

ALASKA ENERGY AUTHORITY

HB 164: NET METERING PROGRAM AND FUND

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AEA Programs and Services Overview



Owned Assets

- Bradley Lake Hydroelectric Project
- Alaska Intertie
- Sterling to Quartz Creek Transmission Line
- Cook Inlet PowerLink



Power Cost Equalization

- \$48 Million Program
- 193 Rural Communities
- 82 Electric Utilities
- Benefits 82,000+ Alaskans



Rural Energy

- Bulk Fuel Upgrades
- Rural Power System Upgrades
- Circuit Rider Program
- Electrical Emergency Assistance



Renewable Energy and Energy Efficiency

- Renewable projects; biomass, electric vehicles, hydroelectric, solar, and wind
- Federal programs: NEVI and Home Energy and High Efficiency Rebate Allocation



Grants and Loans

- Renewable Energy Fund
- Power Project Fund
- Federal Grants



Energy Planning

- Alaska Energy Security Task Force
- State Energy Security Profile
- Electronic Library
- Energy Data Resources
- 40101(d) Grid Resilience



Railbelt Transmission Organization

- AEA, Railbelt Reliability Council, and Utility Governance
- Certificate of Public Convenience and Necessity
- Tarriff Under Regulatory Review



House Bill 164 Summary

House Bill 164 establishes a new **net metering program** for **Railbelt utilities**, incentivizing **'behind-the-meter'** renewable energy generation by consumers. It integrates **consumer-generated energy** into the utility's portfolio by purchasing excess power. Consumer-generators receive monthly credits for **excess energy** supplied, calculated at the rate they would pay if purchasing the same energy from the utility.

The bill gives utilities **flexibility** in net metering rates, including seasonal or time-of-use rates. **Accrued account credits** may offset energy purchases by consumer-generators on an annual basis, expiring after **March 31**. It also permits utilities to set specific net metering rates in their tariffs and issue related credits without violating utility statutes on discriminatory rates or unreasonable preferences.

To address potential **revenue loss** from the Program, the bill establishes a **"net metering reimbursement fund" administered by AEA**. Subject to appropriation and Regulatory Commission of Alaska (RCA) regulations, the fund would cover revenue losses that would otherwise be recovered through higher utility rates.

Sectional Analysis

Section 1

- Amends Alaska Statute (AS) 42.05.391(a): Discrimination in Rates to allow utilities to set specific net metering rates for excess energy from consumer-generators under AS 42.05.395 in their operating tariffs and issue related credits without violating current utility statutes on discriminatory rates or undue preference.

Section 2

- Establishes the net metering program by amending the Alaska Public Utilities Regulatory Act to add AS 42.05.395: Net Metering.
- Ensures that consumer-generators with systems installed before July 1, 2025, continue receiving compensation for excess energy under the prevailing tariff terms at the time of installation (ref. 3 AAC 52.900-3 AAC 52.949).
- Provides grid system and ratepayer protections, allowing utilities to limit net metering participation if necessary for system reliability or to prevent unjust rates, subject to RCA approval.
- Allows Railbelt utilities to recover revenue losses from net metering through applications to the AEA's "net metering reimbursement fund."
- Requires the RCA to establish regulations for calculating utilities' eligible revenue losses for recovery through the "net metering reimbursement fund."
- Defines terms such as "consumer," "consumer-generator," "electric reliability organization," and "load-serving entity," both directly and by reference.

Sectional Analysis (Continued)

Section 3

- Establishes the “net metering reimbursement fund”, by amending the “Rural and Statewide Energy Programs” by adding a new section AS 42.45.015: Net metering reimbursement fund.
- Sets forth the character, form, and means of capitalizing of the fund, being a separate fund, yet not a dedicated fund, and consisting of: (1) money appropriated by the legislature; (2) gifts, bequests, contributions from other sources, and federal money; and (3) interest earned on the fund’s balance.
- Requires that AEA administer and serve as the fiduciary of the fund.
- Authorizes AEA to make payments to eligible utilities for revenue losses allowable under RCA regulations, standards, and procedures for calculating such revenue losses.

Section 4

- Establishes an effective date of July 1, 2025.

Bill Support and Governor's Priorities

The bill is in direct alignment with, and in support of, priority strategy "B-2: Alaska Policy Recommendations" as stated in the **Alaska Energy Security Task Force (AESTF)** report published in December 2023.



The **AESTF**, established under **Administrative Order 345**, is a diverse group of **stakeholders** tasked with developing a comprehensive statewide **energy plan** for **Alaska**, with energy affordability, energy reliability, and energy security and resilience being paramount to the plan.

Priority strategy **B-2: Alaska Policy Recommendations**, seeks to "enhance Alaska's departmental and regulatory policies to spur and **sustain renewable energy** and **transmission development** to cut energy costs and advance **economic prosperity** for **Alaska**."

To assist in achieving these objectives, priority action item **B-2.2** was recommended to "**strengthen Alaska's Net Metering energy framework, tariffs, and regulations** for Alaska's diverse stakeholders to promote net metering renewable energy investments." This bill is advanced in direct support of this priority action item.



Thank You

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