legged stool—in my opinion, first it's 0-5 years of fuel supply. Fuel supply can be up to 40% for railbelt resale rate. For MEA, it's 37.5%. If that went away, rates would drop from 20 cents to 13 cents. In my opinion, we have to do that because we have an inefficient grid. We don't have transmission that is up to par with lower-48 states. We've made grid application under the Biden

Administration efforts for transmission. It's a combination of infrastructure. It's addressing the fuel equation. And then it comes down to what is the future construct.

Now I'm definitely speaking for myself and not anyone else. I think if you were to look at the overall railbelt, you have to acknowledge what it is and how it was formed. We should also have a sense of what would it be like if we did it today. Or how would you build the foundation, if you were trying to predict what the world would be like in 50 years. I think there's a lot of indicators in that regard. So, for me, the first step would be federal dollars coming in with state already owning part of transmission system. Some form of transmission authority or federal and state investment could go to ensure a one-stop shop that makes that investment in the most efficient economic way.

Open up other opportunities in the future for maybe, a railbelt GNT, where your next generation aspect. At railbelt subcommittee, we can talk in more detail about a cooperate structure, capital credits, bylaws, to jump all the way to consolidation without it being mutually agreed upon would be extremely difficult. It would be an asset taking, you'd end up with lawsuits, member owned have the equity in utility. Just get it down to operation and maintenance of the system. It opens up other things in the fuel supply area for independent power producers. After tomorrow's subcommittee meeting, he may feel differently.

c. Rural Generation, Distribution and Storage - Clay Koplin and Andrew Guy

Mr. Koplin stated this subcommittee has moved farther and faster and may be able to help the other subcommittees map out their process as well.

We have the three regions that will be included in the overall plans, and they have three subcommittees, the Rural, the Coastal, and the Railbelt. And then the other three subcommittees are kind of forward looking. They are things that we need to implement--the Data, the Regulatory and Policies, and Incentives and so forth. So the Rural is where we've really been spending a lot of our resources over the last 30 years because of the high energy costs in those areas and the challenges. So the State programs, AEA programs, Federal programs have really been thoroughly vetted and a lot of the opportunities have surfaced through those planning processes.

So, we've been able to quickly move through to our recommendations in the spreadsheet. To answer Erin's question, we were able to prioritize ours. What we did was go through the first 15 or 20 projects and map them into the six priorities that would feed into the Task Force for discussion. The first six are the priorities.

Some of the things we brought up may overlap with regions. For example, an opportunity for nuclear deployment would provide a great opportunity for coastal, and rural, and railbelt areas. Hydro, for example, may be great in southcentral and southeast, not so much northern arctic rural regions. One other piece, for hydro, are water sales. Global water supply and sales are a huge opportunity for hydro's. There's kind of a billion gallon a year tipping point where you

need to be able to export. The water market approaches the energy market in value. That's another way to spread those costs.

In our last subcommittee meeting, we were able to vet and map the community economic development strategy that AEA created into four or five overarching priorities for rural Alaskans, per below.

No. 1 - Expand the inventory of technical assistance,

No. 2 - training and workforce development for gas by increasing capacity and capacity building activities; Human resources in rural areas. A huge challenge.

No. 3 - Identify economies of scope to provide multi benefit utility projects. Again, anchor tenants with industry for heat, transportation, and legacy electricity. Basically, any way and every way we can trade those economies of scale, and grow sales where it makes sense. To get to that tipping point and start building a lot of infrastructure.

No. 4 - Identify innovation broadly as innovation offering all kinds of opportunities. For example, identify opportunities to connect rural communities with transmission lines, especially if it's adjacent. Recognize that if you build out railbelt transmission, it's nice to have rural communities that are adjacent and can connect and feed into that.

No. 5 - Identify funding and financing mechanisms for rural communities. Including what are bigger lists in rural areas for federal grants.

For example, look at the broadband build out happening in this state. Almost \$2 billion, fiber broadband infrastructure is being built from north to south with redundant paths from south to north, speaks to data especially because there's data transports that happen on that infrastructure. But it also provides remote access for locally hosted hub servers, something we discussed that can also be an anchor for hydro and other projects. It's just something to think about—how that broadband infrastructure and transmission mapping compares to how we think about electric transmission. If someone had told me 30 years ago that statewide infrastructure for communications would reach more communities and be more robust than our electric grid, I would have said they're crazy. But here we are.

On the data piece, I wanted to emphasize the cloud hosting local services--local electric load. We can start bringing some of those data processing, artificial intelligence, some other things that can add efficiency to your local grid. We need to look at that data. Glad to answer questions.

Statutes and Regulations Reform - Robert Venables and Karl Hanneman

Mr. Venables stated that we began with hearing from utilities through the Alaska Power Association on some of the concerns they had with regulatory issues. We've had great input and good conversations. Michael Baker brought forth real world examples that lead to good discussions on regulatory, restructuring of the RCA, and so on. Mr. Venables asked Karl Hanneman if he had anything to add. He did not.

Mr. Mitchell noted that we have two powerful ex-officio members on the Task Force who have a lot to say with legislation that goes through. He is curious as to their input and guidance for the committee. There's a wish in one hand and pragmatism in the other. These two members would bring strong pragmatism as we go forward. Mr. Venables responded that so far they have not inflicted anything on us. However, for the record, either they or their staff have been actively listening to the concerns expressed and engaged in going forward.

Incentives and Subsidies - Nils Andreassen and Isaac Vanderburg

Mr. Vanderburg stated that the theme of our subcommittee is looking at the limited amount of funds the state has, how do we position ourselves to attract as much private investment or other kinds of money to the State, so we get the projects done that we want to for Alaskans. The Incentives and Subsidies Committee has had several meetings with great recommendations, many of which are in the action item spreadsheet. He will highlight a few.

Loan Program - A low interest loan fund for energy projects in the state to bring down the debt for those developing and building new energy projects. State of Alaska is committed to levelized cost of energy analysis and/or life type analysis any time we're using state dollars to invest in energy projects in the state to make sure we're comparing apples to apples.

Commercial – Property Assessed Clean Energy (C-PACE) - spreading C-PACE throughout the State by having more communities actually set up a C-PACE program. And also looking at our PACE. Two programs that provide great incentives for getting things like solar and heat pumps on businesses and homes.

Research and Development and Deployment - looking at not only research and development of technologies that we're going to need in 10-15 years, but also adding in Deployment. Using state dollars not just to research for research's sake, but also to get technical demonstrations done in the state. There are companies that want to work here. And giving them a little bit of funding to determine if their technologies work to both bring down energy costs and to make our energy systems more resilient is a good use of funds.

Tax incentives - State of Alaska income tax exemption on revenue producing private investment in generation and transmission.

Our group had a conversation about how do we prioritize our many recommendations. The conversation went towards banking through the Governor's original charge to get up to 10 cent power and bring down the cost of energy for Alaskans. If we rank through what are we doing here as a group, we need to remember that that's what we're about. And that's a useful framework to think about.

Which of our recommendations could actually have the biggest impact or we could actually draw lines, in these recommendations and release them in cost of power. It's how we're

thinking about it. We're bucking the idea that we'll have only three or five or seven prioritized actions. To Duff's comments earlier. It's all important, it's all part of the basket of incentives we need to make these projects bloom. We're actually not heading towards a winnow down list. Curious to get other committees thoughts on that.

He added a reminder for Task Force member to think about how do we have bold and game changing ideas to change the trajectory of energy costs in the future.

Mr. Andreassen added that while we covered a lot of ground for incentives and subsidies, we have to come back to basic questions--do we have funds available to make incentives or do we forego revenue in one form or another.

We will keep coming up against that. There are lots of mechanisms that could be utilized if there were funding identified as secured. We want this to be a meaningful endeavor, but we're not in a position to say how we allocate the state's resources. So we're struggling a little bit with that item. Concerning prioritization, he likes the idea of all tools available should be mobilized in response to priorities of all the subcommittees. He's excited with what we've identified so far and looking forward to wrapping it up and packaging it in ways that make it usable for the other subcommittees and the Task Force generally.

Mr. Koplin asked if they discussed RCA's role. An unregulated utility would have a lot of flexibility with incentives and policy changes and so forth. However, the dynamics for regulated utilities are completely different. He's concerned that some of these new approaches may not have structures in place to manage them. Mr. Vanderburg responded that we haven't discussed this much but they do know that RCA plays a key role. One item of discussion was the importance of ensuring the folks on the RCA have a technical background whether in energy, investment, economics and so on because the incentives and regulations that we have or establish are only as good as the technical guys on the RCA. They can understand the issues and what's needed to resolve them and help us design the right regulations for the state. We view that as outside of our subcommittee's domain.

Mr. Izzo stated that his comment may be better suited to the round table discussion, but he thinks it would be a positive thing for a regulated utility to have the ability to quickly make decisions around an atypical opportunity provided, for example, by an industry wanting to come into the community and operate a business. While the new industry would increase demand for energy, and eventually a need for more infrastructure, it would be offset by jobs, an improved economy, and other supported industry in the community. He has several examples for further discussion.

Mr. Venables asked about opportunity zones in these federal programs. Has the subcommittee looked at any way that that might be leveraged for state incentives and subsidies. Mr. Vanderburg responded that they really haven't for a variety of reasons. He will add it to the agenda for their next meeting.

6. Round Table Discussion related to subcommittee report and preliminary subcommittee action recommendations. - Clay Koplin and Michael Yaffe

Mr. Koplin stated that during the subcommittee reports, several topics came up and it would be appropriate to explore them further in our round table discussion while they're still fresh in everyone's mind. Most are contained in the 11x17 spreadsheet in your packets.

Mr. Yaffe began the discussion by stating that this spreadsheet is a draft document, and everything is subject to change. Regional subcommittees may have their own prioritization matrix based on their regions needs and goals. As a reminder, the Task Force, as a whole, may set priorities according to their overall goals of affordability, reliability, energy resilience and leave no one behind approach. At the end of our process, we're going to make high level recommendations for immediate action by the state legislature. For each subcommittee, he will read the recommendations first, then open the floor for discussion.

Ms. Whitney mentioned that there can be a more data driven approach to establish priorities. While an action item may show as a low level priority, it may rate high for implementation because of the timeline. In addition, within the four goals, she didn't hear anything about timeline—immediate, short-term, mid-term, long-term. Michael responded that to help answer this question, he recommends that the Task Force go through a prioritization exercise at their next meeting.

Mr. Koplin added that we look at timeframe as part of the exercise to help us understand the synergy between timeframe and priority to help us understand why one action will be implemented over another. That there is a relationship between action items, or one step needs to be taken before the action can be implemented. Mr. Yaffe reminded members of the priority areas to keep in mind—broad groups, data, alignment with Task Force's main goals, and does it require legislative action at the end of this process.

RAILBELT TRANSMISSION GENERATION AND STORAGE

- Action 1** – catalog in transition assets along the railbelt and Bradley Lake to AEA or new regulated utility for the netbook value.
- Action 2** – invest in grid innovation.
- Action 3** – evaluate multiple railbelt utility governance structures and the impacts the electricity costs.
- Action 4** – evaluate multiple electricity supply and demand scenarios.
- Action 5** – identify how battery energy storage subsumes other energy storage systems ... can be integrated to lower the cost of power.
- Action 6** – investigate lessons learned and case studies from (indiscernible) energy grid, including comprehensive policy decisions and rate allocation.
- Action 7** – explore scenarios that articulate change to electricity demand and cost to convert residents to electric heat.

Action 8 – evaluate opportunities to invest in and fund additional transition and connectivity into a regional transmission commission facilitate an equal plan regarding (indiscernible) online energy.

Action 9 – adopt a clean energy standard

Action 10 – develop Dixon’s version to increase Bradley Lake power.

Action 11 – complete FERQ licensing of Susitna-Watana.

Fed’s Action 1 - Railbelt clean energy portfolio.

Fed’s Action 2 - Railbelt transmission line capacity extension.

At this time the Railbelt Committee has not yet met to decide if these will be included or not.

Mr. Yafferead the action items into the record and then opened the floor for discussion.

Mr. Izzo asked what are the sources of these action items on the list. Michael responded that some action items were from the Task Force subcommittee for the railbelt, some have been added by other subcommittees that have met and have identified issues, and then some action items are from existing plans that are being integrated. He acknowledged that the Railbelt subcommittee is currently working through their work plan, and we may need to discuss these action items further. In addition, as we go through our discussion, we can note in the action status column if an item is withdrawn, ongoing, or connected with another action. Then, as the Task Force evolves, we can clean up the spreadsheet even further. As stated earlier, this is a draft document, and everything is subject to change.

Mr. Hanneman stated that he doesn’t think we’re being bold enough. I think that big picture for Alaska energy includes thermal and heating, but we’ve also got to get something on there about natural gas transit from the North Slope that needs to be brought to market. Alaska needs to invest in such a way that we partner to make that happen for next 40 years. For energy stability and security. Not just for the railbelt, but for all of Alaska through equalization or investment in the infrastructure dynamics. We’ve missed our mark if we don’t have something bolder. Short term gain in transmission upgrades is very critical and has to be near the top.

Mr. Izzo responded that we need to align this with recently drafted Railbelt Subcommittee Agenda to make sure the natural gas issues are incorporated. Maybe John Sims or other subject matter expert would come and talk to the subcommittee about that particular issue.

Mr. Andreassen commented on how a few of these actions are statutory or regulatory in nature, one is about innovation. Is there a process to identify or to move certain action items to other subcommittees for evaluation. There may be overlap with rural, coastal or incentives and subsidies and the Task Force may benefit from input from those committees. Incentives and Subsidies ran into this question too around investments in projects. How would we invest, with what resource and to what extent. Do we need to be more specific in any action that talks broadly about investment or even deployment. The more specifics we have in an action item, the better.

Ms. Whitney added that as she's reading through the action items, she's seeing different categories and maybe they can be refined. A number say evaluate, investigate, or analyze. Then others say acquire transmission system assets. Adopt a clean energy standard, develop a diversion, and so on. There may need to be a distinction between identifiable actions and more studies to be done. Or recognition in the different types of action.

Mr. Mitchell agrees with Erin. These action items seem to be either passive or active. For example, invest or evaluate could be a small study or one we invest millions of dollars in without a conclusive outcome. The goal is lower cost of power, affordability. How did that action item tie into that. We want, not just this committee, but all committees to focus on the goals. If we look at the first recommendation. First sell all existing transmission assets along the railbelt and Bradley to AEA or new regulated utility for the book value with the purpose to lower cost. It's marketing and sales where this recommendation would go because this Task Force is going to get done with its work. Then the decision makers, such as Curtis, AEA board, the governor's office, will implement. They will determine if it needs more evaluation or studies.

Another example would be the Susitna-Watana project. I know Susitna's an issue that has lots of emotions and other things. But we have complete FERQ licensing of Susitna-Watana. That is a step towards another goal, which is build or build and operate Susitna-Watana. FERQ is nothing but a steppingstone to get there. But if you don't have your need for power analysis, you don't have your lead environmentally from the engineers, and you don't have the pre-sold, so there's a marketing part. These are steps to move the project forward. To put Susitna-Watana on there, it has to be active role as opposed to this committee working on it but not impose anything. Move towards an active voice on the spreadsheet.

Mr. Koplin responded that is the challenge. To draft a plan that is general but captures all the priorities. To have a framework where you can look at the individual projects and initiatives and measure them against a typical operation. Establish a litmus and a project portfolio mapping process to recommend proceeding with a project now, at another timeline, or take it off the table altogether under current circumstances.. FERQ license keeps a project in play, while we continuously measure how well it stacks up against alternatives.

To Nils' question about subcommittees, we want to capture those detailed discussions, if not in the body of our plan, at least as an appendix to it. The handoff is from each subcommittee to the Task Force for them to go through these recommendations as a whole

Mr. Izzo commented that we have to look at this from the big picture perspective because it's all interwoven. If we were to recommend make transmission lines from point A to point B, it has to be black and white. If someone from outside wants to invest billions of dollars in the state, it has to be black and white. When he looks at selling transmission lines, he has to remind himself it's for affordability because he could talk for an hour or more on all the reasons why it would fail. For example, utilities have debt covenants. Instead of selling electricity, they're borrowing from it. Or they have mortgages that you can't prepay. He knows there are other constructs,

like Iceland, where they lease some of it. With current federal programs, we're going to have to take a wholistic view combined with the other two legs of the stool—fuel and economic development. We have the grid we can afford for today for this economy, and the rates are too high. If you want to add rate base to the equation without anything on the other side to balance it, you cannot develop it. If we move towards renewables and away from natural gas, then we need to look at reliability. Which means there are capital costs to maintain that reliability. So I don't look at any of these as one and of themselves. We have to look at it wholistically. I don't have the answer. I just wanted to affirm what Clay was saying and put meat on the bone.

Mr. Venables asked if the fed action item, Railbelt Clean Energy Portfolio, is the same as Committee's recommendation No. 9. He was wondering about whatever lofty target your committee is looking at while simultaneously being committed to reducing energy cost to users. I don't see a virtue in having a standard that raises the cost of energy. It's not what the Governor has asked us to do and not what the mission statement is for the State's energy office. He wondered if those things were married.

Mr. Izzo responded that he completely agrees. Again, you can have an aspirational goal, some utilities have them, my own utility has one. We'd like to exceed it if we can. I think this is an assignment of the committee because of RPF legislation. We're going to see if RCA opens an I docket on this as well for other inputs. It's a big list.

Mr. Thayer added that when we look at railbelt, some of these investments in infrastructure are already underway. Currently, there are two applications pending with Department of Energy for a total of approximately \$650 million that the State has to match. One grant is for \$250 million for rural Alaska micro grids. The second is for \$413 for railbelt improvements. I don't believe we'll get both grants, and we would be happy to receive one. In addition, we have partnered with Alaska Housing Finance Corporation (AHFC) on another application for \$100 million for solar power in the state. It's due September 26th. These opportunities keep happening and we want the Task Force to be aware of them. Some may be answered by November while others will still be outstanding.

Mr. Koplin added that we have an RPF in front of the legislature, how do each of these proposals affect the Task Force's goal of a clean energy plan and our priorities of affordability, security, resilience, and leave no one behind.

RURAL GENERATION, DISTRIBUTION AND STORAGE.

Action 1 – extend an inventory technical assistance, training, and workforce development to identify gaps. Increase capability and capacity building activities for training of rural energy workforce.

Action 2 – Identify economies of scope to provide multi-benefit utility projects. A

Action 3 – identify innovation and logistic transportation to improve supply chain reliability.

- Action 4** – identify opportunities to connect rural communities through transmission lines and other shared energy projects.
- Action 5** – identify a funding or financing mechanism for rural communities including a local match for federal grants.
- Action 6** – create and implement a community outreach and education programs to combat NIMBYism and energy projects in rural areas.
- Action 7** – invest in critical repairs in resilient infrastructure that may be at high risk to current and future natural hazards. For example, wildfires, extreme cold, storms, etc. to avoid energy disruptions and preserve continuity of operations..
- Action 8** – identify energy anchor tenants provide common use scale for rural communities.
- Action 9** – explore opportunities to enhance remote sensing and direct technology to support maintenance cooperation with energy infrastructure and rural remote locations.
- Action 10** – invest in expanding the grid in rural areas to support record nuclear.
- Action 11** – support research, pilot testing, development, and production of oil and natural gas to produce hydrogen fuel as appropriate for rural communities.

Mr. Yaffe read the action items into the record and then opened the floor for discussion.

Mr. Venables stated that it's important to note that a lot of these action items are not just railbelt, rural, or coastal but that they have a lot of statewide impacts that should be recognized. They transcend regional. I appreciate the work that the committee did.

Mr. Vanderburg added that it's important on any of these actions across subcommittees, a lot of this seems like really good ideas and it's exciting and things we've all talked about. But if we're not paying close attention to cost, that, to me, is a recipe for disaster or projects that go on and on and are never built. It makes me nervous when we're picking particular energy technologies out of the gate when we say let's commit to that goal of bringing down costs, resiliency and reliability and leave no one behind. Do we have demonstration projects for technologies that will be cost competitive in ten years as opposed to deploy projects now with technologies that we know are cost competitive. It speaks to Erin's comments earlier about pay attention to verbs—explore, investigate, appropriate.

Ms. Whitney asked if under the partners, collaborators column, would it be useful for the subcommittees to think about and group priorities and actions into state action, national, federal, private, other domains and so on. It would be clear who do we talk to and at what stage of a project. What the governor, state legislature, federal agency, or private stakeholder can do.

Mr. Koplin asked for an example. Ms. Whitney responded with identify energy anchor tenants, is that private. Repair infrastructure. Is that state, federal or both. Community outreach and education program, that's state.

Mr. Koplin stated that's a great comment and it speaks to what Tony was saying about thinking holistically. For example, you have a transmission line being built adjacent to a military facility. You have a potential private partner. This is an opportunity to check off about five or six things

on the rural list. Or you have a huge heat demand by an anchor tenant so you may lean towards nuclear, which has an excess heat resource. This project checks the boxes. There is a vast diversity of Alaska's regions, resources, and challenges. But if you have a framework where we can tick six or seven boxes, you reach critical mass and three or four parts fail, you still have something that's going to be affordable at the end of the day. A project that meets business and economic growth needs and fuel supply needs.

Mr. Yaffe commented on the point raised about the lead organization for a project and how they can be categorized. The lead organization may speak to prioritization. Actions may be dependent on the lead organization, which may not necessarily be a local organization or entity. Mr. Koplin added that the lead organization may be the one that makes the investment in the project.

Mr. Mitchell went back to his military training in that someone has to lead the charge. Someone has to be the champion. Who's in charge and responsible. Just sharing his thoughts that we want to keep this in mind as well as we go through this process.

Mr. Izzo stated that various actions keep popping up for me and he wanted to share them with the committee. For these recommendations, how do we identify and then measure expected results. It may be hard for some of these recommendations to come up with a firm answer. But we have to be prepared to answer the question, were we successful. What are we getting for this global or wholistic approach.

Mr. Mitchell commented that as we identify overlap of recommendations in these discussions, are they being tracked and communicated to the various chairs so we have a heads up and can add that item to our committee discussion. Mr. Koplin responded that Michael Baker has been doing that—both the tracking and communicating with co-chairs.

COASTAL GENERATION, DISTRIBUTION, AND STORAGE

Action 1 – enhance affordability of energy in Alaska including power, heat, and transportation energy.

Action 2 – establish an (indiscernible) metrics related to power generation compared to future demand.

Action 3 – integrate from heat pump technology and systems as an alternative to energy resource in coastal Alaska.

Action 4 – modifications required for net metering integration the coastal community utilities and grades.

Action 5 – identify how battery energy sources or other energy source systems can be (indiscernible) integrated into smaller micro (indiscernible) utilities and lower the cost of power.

Action 6 – identify funding and financing mechanisms to build transmission and distribution lines across Alaska.

- Action 7** – identify opportunities to support and streamline state and federal regulatory (indiscernible) requirements for coastal projects.
- Action 8** – unofficially electrify the Alaska (indiscernible) to lower cost of transportation and assist in lower cost of powering the coastal communities.
- Action 9** – partner with Alaska Native tribes for mutually beneficial energy development, production, and distribution.
- Action 10** – educate and train Alaskan workforce in technical skills, electrification.
- Action 11** – plan, fund and implement shore to ship power at state ports and harbors to fill excess energy to cruise ships to provide energy market for coastal communities.
- Action 12** – streamline renewable energy development on federal lands.
- Action 13** – support hydro projects.
- Action 14** – (indiscernible) data servers with hydro plans.

Mr. Yaffe read the action items into the record and then opened the floor for discussion.

Mr. Venables commented that he had to leave the last subcommittee meeting early, so he was late in updating information for the spreadsheet. He then provided some fine tuning edits for committee members.

Mr. Mitchell weighed in on Action No. 3 by stating this has applicability statewide. Also heat pumps, identifying funding mechanisms, transmission, and distribution line, which dovetails with railbelt. For smaller projects in rural Alaska, partner with Native Tribes. Co-locating data servers with hydro plan or other energy sources. Any rate strategy or solutions we come up with for a community needs to be completely local.

Mr. Vanderburg added that we take an iterative approach and be comfortable with things not working right away. Projects are moving forward, we have a clear view of our destination, but be open to the fact that it is a winding road in some areas, and we may need to adjust the process. Have a working group to support the state, to monitor actions over time to tweak them as needed. As unintended consequences rear their head, we respond to that. To think through the process. We'll have good ideas out the starting block. Get comfortable with experimenting over time. Not sure how you would build that into a plan, but it seems necessary.

STATUTES AND REGULATIONS REFORM

- Action 1** – restructure the RCA to three commissioners and administrative law judges to streamline, handle (indiscernible) cases, example states include Iowa and Virginia.
- Action 2** – streamline permitting for energy projects.
- Action 3** – establish state funding to help with local match for federal grant cost share.
- Action 4** – continue to allow transmission distribution lines to share DOT right-of-way.
- Action 5** – evaluate similar states such as Wyoming and North Dakota for case studies and best practices regarding energy distribution, transmission connectivity.

And then the following actions are from the APA policy position papers for consideration but haven't been officially identified as action yet.

APA 1 – clarify statute (indiscernible) liability.

APA 2 – prioritize state investment in electric infrastructure and leverage federal funding opportunities.

APA 3 – support reasonable economic carbon reduction strategies that consider cost to consumers.

APA 4 – preserve power cost equalization endowment using the endowment only for statutory purposes ensuring all eligible communities can maximize the PC program and full funding the PC program in FY23.

APA 5 – alternative uses for coal regulations, (indiscernible) regulations, hydrogen road map and regulations. To clarify, last two actions came from discussed plan for consideration.

APA 6 – establish Alaska hydrogen health.

Mr. Yaffe read the action items into the record and then opened the floor for discussion.

Mr. Hanneman, stated that as co-chair, the list presented is very preliminary and from outside input. The committee itself has not taken a position on any of those items.

Mr. Venables asked Mr. Yaffe if links to the cases studies cited from Iowa and Virginia are available and can they be provided to both subcommittee and Task Force members for review. Mr. Yaffe responded that he can do that.

Mr. Kurber commented that he wasn't sure how Action 1 might affect the future of the agency. He has been following this meeting with interest. And since he recently went through a power outage, he appreciates the comments about getting system into first world status. He looks forward to next subcommittee and going through items on the list.

Mr. Izzo commented Action 1 restructure RCA. In the past, I've mentioned about the need for innovative rate structures. That the commission functions by statute and regulations. Sure he could bring in an example of innovative rate design for consideration, but without the authority and statute in some way or another, you would have to bring it before the legislature, which can take years. So, I'm not proposing that.

However, something for the committee to consider. I have had businesses and industry come and look around the service area and have asked what discount can I provide based on the load we bring in or I'll pay the going rate, but can you dedicate to renewable energy. Technically, I can't do that because we have a blended rate. However, if you have a new development, something nuclear, hydro or whatever, it could be dedicated to the right type of economic development that would create a subsidy which benefits all rate payers in the region. So, innovative rate design would be a broad category that should be included in our review.

Co-Chair Thayer stated that for Action No. 4, all transmission lines to share DOT right-of-way, he has had conversations with the current DOT commissioner about this topic. As DOT has been working on the fiber optic project for broadband, they've been dealing with right-of-way issues. So, if you could give him a couple of examples of where the disconnect is within his organization, he will deal with it directly. He would expect that right-of-way should be shared with utilities as a cost saving. So, this action could be completed with a conversation.

Mr. Izzo responded that the Alaska Power Association has done a good job of representing the utilities that have had this issues. They've gathered the data, taken advantage of land experts, and have met with the prior commissioner. It would be good to have this in writing as it has been a continuous and ongoing process of we don't want you in the right-of-way, which opens up a whole other set of issues dealing with NIMBY and individual landowners. The other issue that we're dealing with is the desire not to issue a permanent permit, but a temporary one. So that if a road ever needs to be relocated again, they don't have to relocate it. This is called planning. And if it's done well, you can avoid a lot of these issues. Mr. Venables asked if he could take this to the Association for follow-up. Mr. Izzie replied that he would be happy to.

Mr. Vanderburg asked that on Action 3, establish state funding to help with local match for federal grant cost share that we not leave out other sources of capital, interest (indiscernible) funds, private capital providers, and so forth. A lead organization could have partners or collaborators that they could reach out to. The Denali Commission is a good one to consider. Concerning the comment about NIMBY, this is an issue across the state, not just a rural issue. It's everywhere across the country and a challenge.

Mr. Mitchell commented on Action 2, streamlining permitting for energy projects. We don't know what we don't know. But we know there is an issue in developing new energy projects. He heard of an example that someone was trying to develop a hydro power project and they had a DNR application for 17 years. During that time, the project increased in cost four times since initiation. We have a real opportunity with this legislature and governor who wants to get to a Yes! He's made it real clear when he was first elected that Alaska is open for business. Through commissioners, AEA and AIDEA, how do we get to yes. Streamline for permitting for energy projects is very vague. Allen Osterman and Lisa Murkowski as a state legislator, passed a bill, and it's still on the books, to add Alaska to regulate 5 megawatt and under hydro power through RCA. RCA would be the adjudicator. We have small hydro projects tied up for long periods of time. We have examples of projects and lessons learned or what could be in the world of possibility. This is a very big issue that we could move the needle on.

Mr. Koplin wanted to respond to Tony Izzo's comments about regulatory process and Isaac's comments are a perfect segue way. We don't think of Alaska regulatory and statutes as an agile space for innovation. But it's actually one of Alaska's strengths that we are much, much less regulated than other states. Emerging technologies, innovative rate structures or regulatory constructs are so constrained on other grids in ways that aren't in Alaska's grid simply because we haven't developed the regulations yet. There are opportunities here whether it's establishing a pilot project, where we just reach some investment threshold, it can have an exemption from

the regulatory process or have a pass to demonstrate a rate case or something for three or four years. Or do we give it exceptions for newly emerging technologies, which allows Alaska to better deploy emerging technologies and innovations, which I think is one of our strengths. So I would like to see us structure a plan with recommendations on how to double down on that.

Mr. Hanneman asked Mr. Mitchell to expand on his comment about what needs to change to improve or shorten the timeline under which small hydro projects could be improved. Is it utilization of that statute that Murkowski helped pass. Or is it a RCA regulation change--what needs to be improved to shorten our permitting cycle on small hydro.

Mr. Mitchell responded that a couple of things need to change. For example, the bill that passed years ago where Governor Murkowski was trying to develop many small hydro projects or open the gates for investment to do small hydro power projects. One example, little fish communities have a great running stream. But they don't have the ability to pay hundreds of thousands of dollars that it takes for licensing. There was an effort to speed process up. You still need to look at fish, you need to look at environmental things. But you shouldn't have to spend seven years of lawyers and consultants going through FERQ process, which can be very tedious for a small community of 50 people. So, you give up. You're done. Can't afford it. That's an example of one item on the books.

Another thing to consider is that each agency has its own mission, its own people, its own culture. So the overlying issue could be how do we get to yes. One way to get there is if I apply, and the government doesn't get around to adjudicating it in nine months, it's passed. What that will do is if there's a deadline. You will get that permit adjudicated. Will that cost money? Sure. But I also think if we're trying to lower the cost of power on hydro and other projects, we need to re-invigorate how we collectively work through the processes. How do we harmonize so we're not short circuiting the process. There are good things we could do to move the needle faster. I don't have silver bullet answer. But the answers are out there. How do we get to Yes and how do we make it happen.

Mr. Hanneman stated that we have a hydro power person for fish and game, one for DNR. Are they coordinated? Probably not. While they communicate with each other, they have different missions. There's some retooling that can be done. As a Task Force we may not have specific ideas. But it is an area that with more analysis we could speed up process.

INCENTIVES AND SUBSIDIES

Action 1 – Develop a funding and implementation tool kit for energy projects in Alaska.

Action 2 – provide commercial incentives to encourage Anchorage tenant investment.

Action 3 – encourage municipalities, local governments to provide a property tax exemption to attract private investment in new generation and transmission

Action 4 – create a State of Alaska income tax exemption on revenue produced from private investment in new generation transmission.

- Action 5** – provide liability exemption to Alaska utilities for transmission. Forest fire issue and return for FERQ defined open access at state owned, subsidized and RCA regulated utility transmission lines.
- Action 6** – encourage SOA departmental and regulatory streamlining and prioritization. Provide regulatory streamlining in departmental priority for review, adjudication in ADNR, DEC, AGFC, DOT&PF, for new generation transmission.
- Action 7** – work with partners to gain state primacy on all federal lands for RS2477 and SAFETEA-LU Act 44-07, right to way for new generation and transmission lines
- Action 8** – work with federal partners to establish a renewable energy and land use designation or transmission line (indiscernible) designation and Chugach forest plans.
- Action 9** – garner support from federal government to establish an Alaska renewable energy and transmission line fund.
- Action 10** – pursue State of Alaska primacy on 404 wetland permitting for generation transmission line projects.
- Action 11** – attracting private co-investments.
- Action 12** – research development and deployment
- Action 13** – energy technology demonstration projects
- Action 14** – energy infrastructure: build energy infrastructure that increases locally based supply at lower cost by reaching public and private investment.
- Action 15** – weighted criteria—implement statewide energy project evaluation process that takes into account low cost, local clean and life cycle. Alaska could use the levelized cost of energy for infrastructure projects.
- Action 16** – commercial property assessed for energy program.
- Action 17** – establish a green bank for financing.
- Action 18** – evaluate PC reimbursement for incentives.
- Action 19** – federal grants for workforce training.
- Action 20** – clean air, affordable energy deployment.
- Action 21** – statewide energy plan. (in progress).
- Action 22** – energy incentives program study.
- Action 23** – federal grants for retrofits.
- Action 24** – explore on bill financing.

Mr. Yaffe read the action items into the record and then opened the floor for discussion.

Mr. Koplin stated that the nature of this subcommittee is to be specific. Because it's regulations. So, there's a long list here and we can easily get lost in the weeds. But I'm getting sensitive to the clock. We do have staff from our two legislators here along with our two co-chairs, Mr. Andreassen and Mr. Vanderburg to help answer questions.

Mr. Venables commented on Action No. 4, tax exemption on Alaska income. Would it be better to say incentive or variable and not use the word exemption. Have an incentive program that include exemptions. Want to keep it fluid. Mr. Andreassen responded that your intent is broader than how it's listed. It's always been noted that we have a corporate income tax

structure that could be leveraged in some way. Could include abatement, exemption, credits, etc. Depending on how the state wants to structure it.

Mr. Venables had the same thing about debt relief. It's a big item within the community and wanted it considered.

Mr. Mitchell commented on municipal government property tax exemption and the state income tax is primarily to attract private investment because they're tax driven. The recent IRA bill and it's federal legislation. Something we have is provide direct pay for co-ops and utilities. This was primarily listed to attract the private investment when the Governor had his task force. There was a lot of interest at the time to invest for tax breaks. It goes back to Tony's comment about have someone bring in their billion dollars and co-join it with the state or something. There are opportunities where both levers become an opportunity. It's not mutually exclusive from other forms of incentives.

Mr. Vanderburg wanted to clarify that Action 3 is really geared at improving the economics on projects where you're seeing outside investment. Some projects hinge on fractions of a penny. So having a tax exemption would pencil out and go forward.

Mr. Mitchell added that tax is a pancake against the cost of power. So, if it's helping nontaxable and then it flows to the utility that's buying it, it's flowing in the right direction for lowering cost of power.

Mr. Koplin shared that in Cordova they had a case of constructing a hydro project to reducing energy rates helped attract more use by a private sector, but it was fisheries. So it generated an increase in raw fish tax revenue when it crossed the dock. From the community basis, many times the main tax stream is property tax, which landowners in the community pay. So any alternatives to those can help. There can be a virtual circle there where you can give an industry a break that creates revenue in other ways that relieves pressure on the property tax. It's counterintuitive. So, the unintended consequences in this case were positive.

Mr. Mitchell commented on RF2477, which is SAFETEA-LU, authored by Don Young. Section 4047 writes a way for new generation and transmission lines. This is extremely important and goes beyond energy development. It goes to mining development and other industrial development projects. And I know this is a near and dear concern with commissioner for DNR and DOT. RF2477 is where a grease trail, a training trail, a mineral trail, any kind of trail in Alaska has primacy under certain federal laws for transmission lines and roads. There's always a national debate on whether or not Alaska can assert those rights. It feels pretty strong for any future transmission line development, energy, project development as well as other roads. And then SAFETEA-LU, Section 4047 has specific rights that state receives from the Forest Service for the specific purpose of roads and transmission lines,

STATE ENERGY DATA

Action 1 – establish a data department within the Alaska Energy Authority.

Action 2 – establish an energy data governance committee that's responsible for establishing minimum protocols for data collection, quality, storage use and access.

Action 3 – fund data capacity.

Action 4 – improve existing energy data and collect (indiscernible) data.

Action 5 – collect data to benchmark the use of net metering (provided by Coastal Subcommittee)

Mr. Yaffe read the action items into the record and then opened the floor for discussion.

Ms. Whitney commented that Action 5 is already done. ACEP produces a net metering report every year for the railbelt. So, you can mark that as complete.

Mr. Venables stated that he appreciates the work put in by this subcommittee. He has a question on Action 2. We already see the need for protocols for data collection. It will take some task force or committee to set that up. Is the intent of this to be a long-term, rate payer supported, to be of assistance for an indeterminate amount of time or is this task force driven, one and done sort of thing.

Ms. Whitney responded that the idea is a bit of an advisory or oversight committee that works in concert with a data department, at AEA for example. This oversight committee will be around for the long-term to provide the institutional checks and balances and structural integrity. Don't know if it would be rate payer supported or not. That's a great question. Mr. Ericson with Alaska Energy Authority added that it's not clear yet how the committee would be funded.

But the view of the technical advisory committee is for this to be a data department that would serve as a clearinghouse for all stakeholder data. To be the people that house the data, that manipulate the data, collect data as a whole. What are the best practices security, governance, how reactive is the data, how it's hosted, where it's hosted. If it's within AEA, what would the data department look like. Not sure how it would be funded. Is it through member agencies. Are there charges associated with setting up the data department. Would it be a part of an operating budget.

Mr. Venable commented that there's an ongoing responsibility for data, so it doesn't just get thrown out with the bathwater. We may need to create a level of bureaucracy for this but in the end we're all ratepayers. I totally support this...

Mr. Vanderburg commented on the format of the subcommittee's recommendations of showing a shorter list of actions, but a bunch of actions underneath as very clever and other subcommittees may borrow it. Great work. I also noticed that some of the lead organizations and partners and collaborators are still in development. Encourage you to make sure that the private sector is at the table on the data collection. There are great firms out there that have great approaches to collecting data and they may be helpful. Also the kinds of data you're seeking and how to format it in a way that's useful to IPPs, technology developers and private

developers. Hope that the voice of the people trying to build projects and their needs are considered.

Vice- Chair Thayer commented that one thing to understand is that the Governor is looking for a venue to host the data. And consider where all this information is currently located. We aren't reinventing the wheel so much as centralizing it. The University has data, RCA has data, AEA has data, DNR has data. We just want to consolidate it. We've done data gathering before, but it's fallen by the wayside because of funding or other things. I would imagine this is two or three people doing this. AEA doesn't receive money from utilities, as we have different revenue sources. So this might fit into a revenue source that already exists.

The State is just lacking is a central repository. The State has spent hundreds of millions of dollars on reports that we have that we can resurrect, scan, and put into a library that is accessible to utilities, developers, engineers, and so forth. It can be a report we did 20 years ago or last year, you can go to this library and find it. It takes the collaboration of everyone as to how we use data and who has it. The data is all public information, and we need to get it set up and available.

Mr. Koplin added between utilities, monopolies, and governments, I don't think we fully appreciate operation data that unlocks the value for organizations. The private sectors is so much farther down the road with data. I feel like we need engagement or training from private partners to accelerate our operations. Very well structured and presented.

7. Energy Symposium Series – discuss lessons learned, review of topics explored and if there are any actions to be added to the plan based on known gaps or knowledge presented at these symposiums.

Vice-Chair Thayer acknowledged and thanked the University and ACEP for the wonderful job they have done in facilitating these energy symposiums. They started these in July and will continue through September. He then turned it over to Michael Yaffe.

Michael Yaffe reminded everyone that the Energy Symposium series is an available resource for everyone. These presentations are posted on the AEA website, and they will be distributed to members. The presentation title is a link and along the bottom you can watch the video recording, see the high level notes, key take aways, and topics that were discussed. Below is a list of the symposiums held so far.

7/13 Future National Gas Supply For The Alaska Railbelt
7/20 Alaska Rural Energy: Challenge And Opportunities Or Reducing The Cost
7/23 Global Trends And Grid Of The Future
8/3 Railbelt Hydropower Development And Financing: Lessons Learned
8/17 Alaska Energy Statistics And Economics
8/24 Transmission And Storage: Building A More Resilient Grid
8/31 Emerging Technologies And Opportunities For Alaska: Small Scale Nuclear

Vice-Chair Thayer stated that it's nice that we can go back and watch these symposiums again. So, if you have a question on a particular project or subject, you can watch the video presentation or look at the PowerPoint.

Mr. Koplin added that he goes back and watches the presentations again over the weekend. They are key resource materials. A lot of written plans. The great thing about these symposiums is its strong projects, processes, and real world examples in both inside and outside the state. It's time well spent revisiting these presentations. He encourages everyone to take advantage of them.

Task Force Member Comments

Vice-Chair Thayer went around the room and online seeking comments from members.

Mr. Vanderburg wanted to reiterate Vice-Chair's comments about the symposium series. Learned a lot makes me feel good about Alaska being able to solve our own problems. There's quite a brain trust in this state. Appreciate that and the process that Michael Baker has walked us through here as well for being on a short timeline. Remember to think boldly and the end game in sight. Looking forward to next few weeks with our next deadlines coming up.

Mr. Izzo stated that we had a good meeting today. Key take away is that time is running short and a growing list of important things to grind through. Thanks to AEA for providing us the support from your team, Michael Baker and Black and Veatch.

Mr. Koplin thanked MEA for hosting. He is looking forward to the ribbon cutting on the Houston solar panel project and good discussions there afterwards.

Mr. Venables echoed the comments. Kudos on these meetings being well run and the support provided by staff. Appreciate the work of the other committees.

Mr. Mitchell thanked Tony and MEA for hosting us today so we can check out the ribbon cutting. These are great meetings. I feel like a kid on a roller coaster. It's been slow going up, but now we're going fast to reach our deadline.

Ms. Whitney expressed her gratitude for all the effort to host today's meeting. She's feeling anxious about the timeline. A draft report to be released in early October. We have subcommittee reports due in the next month. Encourage all committee members to come up with aggressive and specific recommendations. That will make our work easier as a Task Force. We were grappling with some of these priorities in the spreadsheet today. But it's a draft and something we can dig into. We need to focus in on specific actions so we can come up with clear recommendations.

Mr. Sims appreciates the opportunity. He has been learning a lot through this process. He saw the rural generation meeting for September 7 and another symposium schedule for September 7th. So he hopes they are coordinated so we can participate in both.

Mr. Hanneman thanked everyone for their input today. He's sorry he'll be missing the ribbon cutting. But he's looking forward to our next meeting.

Mr. Kurber noted that the one symposium was very timely, as he ran into a representative at the Fairbanks library. In his conversation, he recommended that he look up the symposium as it fits into the aspirational aspect of this Task Force.

Mr. Andreassen commented that he's in the Erin Whitney camp that he's anxious about the upcoming deadline and feels that there's just as much work ahead of us as there is behind us. He's looking forward to a successful end.

Vice Chair Thayer again thanked MEA for hosting the meeting and he thanked the behind the scene's team for all the work they do to keep us on task.

8. Next Meeting Date:

Vice-Chair Thayer reminded everyone that we have a symposium on Thursday, August 31, and then our next Task Force meeting is **all day on September 19th** at AEA offices in Anchorage.

He also directed Task Force members to watch their emails for updated meeting schedule and deliverable due dates in October. AFN is in October, so there are several scheduling conflicts to work around.

For the public's benefit, Vice-Chair Thayer mentioned the meeting schedule of the various subcommittees through September. He also stated that these meetings are also posted on the Task Force's website.

9. Adjourn

There being no further business of the Task Force, the Alaska Energy Security Task Force meeting adjourned at 2:00 p.m.